



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. Deadline: Special District Reporting Forms
2. Update: Fire Relief Association Working Group
3. Avoiding Pitfalls: Payroll-Related Tax Issues

1. Deadline: Special District Reporting Forms

Special District Financial Reporting Forms and Financial Statements are due September 30 for districts whose fiscal year ended March 31, 2009. The reporting form can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20051227.001>.

2. Update: Fire Relief Association Working Group

The next Fire Relief Association Working Group meeting will be held on Tuesday, September 22 at our office in Saint Paul. The Working Group will begin discussions on clarifications to the recently-enacted return-to-service law, and on proposals to change the municipal contribution calculations. In particular, the Working Group will discuss a proposal to extend the deficit amortization period to 20 years for defined benefit plans, in addition to other suggestions for smoothing the calculation so that there is less volatility in contribution requirements for municipalities.

The meeting agenda and other Working Group documents can be found at:

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

3. Avoiding Pitfalls: Payroll-Related Tax Issues

Government entities face multiple payroll-related tax issues, such as:

- Is an individual an independent contractor or an employee?
- Are severance payments taxed?
- Do we need to issue W-2 forms for elected officials?
- Is an employee's clothing allowance taxable income?

The Federal, State and Local Government Division of the IRS ("FSLG") provides information and guidance to government entities on federal tax issues. If a government entity is audited by the IRS and found to be in noncompliance, fines and penalties are possible and the government entity or its employees could be subject to back taxes.

More information about FSLG, as well as informational materials, can be found at:

<http://www.irs.gov/govt/fslg>.

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