



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. Message from Auditor Blaha

This week, during the fifth special session of the year, the state legislature came together on the final passage of a bipartisan bonding bill. This \$1.87 billion bonding bill will provide jobs and lift our communities. Local governments have been telling us that the loss of revenue has hit them harder than the direct costs due to COVID-19, so getting the economy rolling again is exactly what we need to help with these revenue losses.

I would like to give a special thank you to all local government leaders that worked to make this bonding bill happen. This bill will not only build infrastructure, but our local economies as well.

2. Meeting: Volunteer Fire Relief Association Working Group

The Volunteer Fire Relief Association Working Group will meet on October 20, from 11:00 a.m. to 12:30 p.m. The Working Group will discuss the ability of individuals to work as full-time and volunteer firefighters for the same fire department. The Working Group will also consider clarifications regarding supplemental benefits, defined contribution plan forfeitures, and defining the term “municipal clerk” for purposes of signing relief association reporting forms.

For those who are interested in watching, the meeting will be live-streamed to the Office of the State Auditor (OSA)’s YouTube channel, at:

<https://www.youtube.com/channel/UCkKaNqVJYulc26DQIA4wAIQ>

Meeting agendas and materials are available on the Working Group page of the OSA website at: <https://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup>

3. GID: Special District Reporting

Except as provided by other law, Special Districts are required to file financial statements or audits and the Special District financial reporting form within 180 days after the end of the District’s fiscal year in accordance with Minn. Stat. § 6.756, subd. 3.

For Special Districts that have audited financial statements, the audit report must be filed electronically using the Adobe Acrobat Format (PDF).

Special Districts with fiscal year-end dates of July 30, 2019 through March 31, 2020, should have already submitted financial statements or audited financial statements as well as the financial reporting form to the Office of the State Auditor through the State Auditor’s Form Entry System (SAFES).

4. TIF: PAYG Notes and Interfund Loans are TIF Bonds

The TIF Act requires that a TIF plan include the amount of bonds to be issued. Interfund loans and pay-as-you-go (PAYG) notes are defined in the TIF Act as bonds. Sometimes plans submitted to our office have indicated that no bonds are to be issued, but also state that an interfund loan or PAYG note will be used. Both types of financing must be included in the amount of estimated bonds in the TIF plan and on reports submitted to our office.

For more information, see these Statements of Position:

Bond Financing of Project Costs:

<https://www.auditor.state.mn.us/default.aspx?page=20120807.002>

Interfund Loans: <https://www.auditor.state.mn.us/default.aspx?page=20110519.000>

Pay-As-You-Go Obligations: <https://www.auditor.state.mn.us/default.aspx?page=20110525.006>

If you have any questions, please contact us at TIF@osa.state.mn.us.

5. Avoiding Pitfalls: Surety Deposits for Out-of-State Construction Contractors

Minnesota entities contracting for construction work with an out-of-state contractor must “deduct and withhold eight percent of cumulative calendar year payments to the contractor which exceed \$50,000.” Amounts withheld are deposited with the Minnesota Commissioner of Revenue as a “surety to guarantee payment of income, franchise, withholding, and sales and use taxes of the contractor.”

This Avoiding Pitfall is available on our website at:

<https://www.auditor.state.mn.us/default.aspx?page=20100611.000>

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