



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. Deadline: Performance Measurement Program Reporting
2. Revised: Statement of Position on GASB 54
3. Released: Relief Association Bylaw Guides
4. Update: Working Group & Investment Study Group Bills
5. Avoiding Pitfalls: Petty Cash (Imprest) Funds - Part III

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 by **July 1, 2012**. Details on the reporting requirements can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20110525.013>.

2. Revised: Statement of Position on GASB 54

The Statement of Position entitled Fund Balances for Local Governments (GASB 54) has been revised. The Statement now acknowledges that, because of the timing of cash flow to fund operations, an unrestricted fund balance recommended for a school district may be considerably smaller than the amounts recommended for other local government units. The revised Statement can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.018>.

3. Released: Relief Association Bylaw Guides

Three new Bylaw Guides are now available. The new guides are for use by defined-benefit lump-sum volunteer fire relief associations affiliated with a town fire department, a joint-

powers fire department, and an independent nonprofit firefighting corporation. In addition, a few revisions have been made to the guide for defined-benefit lump-sum volunteer fire relief associations affiliated with a city fire department, based in part on feedback from relief association trustees.

The three new guides and the revised guide are available on our website in both MS Word and Adobe PDF versions, and can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20120208.000>.

4. Update: Working Group & Investment Study Group Bills

The 2012 Omnibus Retirement Bill, which included the 2010 and 2011 Working Group legislation and the 2010 Investment Study Group legislation, was signed into law by Governor Dayton on May 10. The Pension Division will be providing a legislative update within the next few weeks that will include an in-depth explanation of the law changes affecting volunteer fire relief associations.

The final language can be viewed at:

<https://www.revisor.mn.gov/laws/?id=286&doctype=chapter&year=2012&type=0>.

The Investment Study Group changes are located in Article 10 and the Working Group changes are located in Article 12.

5. Avoiding Pitfalls: Petty Cash (Imprest) Funds - Part III

The last two E-Updates have provided information on the establishment of petty cash (imprest) funds and making withdrawals from these funds. This final installment provides information for managing petty cash funds.

The designated petty cash custodian is personally responsible for the cash entrusted to the fund. That person should properly secure petty cash funds in a metal lock box that is maintained in a locked desk, locked cabinet, or locked safe to which access is limited.

Reconciliations of the petty cash fund should be done by someone other than the person approving withdrawals from the fund. At any time, the amount of cash on hand plus the receipts, and any outstanding advances if the advance method of withdrawal is used, should equal the amount of the approved petty cash fund. When replenishing petty cash funds, the total of the original receipts maintained by the custodian should match the amount of the replenishing check. The original receipts should be maintained and filed as supporting documentation.

An entity's governing body should consider adopting a petty cash policy. That policy should include when petty cash funds may be used, what items may not be purchased with petty cash, proper petty cash documentation, and procedures for replenishing petty cash.

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