Below the State of Minnesota discusses how public funds must be made for a public purpose and gives a definition of that.

I. MINNESOTA PUBLIC PURPOSE DOCTRINE

The public purpose doctrine is based on the Minnesota State Constitution, Art. X § 1. Pursuant to the doctrine, public entities may only spend public funds “[i]f the purpose is a public one for which tax money may be used, and there is authority to make the expenditure, and the use is genuine . . . ”8 Thus, for an expenditure of a public entity to be proper, the public entity must first have the authority to make the expenditure.9 As explained in a Minnesota Attorney General Opinion, public funds cannot be expended, regardless of how desirable or commendable the purpose may be, unless there is statutory or charter authority to do so.10

Second, the expenditure must be made for a public purpose.11 The courts have generally construed “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.”12 The benefit that the public receives from the expenditure of public funds cannot be merely incidental.13 According to the Minnesota Attorney General, any benefit which results from an employee social function is too remote and speculative in nature to justify the expenditure as being for a public purpose.14

Furthermore, the public purpose requirement applies to funds of governmental entities derived not only from taxation, but from other sources as well.15

Minnesota law also states that “[a]ll officers and agencies of . . . cities . . . shall make and preserve all records necessary to a full and accurate knowledge of their official activities.”16 The chief administrative officer is responsible for the preservation of the records, which include written or printed books, papers, letters, contracts, documents, computer-based data, and other records made or received pursuant to law or in connection with the transaction of public business.17 Therefore, a city must maintain documentation to establish that all city expenditures served a public purpose.

8 Tousley v. Leach, 180 Minn. 293, 296, 230 N.W. 788, 789 (1930).
9 Id.
11 Visina v. Freeman, 252 Minn. 177, 184, 89 N.W.2d 635, 643 (1958).
12 Id.
13 See Burns v. Essling, 156 Minn. 171, 174, 194 N.W. 404 (1923).
15 Op. Att’y Gen. 107-a-3 (January 22, 1980) (expenditures from a hospital which had been self-sufficient for several years were still required to satisfy a public purpose because the hospital had been established with public funds).
16 Minn. Stat. § 15.17, subd. 1 (2000).