



**State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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June 30, 2017

1. Deadline: Performance Measurement Program Reporting
2. Deadlines: City, Town, and Special District Financial Reporting Forms
3. Pension: Fire Department Grants
4. Released: Pension Newsletter
5. Avoiding Pitfalls: Obtaining Loans or Lines of Credit

1. Deadline: Performance Measurement Program Reporting

Cities and counties that choose to participate in the Performance Measurement Program must file a report with the Office of the State Auditor (OSA) by July 1. Details on the reporting requirements can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20130214.000>.

2. Deadlines: City, Town, and Special District Financial Reporting Forms

City Financial Reporting Form & Audited Financial Statements for cities in accordance with GAAP are due June 30. The financial reporting form can be found at:

<https://www.auditor.state.mn.us/safes/>.

Information on the requirements for Audited Financial Statements can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=AccountingDocs>.

Town Financial Reporting Form & Audited Financial Statements in accordance with GAAP are due June 30. The financial reporting form can be found at:

<https://www.auditor.state.mn.us/safes/>.

Reporting information for towns is available at:

<http://www.auditor.state.mn.us/default.aspx?page=AccountingDocs>.

Special District Financial Reporting Form & Audited Financial Statements are due June 30 for districts whose fiscal year ended December 31, 2016. The financial reporting form can be found at:

<https://www.auditor.state.mn.us/safes/>.

3. Pension: Fire Department Grants

Relief associations that receive grant funds should be sure that the terms of the grant are followed. The grant may require that the funds be given directly to the fire department. Occasionally, the Office of the State Auditor sees grant revenue deposited into a relief association's general fund. If the fire department is a city or town fire department, this means that the funds would need to be given directly to the municipality.

Minnesota law requires city councils and town boards to have full control over their municipality's financial matters. Any money intended for use by a municipal fire department must be controlled by the city council or town board.

In addition, a relief association should not purchase or install fire department equipment without the governing body's approval. The disbursement of city and town funds, including fire department funds, must comply with a process set forth in law.

4. Released: Pension Newsletter

The June **Pension Newsletter** has been released. The Newsletter provides a legislative update and a reminder about upcoming reporting forms due to the Office of the State Auditor. The Newsletter also provides information about relief association treasurer bond requirements and how the treasurer may be automatically covered on the affiliated city's bond if the city is bonded through the League of Minnesota Cities Insurance Trust.

The complete Newsletter can be accessed at:

<http://www.auditor.state.mn.us/default.aspx?page=pensionDocs>.

5. Avoiding Pitfalls: Obtaining Loans or Lines of Credit

The authority of a local unit of government to incur indebtedness is governed by statute. Many local units of government have authority to issue bonds or certificates of indebtedness for specific purposes, often subject to restrictions on amount or duration. Some local units of government

are authorized to enter into a lease-purchase agreement with a local bank, equipment company, or other entity. *See, e.g., [Minn. Stat. § 465.71](#).*

School districts, with certain limitations, have specific statutory authority to obtain a line of credit from a financial institution. *See e.g., [Minn. Stat. § 123B.12 \(b\)](#).*

However, absent this type of specific authority to obtain a loan or line of credit, governmental entities may not simply go to a financial institution and take out a conventional loan or line of credit.

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