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STATE AUDITOR

# STATE OF MINNESOTA

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### Statement of Position Retention of TIF Records

Minnesota law requires that public records be retained indefinitely, unless they are disposed of with specific permission from the records disposition panel or in accordance with an approved records retention schedule. Most cities use the approved General Record Retention Schedule for Cities.<sup>1</sup> Cities and development authorities, including economic development authorities (EDAs), and housing and redevelopment authorities (HRAs), all generate and/or maintain tax increment financing (TIF) records. A city or authority may have many TIF districts, and TIF districts by their nature are in existence for a long time. Consequently, the number of TIF records generated and maintained can be extremely large -- so large that the cost of storing and maintaining the documents can become a financial issue. The 2008 provisions of the General Records Retention Schedule for Cities represent a practical accommodation of the record management needs of TIF authorities, consistent with the accountability required by state law.<sup>2</sup>

The General Records Retention Schedule for Cities identifies audit reports, general ledgers, and minutes (including EDA and HRA minutes) as permanent records. The 2008 record retention provision divides TIF records into two categories:

- 1) Basic TIF records verifying the creation and governance of the district, including resolutions, agreements and certifications, must be kept for **the life of the district plus 10 years**.
- 2) Financial support records for the financial activity of the TIF district recorded in the permanent general ledger, including bills, invoices, receipts, vouchers, and cancelled checks, are required to be retained for **10 years after they are created**. If financial support records meet certain criteria, their retention period can be reduced to **six years**.

The criteria the financial support records must meet to be eligible for the six-year retention period are that the records must be 1) subject to an annual audit, and 2) recorded in the ledger of the TIF authority. The ledger must contain the following information:

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<sup>1</sup> General Record Retention Schedule for Cities can be found at <http://www.mcfoa.org/vertical/Sites/{067FFB58-E3CD-42BA-9FB1-11EFC7933168}/uploads/{6ADE9FAA-D990-4057-AF2B-77EB5ED7E3B7}.PDF>.

<sup>2</sup> The text of the new record retention provisions relating to TIF records can be found as an Addendum at the end of this Statement of Position.

Reviewed: August 2013  
Revised: November 2008

2008-3004

This Statement of Position is not legal advice and is subject to revision.

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For Receipts:

- Identification of the district that generated the revenue.

For Expenditures:

- The amount;
- The recipient;
- Whether the expenditure was made to a parcel inside or outside the district;
- A description of the invoice submitted that ties the invoice to the qualifying activity; and
- Its development purpose, which must be tied to the budget of the TIF Plan.

If the ledger does not contain the information necessary to qualify the district for the six-year retention period, the financial support records must be retained for ten years after the date of their creation.

## ADDENDUM

### Text of the new record retention provision for TIF Records:

#### FIN04600 - TAX INCREMENT FINANCE (TIF) DISTRICT RECORDS- DISTRICT CREATION RECORDS.

Includes district qualification records (documentation and criteria to substantiate the eligibility and establishment of TIF district), resolutions, agreements, county certification documents.

Retention: 10 years after expiration of district; Classification: Public; statute MS 469.1771

#### FIN 04650 – TAX INCREMENT FINANCE (TIF) DISTRICT RECORDS – FINANCIAL RECORDS (SEE ALSO FIN 04660)

Includes bills, invoices, receipts, vouchers, and cancelled checks.

Retention: 10 years; Classification: Public

#### FIN 4660 - TAX INCREMENT FINANCE (TIF) DISTRICT RECORDS – FINANCIAL RECORDS AUDITED (MUST MEET CERTAIN CRITERIA)

Includes bills, invoices, receipts, vouchers, and cancelled checks if they have been part of the city's annual financial audit and, if the following information for each TIF transaction is recorded in a ledger (electronic or paper) that is retained the life of the district plus 10 years: a) the TIF district from which the TIF revenues were generated; b) whether the expenditure was made to a parcel inside or outside the district; c) the name of the recipient of the TIF expenditure; d) a detailed description of the development activity; e) the amount of the TIF expenditure; f) a description of the invoices submitted for the expenditure sufficient to tie the invoice to the qualifying activity; and; g) the development purpose of the expenditure, tied to the budget of the TIF plan for the district.

Retention: 6 years; Classification: Public