

APPENDIX

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TO: Counties
Cities of the First, Second, and Third Class
School Districts with Enrollment Exceeding 100 Students

FROM: Office of the State Auditor

DATE: January 2002

RE: **Local Government Expenditures for Legal Costs**

The Office of the State Auditor (OSA) is required to annually collect from counties, cities of the first, second, and third class, and school districts with enrollment exceeding 100 students, legal cost expenditure data. Minnesota Statutes, section 6.77, directs the OSA to collect information about public funds spent on legal costs in four areas: 1) services to defend the entity from lawsuits; 2) voluntary settlements in claims against the entity; 3) court judgments; and 4) fees paid for attorneys who perform work on criminal or prosecutorial matters. The data must include costs incurred for any fees paid as retainers for outside counsel.

In order to achieve uniformity in reporting, please read the following sections, which describe what costs should and should not be reported. Please complete the survey and return it to the OSA no later than **February 28, 2002**.

Costs All Entities Must Report

The law mandates that entities *report all amounts of public funds directly expended for legal services, voluntary settlements, and judgments*. This includes any expenditure of public funds for the handling of a legal claim or lawsuit against your government entity, regardless of whether a lawsuit was filed, whether an attorney was used, or whether the claim was disputed. Reportable legal costs include amounts paid to city or county attorney offices for representation in handling claims or lawsuits, amounts paid as fees or retainers for private attorneys in handling claims or lawsuits not covered by insurance, and amounts paid for attorneys (excluding your city or county attorney) who work on criminal or prosecutorial matters.

Specific examples of legal expenditures include amounts paid directly by the government entity to defend, settle, or pay judgments in dram shop claims, pollution claims, special assessment challenges, federal claims, union grievances, unemployment claims, Title IX and special education claims, claims involving publicly-owned hospitals, nursing homes or airports, and any third-party claims for which insurance coverage was not available. Also report deductible amounts paid by the government entity and any settlement or judgment amounts not covered by an insurance trust or private insurance company.

Costs Paid by County, City, or School District Insurance Trust Organization

The OSA works with the Minnesota Counties Insurance Trust (MCIT), the League of Minnesota Cities Insurance Trust (LMCIT), and the Minnesota School Boards Association Insurance Trust (MSBAIT) to collect cost data. These trust organizations report on behalf of their county, city, or school district members, amounts paid by the trust for legal services to defend the entity, for voluntary settlements in claims against the entity, and for judgments in lawsuits. If your local government entity was a member of or received insurance services from MCIT, LMCIT, or MSBAIT during the reporting period (July 1, 2000 to June 30, 2001), **do not report** any amounts the insurance trust paid on behalf of your entity.

Questions regarding cost data provided by the insurance trust on behalf of your government entity may be addressed to the following individuals:

Minnesota Counties Insurance Trust; Robyn Sykes; 651.224.3344
League of Minnesota Cities Insurance Trust; Thomas Grundhoefer; 651.281.1266
Minnesota School Boards Association Insurance Trust; John Sylvester; 800.324.4459

Costs Paid by a Private Insurance Company

Some local government entities arrange for private insurance coverage. If a private insurer handles or pays legal claims or judgments on behalf of your entity, **do not report** any amounts the private insurance provider paid.

Self-Insured Local Government Entities

Self-insured entities **must report** all expenditures of public funds relating to the handling of any legal claim or lawsuit against the government entity, regardless of whether a lawsuit was filed, whether an attorney was used, or whether the claim was disputed.

Criminal and Prosecutorial Costs

Only include direct expenditures for outside legal counsel that handle city or county prosecutorial matters. Do not include or attempt to estimate the county or city attorney budget or any pro rata portion of the budget expended for criminal or prosecutorial costs. This data exists elsewhere and is not needed for this survey.

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Survey questions may be addressed to Scott Simmons, Office of the State Auditor, at 651.297.3680.

SURVEY OF LEGAL COSTS

Minnesota Statutes, section 6.77, requires the Office of the State Auditor (OSA) to collect data from counties, cities of the first, second, and third class, and school districts with enrollments over 100 students, about the expenditure of public funds for civil and criminal legal services, judgments in a lawsuit, and voluntary settlements in claims against local government entities.

Please complete this survey to assist the OSA in collecting the necessary information. The survey should be completed and returned by **February 28, 2002**. Mail or fax the survey to:

Office of the State Auditor
Government Information Division
Legal Cost Expenditure Report
525 Park Street, Suite 400
Saint Paul, MN 55103
Fax: 651.282.2391

Name of government entity: _____

School District # (if applicable): _____

Name of individual completing survey: _____

Title: _____

Address: _____

Email: _____

Telephone: _____ - _____ - _____ Fax: _____ - _____ - _____

NOTES:

1) If your entity received the survey and it is **not** a county, a city of the first, second, or third class, or school district with enrollment exceeding 100 students, complete the information on this page and **return the survey** with an explanation of why the local government is not required to report.

2) If your entity did not incur any legal costs of the type required to be reported, simply report a zero (\$0) in the spaces provided and **return the survey**.

3) If your entity was a member of or received insurance services from the League of Minnesota Cities Insurance Trust (LMCIT), the Minnesota Counties Insurance Trust (MCIT), or the Minnesota School Boards Association Insurance Trust (MSBAIT) between July 1, 2000, and June 30, 2001, **do not** report any amounts paid on behalf of your local government entity by the insurance trust.

1. LEGAL SERVICES -- CIVIL

The total amount of public funds expended for civil legal services to represent and defend the government entity in any legal matter, claim, or lawsuit. Include the costs of legal staff working on civil matters (e.g., amounts paid to a city attorney or county attorney for representing and defending your local government in a civil matter or claim), and retainers and fees paid to outside counsel.

Total amount paid from July 1, 2000 through June 30, 2001: \$ _____

SCHOOL DISTRICTS - SKIP TO QUESTION #3; CITIES & COUNTIES - PLEASE COMPLETE ITEM #2 BELOW.

2. LEGAL SERVICES -- CRIMINAL

The total amount of public funds expended for payment to outside legal counsel who handle or are referred criminal or prosecutorial matters in which the government entity is involved. Include all retainers and fees paid to outside counsel.

Total amount paid from July 1, 2000 through June 30, 2001: \$ _____

3. VOLUNTARY SETTLEMENTS

The total amount of public funds paid in voluntary settlements of legal claims or disputes against the local government entity. Include amounts actually paid in settlement of all claims regardless of whether a lawsuit was filed or is pending.

Total amount paid from July 1, 2000 through June 30, 2001: \$ _____

4. JUDGMENTS

The total amount of public funds paid in court judgments in legal claims or lawsuits.

Total amount paid from July 1, 2000 through June 30, 2001: \$ _____

5. TOTAL PUBLIC FUNDS EXPENDED

Total amounts reported for Questions 1 – 4 paid from July 1, 2000 to June 30, 2001:

\$ _____

Name of local government reporting entity

Signature and title of individual completing form

Date