



**State Auditor  
Rebecca Otto**

## **OFFICE OF THE STATE AUDITOR**

# ***E-Update***

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

**February 3, 2017**

1. Released: 2016 Audit Revenue Thresholds
2. Released: Pension Newsletter & TIF Newsletter
3. Avoiding Pitfalls: Contract Quotations

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### **1. Released: 2016 Audit Revenue Thresholds**

**Cities** - A city with a population over 2,500 must have an annual audit performed.

**Cities with Combined Clerk/Treasurers** - A city with a population of 2,500 or less and a combined clerk/treasurer must have an annual audit for 2016 if its annual revenue is more than \$209,000. A city with a combined clerk/treasurer and annual revenue of \$209,000 or less must have an Agreed-Upon Procedures engagement once every five years.

**Towns** - A town with a population over 2,500 and 2016 annual revenue of \$935,000 or more must have an annual audit.

**Towns with Combined Clerk/Treasurers** - A town with a combined clerk/treasurer must have an annual audit for 2016 if its annual revenue was more than \$209,000. A town with a combined clerk/treasurer and annual revenue of \$209,000 or less must have an Agreed-Upon Procedures engagement once every five years.

**Special Districts** - A special district must have an annual audit for 2016 if its annual revenue was more than \$209,000. A special district with annual revenue of \$209,000 or less must have an Agreed-Upon Procedures engagement once every five years.

The Office of the State Auditor has developed minimum procedures and a reporting format for Agreed-Upon Procedures engagements of cities and towns that have combined the offices of clerk and treasurer, and special districts, with annual revenues less than the audit threshold. The minimum procedures and reporting format for Agreed-Upon Procedures engagements can be found on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20111222.001>.

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## **2. Released: Pension Newsletter & TIF Newsletter**

### **Pension Newsletter**

The January **Pension Newsletter** has been released. The Newsletter provides an update on the Volunteer Fire Relief Association Working Group's activities and a notice regarding the Broker Certification Form requirement. A reminder about the upcoming deadline to seek reimbursement of supplemental benefits paid and facts about supplemental benefits are also provided. The Newsletter contains resources for relief association auditors and an update on the 2016 reporting-year forms.

The complete Newsletter can be accessed at:

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

### **TIF Newsletter**

The January **TIF Newsletter** has been released. The Newsletter contains information on filing new or modified TIF plans and information on maintaining SAFES access. To view the complete Newsletter, go to:

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

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## **3. Avoiding Pitfalls: Contract Quotations**

Minnesota's Uniform Municipal Contracting Law uses dollar-amount thresholds to determine whether local government contracts may be entered into on the basis of competitive bids, quotations, or purchase or sale in the open market. Contracts estimated to exceed \$100,000 must generally be made using sealed bids, solicited by public notice. In general, contracts with estimated values of \$100,000 or less can be made based on quotations. Contracts estimated not to exceed \$25,000 may be made on either quotations or on the open market.

A valid quotation must include a price offered by a vendor who can actually sell an item. A vehicle's "bluebook" price alone is not a quotation for purposes of these provisions. If quotations are used, at least two quotations must be obtained, if possible, and all quotations should be kept on file for at least one year. For recordkeeping purposes, a written quotation from the vendor is recommended.

For contracts for the purchase of supplies, materials or equipment estimated to exceed \$25,000, a municipality must consider the state's Cooperative Purchasing Venture (CPV) before purchasing through another source. More information on the CPV can be found in our Avoiding Pitfall at <http://www.auditor.state.mn.us/default.aspx?page=20091113.000>.

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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).