



State Auditor
Rebecca Otto

OFFICE OF THE STATE AUDITOR

E-Update

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July 23, 2010

1. Released: Criminal Forfeitures Report
2. Schedule: Collaborative Governance Council Meeting
3. Update: Pension Maximum Benefit Levels
4. Avoiding Pitfalls: Taxable Employee Expense Reimbursements

1. Released: Criminal Forfeitures Report

State Auditor Rebecca Otto has released the 2009 Criminal Forfeitures Report, which provides information on the amount of cash and property seized subject to forfeiture by Minnesota law enforcement agencies. To view the complete report, which includes an Executive Summary, tables and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20100716.000>.

2. Schedule: Collaborative Governance Council

The next meeting of the Collaborative Governance Council will be held on Thursday, July 29 at 1:00 p.m. at the League of Minnesota Cities building, 145 University Ave West, St. Paul.

The Council brings together key representatives from local governments to develop recommendations for increasing government collaboration. Council meetings are open to the public. For more information on the Council, and to access meeting materials, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20100702.000>.

3. Update: Pension Maximum Benefit Levels

In last week's E-Update we provided a reminder to volunteer fire relief associations that annual maximum benefit calculations must be completed on or before August 1. Some relief associations are finding that their maximum benefit level fell for 2010, and the relief associations may now be operating at a benefit level that is higher than the allowable maximum.

There is authority for relief associations to continue operating at a benefit level higher than the allowable maximum: if the benefit level was properly adopted and was within the allowable maximum when it was established and if the decrease to the calculated maximum was due to either a decrease in state fire aid or an increase in the number of active members during the three-year period on which the calculation is based.

Relief associations which have seen a decrease in state fire aid during the past three years will qualify to be "grandfathered in" and allowed to continue operating at their current benefit level as long as it was within the maximum when established. Relief associations that qualify to be grandfathered in at their current benefit level cannot increase their benefit level until the annual calculation shows that an increase is allowed.

Additional information regarding maximum benefit calculations is provided in the June 2009 Pension Newsletter, at:

http://www.auditor.state.mn.us/other/PensionDocs/pensionNewsletter_0906.pdf.

4. Avoiding Pitfalls: Taxable Employee Expense Reimbursements

If employee expenses are submitted for reimbursement more than 60 days after the expense is incurred, the reimbursement may be taxable and appropriate withholdings would need to be made.

For a detailed explanation of this issue, see IRS Publication 463, "Travel, Entertainment, Gift, and Car Expenses", page 29, found on the IRS website at:

<http://www.irs.gov/pub/irs-pdf/p463.pdf>.

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