

#### **IV. Other Findings and Recommendations**

A. Minnesota Legal Compliance  
Item Arising This Year

Finding Number 2017-003

Use of Public Funds

**Criteria:** In general, a public entity must have either express or implied statutory authority to make an expenditure. In addition, the expenditure must be made for a public purpose. *See* Minn. Const., art. X, § 1 (“Taxes . . . shall be levied and collected for public purposes.”); *Visina v. Freeman*, 89 N.W.2d 635 (1958) Page 10 (courts generally construe “public purpose” to mean “such an activity as will serve as a benefit to the community as a body and which, at the same time, is directly related to the functions of government”); *Tousley v. Leach*, 230 N.W. 788 (1930) (public funds may be used by a public entity “if the purpose is a public one for which tax money may be used, there is authority to make the expenditure, and the use is genuine”).

**Condition:** In the November 21, 2017, Board minutes, the County accepted \$1,500 in donations of gift cards from a local church to be distributed to needy individuals. Once received by the County, funds become public funds and, as such, may only be expended as authorized by law. The County could not provide statutory authority for the distribution of County funds in the form of gift cards to the “needy”.

**Context:** The Health, Human and Veterans Services Department maintains a tracking sheet documenting the distribution of gift cards.

**Effect:** The County is expending public funds without express or implied authority and with questionable public purpose.

**Cause:** The County was not aware it needed statutory authority to distribute donated gift cards.

**Recommendation:** We recommend the County discontinue the practice of spending public funds for expenditures in a manner not authorized by Minnesota statutes.

**View of Responsible Official:** Acknowledged