



**State Auditor  
Rebecca Otto**

## **OFFICE OF THE STATE AUDITOR**

# ***E-Update***

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**August 17, 2018**

1. Revised: Statements of Position on Contract Requirements
  2. Pension: Records Retention for Fire Relief Associations
  3. Released: Pension Newsletter
  4. Avoiding Pitfalls: Meeting Meals for Board or Council Members
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### **1. Revised: Statements of Position on Contract Requirements**

#### **City Bidding and Contract Requirements**

The Statement of Position, City Bidding and Contract Requirements, has been revised to reflect legislative changes to bid thresholds. The full Statement can be viewed at:

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

#### **County Bidding and Contract Requirements**

The Statement of Position on County Bidding and Contract Requirements has been revised to reflect legislative changes to bid thresholds. To view the complete Statement, go to:

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

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### **2. Pension: Records Retention for Fire Relief Associations**

Volunteer fire relief associations are governmental entities that receive and manage public money. Therefore, they must follow state guidelines that govern the retention of records.

A records retention schedule provides a plan for managing government records. A General Records Retention Schedule for volunteer fire relief associations is available on the Minnesota Historical Society's website. The Schedule, instructions on its use, and a form for notifying the Historical Society after the Schedule has been adopted by a relief association can be downloaded by going to:

[http://www.mnhs.org/preserve/records/docs\\_pdfs/Complete\\_MFRASchedule2012.pdf](http://www.mnhs.org/preserve/records/docs_pdfs/Complete_MFRASchedule2012.pdf).

For more information on the retention of records for volunteer fire relief associations, please see the OSA's Statement of Position on this topic, at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.008>.

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### **3. Released: Pension Newsletter**

The August **Pension Newsletter** has been released. The Newsletter provides information about two new temporary work groups required by the Omnibus Retirement Bill that are being convened to study and make recommendations on relief association topics. One group is being convened by the LCPR and one is being convened by PERA.

The Newsletter provides a reminder about the upcoming reporting deadline in order to be eligible for the first round of 2018 fire state aid distributions. Information about protecting private member data and a reminder about relief associations considering joining the Statewide Plan administered by the Public Employees Retirement Association (PERA) is also included.

The complete Newsletter can be accessed at:

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

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### **4. Avoiding Pitfalls: Meeting Meals for Board or Council Members**

Members and staff of a governing body sometimes patronize restaurants either before or after board/council meetings. If the public entity pays for the meals, at least three separate compliance issues are raised:

- There are potential Open Meeting Law issues whenever a quorum of a board/council gets together. The meeting would not be open to the public, and any discussion of matters relating to the public entity may result in an Open Meeting Law violation.
- If matters relating to the public entity are not discussed during the meals, the meals should not be reimbursed because the meal expenses are not a necessary expense and do not serve a public purpose.
- The meals may be taxable income because the board/council members and staff are not in travel status.

Whether a meal is necessary for a meeting depends upon the necessity for holding a particular meeting during mealtime rather than at some other time, and upon the benefits derived from providing food during the meeting. If a board/council meeting must be held during mealtime, we recommend that food be provided to the board/council members and staff on site, avoiding issues with taxes, expense reimbursement, and the Open Meeting Law.

For more information on the tax issues specifically, please see IRS Publication 463 (pages 5-6) at <http://www.irs.gov/pub/irs-pdf/p463.pdf>, and IRS Publication 15 (Circular E) Employer's Tax Guide (pages 12-13) at <http://www.irs.gov/pub/irs-pdf/p15.pdf>.

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