



**State Auditor  
Rebecca Otto**

## **OFFICE OF THE STATE AUDITOR**

# ***E-Update***

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

**August 3, 2018**

1. Reminder: OPEB Investment Reporting
2. Pension: Municipal Ratification of Benefit Levels
3. Avoiding Pitfalls: Pay and Benefits Documentation

---

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

All benefits, other than pensions, promised to retirees are classified as “Other Post-Employment Benefits” (OPEB). 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 annually report and certify certain investment information to the OSA by October 25. The information must be reported based on a fiscal year-end of June 30. Trust administrators must also certify that the procedures used to compute rates of return are consistent with certain industry standards.

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 the OSA at [OPEB@osa.state.mn.us](mailto:OPEB@osa.state.mn.us).

---

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

Many volunteer fire 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 not to 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 the OSA website at:

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

---

### **3. Avoiding Pitfalls: Pay and Benefits Documentation**

Accurate documentation of employee pay and benefits is essential. If pay and benefit decisions are not accurately documented, needless disputes may arise over pay raises, employer contributions to health insurance payments, accrual of leave time, and other payroll matters.

A well-written employment contract can often prevent issues from arising in employment situations. Where a written contract is not used, it is especially important for governing bodies to accurately record pay and benefit decisions in the meeting minutes. This is true both for decisions about individual employees and for decisions about employee benefits generally.

---

If you are interested in signing up to receive an e-mail version of the E-Update regularly, send an e-mail with your contact information to [Jim.Levi@osa.state.mn.us](mailto:Jim.Levi@osa.state.mn.us)

The Office of the State Auditor is located at 525 Park Street, Suite 500, St. Paul, MN 55103.  
Phone: (651) 296-2551 or (800) 627-3529 (TTY) Fax: (651) 296-4755.  
Web: [www.auditor.state.mn.us](http://www.auditor.state.mn.us).