



# OFFICE OF THE STATE AUDITOR

## *E-Update*

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**State Auditor  
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1. Pension: Information on Benefit Levels
2. Reminder: Notification of TIF Error Corrections
3. Avoiding Pitfalls: Contracting Procedures

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### **1. Pension: Information on Benefit Levels**

The OSA often receives questions from municipal officials who are considering whether to ratify a relief association's benefit level change. Two Statements of Position provide helpful information regarding relief association benefit levels and benefit level changes.

The Statement entitled "Considerations When Making Benefit Changes" can be viewed at:

<https://www.auditor.state.mn.us/default.aspx?page=20120224.000>

The Statement entitled "Required Municipal Contributions to Fire Relief Associations" can be found at:

<https://www.auditor.state.mn.us/default.aspx?page=20110527.009>

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### **2. Reminder: Notification of TIF Error Corrections**

Counties that exercise the TIF Act's correction of errors statute must provide notification of the correction to the State Auditor (and to the Commissioner of Revenue). County auditors who have used this authority recently should email the appropriate documentation to

[TIF@osa.state.mn.us](mailto:TIF@osa.state.mn.us). For more information, see the [March TIF Newsletter](#) or the Statement of Position entitled [Correction of TIF Errors](#).

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

Under the Uniform Municipal Contracting Law, the contracting procedures a local government must follow depend primarily on the estimated amount of the contract.

Generally, if the amount of a contract is estimated to exceed \$175,000, the contract must be made by sealed bids, solicited by public notice, and awarded to the lowest responsible bidder. Under some circumstances, electronic reverse auction purchasing or selling processes may be used.

Generally, if the amount of a contract is estimated to exceed \$25,000, but not to exceed \$175,000, the contract may be made either upon sealed bids or by direct negotiation. If direct negotiations are used, then 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 then decide to use quotations or the open market. If the contract is made upon quotations, it must then be based, so far as practicable, on at least two quotations that must be kept on file for at least one year.

Depending on the subject matter of the contract or other specifics, other contracting requirements or alternatives may apply. More information can be found in the Office of the State Auditor's two Statements of Position on the topic.

The Statement on City Bidding and Contract Requirements can be found at:

<https://www.auditor.state.mn.us/default.aspx?page=20110531.005>

The Statement on County Bidding and Contract Requirements can be accessed at:

<https://www.auditor.state.mn.us/default.aspx?page=20110531.006>

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