



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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July 8, 2011

1. Revised: Statement of Position - Car Allowance and Mileage Reimbursement
2. Pension Deadline: Schedule Form Certification
3. Avoiding Pitfalls: Contracts and Conflicts of Interest

1. Released: Statement of Position - Car Allowance and Mileage Reimbursement

Effective July 1, 2011, the standard I.R.S. mileage rate for the business use of a personal automobile increased from 51.0 cents per mile to 55.5 cents per mile. To view the revised Statement, please go to:

http://www.auditor.state.mn.us/other/Statements/mileage_0703_statement.pdf.

2. Pension Deadline: Schedule Form Certification

The 2011 Schedule Form for lump sum volunteer fire relief associations must be certified to the governing body of the affiliated municipality on or before August 1, 2011. Relief associations that are affiliated with an independent nonprofit firefighting corporation should certify the form to the independent board. The 2011 Schedule Form determines the relief association's projected assets and liabilities for 2011, and the minimum required contribution for 2012. The form is available for download from the Office of the State Auditor's website at <https://www.auditor.state.mn.us/safes/>.

For more information about required municipal contributions, see the following Statement of Position on this topic at:

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

Relief associations are encouraged to submit their Schedule Form to the Office of the State Auditor following certification so that a preliminary review of the data can be conducted.

3. Avoiding Pitfalls: Contracts and Conflicts of Interest

Generally, a public officer authorized to make a sale, lease, or contract in an official capacity must not have a personal financial interest in that sale, lease, or contract, or personally benefit financially from it. See [Minn. Stat. § 471.87](#). A “public officer” includes at least:

- Elected officers;
- Town supervisors and town board members;
- County officials, county deputies, county clerks, and employees of such officials; and
- School board members.

For the complete scope of who is included in this prohibition, consult with your legal counsel.

Under an exception to the general rule, a governing body, by unanimous vote, may contract for goods or services with an interested public officer if the contract is one for which competitive bids are not required by law. See [Minn. Stat. § 471.88, subs. 1 and 5](#).

To use this broad exception, however, the governing body and the interested officer must follow the procedures set forth in [Minn. Stat. § 471.89](#). First, the governing body must authorize the contract in advance of its performance by adopting a resolution setting out the essential facts and determining that the contract price is as low as or lower than the price at which the commodity or services could be obtained elsewhere. Second, before claims are paid on the contract, the interested officer must file with the clerk of the governing body an affidavit providing, among other things, an itemization of the commodity or services furnished, the interest of the officer in the contract, and a statement that to the best of the officer's knowledge and belief the contract price is as low as, or lower than, the price at which the commodity or services could be obtained from other sources. [Minn. Stat. § 471.89](#) also describes the steps that must be taken in an emergency, when the contract cannot be authorized in advance.

Sample resolutions and affidavits may be found on (1) the League of Minnesota Cities' website at: <http://www.lmc.org/media/document/1/officialconflictinterest.pdf> (see pages 39-41), and (2) on the Minnesota Association of Townships' website at: <http://www.mntownships.org/vertical/Sites/%7BD45B3299-B0BE-4D08-8A42-B7053B4AE74F%7D/uploads/%7B5E972A11-B5E7-45D8-9B1F-465F90F082C9%7D.PDF> (see pages 9-11).

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