

## **APPENDIX**

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

FROM: Office of the State Auditor

RE: Survey of Local Government Expenditures for Legal Costs  
Minnesota Statute § 6.77 (Supp. 1997)

DATE: December 1, 1997

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A new law took effect this year requiring the Office of the State Auditor (hereinafter "OSA") to collect from all counties, cities of the first, second, and third class, and school districts with enrollment exceeding 100 students, information as to the expenditure of public funds for legal services to defend the entity, to pay judgments in a lawsuit, or to pay voluntary settlements in claims against the government entity. To comply with this new law, please complete the enclosed survey and return it to the OSA on or before **January 15, 1998**.

To facilitate the gathering of information required by the statute, the OSA has worked with the League of Minnesota Cities Insurance Trust (LMCIT), the Minnesota Counties Insurance Trust (MCIT), and the Minnesota School Boards Association Insurance Trust (MSBAIT). These entities have agreed to report, on behalf of their county, city, and school district members, amounts paid on behalf of each government entity for legal services to defend the entity, for voluntary settlements in claims against the entity, and for judgments in lawsuits.

If your government entity participated in the self-insurance pools of the LMCIT, MCIT, or MSBAIT during the period in question (July 1, 1996 to June 30, 1997), you DO NOT need to report any amounts paid on behalf of your government entity by the appropriate insurance trust. If a private insurer handled and/or paid legal claims on behalf of your government entity, you DO NOT need to report amounts paid on your behalf by the private insurer. **Report ONLY those amounts for which your government entity directly expended public funds for legal services, voluntary settlements, or judgments.** Such costs must include amounts paid to city or county attorney offices for legal representation in handling of claims or lawsuits, amounts paid as fees or retainers for private attorneys in handling of claims or lawsuits not covered by insurance, and amounts paid for attorneys who perform work on criminal or prosecutorial matters. Some examples of the types of legal expenditures to be reported include amounts **paid directly by the government entity** to defend, settle, or pay judgment amounts in dram shop claims, pollution claims, special assessment challenges, federal claims, union grievances, unemployment claims, Title IX and special education claims, claims

involving publically-owned hospitals, nursing homes, or airports, and any third-party claims for which insurance coverage was not available. You must also report deductible amounts paid by the government entity and settlement or judgment amounts not covered by an insurance trust or private insurance company.

For those entities required to respond to the survey that are self-insured, you must report **all** expenditures of public funds relating to any legal claim against your government entity, regardless of whether you disputed the claim, used an attorney to handle the claim, or whether a formal claim or lawsuit was filed.

If you have questions regarding the completion of this survey, please contact Jennifer Mohlenhoff, Office of the State Auditor, at (612) 297-8342. If you have questions regarding the information provided on behalf of your government entity by the appropriate insurance trust, please contact the following individuals:

Thomas Grundhoefer, League of Minnesota Cities, (612) 281-1266  
Robyn Sykes, Minnesota Counties Insurance Trust, (612) 224-3344  
John Sylvester, Minnesota School Board Association, (800) 324-4459

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## LOCAL GOVERNMENT EXPENDITURES FOR LEGAL COSTS

The legislature has required the Office of the State Auditor to collect information from all counties, cities of the first, second, and third class, and all school districts with enrollment exceeding 100 students, as to the expenditure of public funds for legal services, judgments in a lawsuit, or voluntary settlements in claims against local government entities. Please complete this report to assist us in collecting the necessary information. The completed report should be returned to the Office of the State Auditor on or before **January 15, 1998**. Please mail the completed report to:

Office of the State Auditor  
Government Information Division  
Report on Expenditures for Legal Costs  
525 Park Street  
Suite 400  
St. Paul, MN 55103

If you have any questions, please contact Jennifer Mohlenhoff at (612) 297-8342.

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*Name of government entity:* \_\_\_\_\_

*Address:* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Name of individual  
completing form:* \_\_\_\_\_

*Title:* \_\_\_\_\_

*Phone number (with area code):* \_\_\_\_\_

IF YOU HAVE RECEIVED THIS SURVEY AND ARE **NOT** A COUNTY, CITY OF THE FIRST, SECOND, OR THIRD CLASS, OR SCHOOL DISTRICT WITH ENROLLMENT EXCEEDING 100 STUDENTS, PLEASE COMPLETE THE INFORMATION ON THIS PAGE AND RETURN THE SURVEY TO THE OFFICE OF THE STATE AUDITOR WITH A WRITTEN EXPLANATION AS TO WHY YOU ARE NOT REQUIRED TO COMPLETE THE SURVEY.

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\* In order to assist you in completing the survey, the Office of the State Auditor has obtained all information regarding amounts paid on behalf of local governments for legal services, voluntary settlements, and judgments from the League of Minnesota Cities Insurance Trust (LMCIT), the Minnesota Counties Insurance Trust (MCIT), and the Minnesota School Boards Association Insurance Trust (MSBAIT). If your government entity received insurance services from any of these entities during the period in question (July 1, 1996 to June 30, 1997), you DO NOT need to report any amounts paid on behalf of your government entity by the appropriate insurance trust. Report ONLY those amounts for which your local government directly expended public funds for legal services, voluntary settlements, or judgments. If a private insurer handled and/or paid legal claims on behalf of your government entity, you DO NOT need to report amounts paid on your behalf by the private insurer. If you are self-insured, you must report ALL expenditures of public funds relating to any legal claim against your government entity, regardless of whether you disputed the claim, used an attorney to handle the claim, or whether a formal claim or lawsuit was filed.

## **I. LEGAL SERVICES**

A. Please list the total amount of public funds expended for civil legal services to represent and defend your local government entity in any legal claim or lawsuit.\*

Total amount paid from July 1, 1996 through June 30, 1997: \$\_\_\_\_\_

\* This amount must include the cost of local government staff working on civil matters, as well as retainers and fees paid to outside counsel.

B. Please list the total amount of public funds expended for fees in criminal or prosecutorial matters in which your local government entity is involved.\*

Total amount paid from July 1, 1996 through June 30, 1997: \$\_\_\_\_\_

\* This amount must include the cost of local government staff working on criminal matters, as well as retainers and fees paid to outside counsel.

## **II. VOLUNTARY SETTLEMENTS**

Please list the total amount of public funds paid in voluntary settlements in any dispute against the local government entity.\*

Total amount paid from July 1, 1996 through June 30, 1997: \$\_\_\_\_\_

\* Include amounts paid in settlement of legal claims regardless of whether a lawsuit was filed or pending.

**III. JUDGMENTS**

Please list the total amount of public funds paid in judgments in any legal claim or lawsuit against the local government entity:

Total amount paid from July 1, 1996 through June 30, 1997: \$\_\_\_\_\_

**IV. TOTAL FUNDS EXPENDED**

Please list the total amount of public funds expended for: legal services incurred to defend the entity from lawsuits; judgments in lawsuits; and voluntary settlement amounts. (Include cost of local government staff, retainers and fees paid to outside counsel, and cost of attorneys performing criminal or prosecutorial work.)

Total amount paid from July 1, 1996 through June 30, 1997: \$\_\_\_\_\_

\_\_\_\_\_  
Signature of individual completing form

\_\_\_\_\_  
Date