



State Auditor  
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# OFFICE OF THE STATE AUDITOR

## *E-Update*

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July 12, 2013

1. Announcement: Government Information Division Director
2. Tip: Pension Maximum Benefit Levels
3. Avoiding Pitfalls: Disregarding Policies is a Risk

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### **1. Announcement: Government Information Division Director**

We are pleased to announce that Kathy Docter, CPA, has moved to a new role on the Office of the State Auditor team as Director of the Government Information Division. Kathy brings 25 years of service with the Office to her new position, having worked in both the Audit and Legal/SI Divisions. She has worked on the city audit review project and has extensive experience with the Small City and Town Accounting System (CTAS).

The Government Information Division collects and analyzes local government financial data, which is assembled in regular reports provided to the Legislature and the public. The Division also conducts a Best Practices Review of local government operations. Kathy's experience and background in local government accounting will be valuable assets to the Division's work. Please give Kathy a warm welcome!

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### **2. Tip: Pension Maximum Benefit Levels**

In last week's E-Update we provided a reminder to volunteer fire relief associations that their annual maximum benefit calculations must be completed on or before August 1. Some relief associations are finding that their maximum benefit level fell for 2013, and those 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.

Most relief associations have seen a decrease in state fire aid during the past three years. Those relief associations will qualify to be “grandfathered in” and be allowed to continue operating at their current benefit level so 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 about maximum benefit levels and maximum benefit calculations is available in our Statement of Position on this topic, which can be viewed on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20110531.003>.

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### **3. Avoiding Pitfalls: Disregarding Policies is a Risk**

Local units of government have policies related to the expenditure of public funds. For example, many local units of government have policies governing topics such as out-of-state travel, credit card usage, and purchases above a certain dollar amount.

Public employees and elected officials who disregard the policies run the risk that the expenditures will not be approved. When that happens, the public employee or elected official, in addition to possible disciplinary action, may be personally liable for the payment, or any goods that have been purchased may need to be returned.

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