



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. **Revised: Statement of Position on Internal Controls for Municipal Liquor Stores**

The Statement of Position entitled Internal Controls for Municipal Liquor Stores has been revised to clarify that municipal liquor stores cannot offer "charge accounts" or "bar tabs" to its employees or to its patrons, and to emphasize that receipts should be "prenumbered." The complete revised Statement can be viewed at:

http://www.auditor.state.mn.us/other/Statements/icmunicipalliquorstores_1105_statement.pdf.

2. **Revised: Statement of Position on TIF Four-Year Knock-Down Rule**

The TIF Four-Year Knock-down Rule has been revised to clarify that county auditors only have to knock-down parcels in TIF districts on which development activity has not occurred within the legally required number of years. The Three-Year Knock-out Rule is mentioned for historical informational purposes, but was repealed in 2005 and is no longer applicable. The revised Statement of Position can be found at:

http://www.auditor.state.mn.us/other/Statements/tif_fouryearknockdownrule_1105_statement.pdf.

3. **Pension Update: Working Group and Investment Study Group Bills**

The Volunteer Fire Relief Association Working Group and the Investment Study Group bills were both introduced this spring and had House and Senate authors. The Legislative Commission on Pensions and Retirement, a legislative body that needs to hear the bills,

convened quite late in the session this year, and did not have time to hear or take action on either bill. Both bills therefore are on hold until the Commission reconvenes, which hopefully will occur in the fall.

Additional information about the Working Group legislative proposals can be found at:

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

Further information on the Investment Study Group proposals is available at:

<http://www.auditor.state.mn.us/default.aspx?page=20100826.001>.

4. Avoiding Pitfalls: Meal Reimbursements May Be Taxable

Local governments must carefully consider whether reimbursements for employee meals are taxable. For example, the Internal Revenue Service (IRS) code and regulations generally require withholding of taxes when an employee is reimbursed for meals but does not stay overnight.

For more information, see the following publications available at www.irs.gov: IRS Publication 463, "Travel, Entertainment, Gift and Car Expenses"; IRS Publication 15-B, "Employer's Tax Guide to Fringe Benefits"; and IRS Publication 15, "(Circular E) Employer's Tax Guide." "FAQs for government entities regarding meal and vehicle expenses" is available at: <http://www.irs.gov/govt/fslg/article/0.,id=112717,00.html>.

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