



State Auditor  
Rebecca Otto

## OFFICE OF THE STATE AUDITOR

# *E-Update*

July 25, 2008

*The official online  
news publication of the  
Office of the State Auditor*

1. Deadline: Pension Maximum Benefit Calculations
2. Revised: Statements of Position (2)
3. Avoiding Pitfalls: Contracting Procedures

---

### **1. Deadline: Pension Maximum Benefit Calculations**

Volunteer fire relief associations that offer or pay lump sum, monthly, or monthly/lump sum combination service pensions must annually calculate the average amount of available financing per active covered firefighter. The Office of the State Auditor provides a form, called the Maximum Benefit Worksheet, for performing this calculation. The calculation determines the maximum lump sum and monthly benefit levels that the relief association is authorized under state law to establish for the year. Relief associations are to perform the maximum benefit calculation on or before August 1, as part of the association's annual certification of the financial requirements and minimum municipal obligation. If you have questions regarding maximum benefit calculations, please contact Rose Hennessy Allen at (651) 296-5985 or [Rose.Hennessy-Allen@state.mn.us](mailto:Rose.Hennessy-Allen@state.mn.us).

---

### **2. Revised: Statements of Position (2)**

The Office of the State Auditor has two newly-revised Statements of Position now available on our website.

City Bidding and Contract Requirements, Statement of Position #2007-1007, has been revised to include the new thresholds for municipal contracting. The revised Statement can be found at [http://www.auditor.state.mn.us/other/Statements/citybidcontractreq\\_0703\\_statement.pdf](http://www.auditor.state.mn.us/other/Statements/citybidcontractreq_0703_statement.pdf).

Expenditure of Public Funds on Ballot Advocacy, Statement of Position #2008-1001, has been revised to address a 2006 Minnesota Attorney General Letter acknowledging that a local government entity may be able to spend public funds on ballot advocacy to promote its interests where a state action could have a "direct and substantial effect" on those

interests. In addition, a direct link to the 2006 Letter has been added. The revised Statement can be found at <http://www.auditor.state.mn.us/other/Statements/ExpenditurePublicFundsBallotIssueAdvocacy.pdf>.

---

### **3. Avoiding Pitfalls: Contracting Procedures**

Changes to the dollar thresholds in the Uniform Municipal Contracting Law will be effective August 1, 2008.

Specifically, if the amount of a contract is estimated to exceed \$25,000, but not to exceed \$100,000, the contract may be made either upon sealed bids or by direct negotiation. If direct negotiations are used, two or more quotes for the purchase or sale must be obtained when possible. The quotations must be kept on file for a period of at least one year.

If the amount of the contract is estimated to be \$25,000 or less, the governing body can decide to use quotations or the open market. If the contract is made upon quotations, it must be based, so far as practicable, on at least two quotations that must be kept on file for at least one year.

For more information on contracting, see our Statement of Position 2007-1007 (City Bidding and Contract Requirements), found at: [http://www.auditor.state.mn.us/other/Statements/citybidcontractreq\\_0703\\_statement.pdf](http://www.auditor.state.mn.us/other/Statements/citybidcontractreq_0703_statement.pdf)

---

If you are interested in signing up to receive an e-mail version of the E-Update regularly, [click here](#).

The Office of the State Auditor is located at 525 Park Street, Suite 500, Saint Paul, MN 55103. Phone: 651-296-2551 Fax: 651-296-4755 Web: [www.auditor.state.mn.us](http://www.auditor.state.mn.us)