



State Auditor  
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## OFFICE OF THE STATE AUDITOR

# *E-Update*

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August 5, 2016

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### **1. Deadline: Forfeiture Reporting**

August 20th is the deadline for law enforcement agencies to report final disposition of property seized subject to forfeiture for the month of July. To report final disposition of forfeitures, please go to:

<https://www.auditor.state.mn.us/safes/>.

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### **2. Pension: Municipal Ratification of Benefit Levels**

Many relief associations review their finances in the summer after completing their annual Schedule Form and determine whether to seek a change to their benefit levels.

As a reminder, a relief association initiates a change in benefit levels by amending its bylaws. A city council or town board can choose to approve a relief association benefit change or choose to not approve the change. Once the bylaws are ratified by the governing body, however, the benefit levels are guaranteed by the municipality. In approving benefit levels, the city council or town board assumes responsibility for ensuring the relief association special fund has sufficient assets to cover approved benefit levels.

For more information regarding the process for changing relief association benefit levels, please see the OSA's Statement of Position on this topic at:

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

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### **3. Reminder: OPEB Investment Reporting**

Other Post Employment Benefits (OPEB) include all benefits, other than pensions, promised to retirees. Minnesota law permits local government entities to create trusts to set aside money to pay these future OPEB benefits.

Trust administrators of OPEB trusts created by local governments are required to report and certify certain investment information to the OSA by October 25 of each year. Trust administrators must also certify that the procedures used to compute rates of return are consistent with certain industry standards. The information must be reported based on a fiscal year-end of June 30.

The OPEB reporting form will be available for completion through our State Auditor's Form Entry System (SAFES) next month. If you have questions regarding the reporting requirements, please contact us at [OPEB@osa.state.mn.us](mailto:OPEB@osa.state.mn.us).

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### **4. Avoiding Pitfalls: Sale of Public Property to Public Officers and Employees**

Generally, political subdivisions may not sell property or materials owned by the political subdivision to its officers or employees.

The relevant statute, [Minn. Stat. § 15.054](#), contains an exception to this general prohibition for employees, but not for officers, if the property or materials are no longer needed by the political subdivision and the sale is made after reasonable public notice (at least one week's published notice) at a public auction or by sealed bids. To qualify for the exception, the employee must not be directly involved in the auction or the sealed bid process. The general prohibition also does not apply to property or materials acquired or produced by the political subdivision for sale to the general public in the ordinary course of business.

A separate law, [Minn. Stat. § 382.18](#), prohibits county officials and employees, and commissioners of tax-forfeited lands and their assistants, from purchasing any property, real or personal, from the county. In a 1979 opinion, the Attorney General's Office stated that, notwithstanding the prohibitions of this statute, county employees may purchase county property if the requirements of [Minn. Stat. § 15.054](#) are satisfied.

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