



State Auditor  
Rebecca Otto

## OFFICE OF THE STATE AUDITOR

# *E-Update*

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1. Deadline: Forfeiture Reporting
2. Pension: New GASB Standards and Fire Relief Associations
3. Avoiding Pitfalls: Meal Reimbursements May Be Taxable

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### **1. Deadline: Forfeiture Reporting**

July 20th is the deadline for law enforcement agencies to report final disposition of property seized subject to forfeiture for the month of June. To report final disposition of forfeitures, please go to:

<https://www.auditor.state.mn.us/safes/>.

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### **2. Pension: New GASB Standards and Fire Relief Associations**

In June 2012, the Governmental Accounting Standards Board (GASB) issued two new public pension accounting standards that will take effect in fiscal years 2014 and 2015 for local and state governments. GASB No. 67, *Financial Reporting for Pension Plans*, sets new requirements for pension plans' 2014 financial statements. GASB No. 68, *Accounting and Financial Reporting for Pensions*, sets new requirements for employers reporting their pension obligations in their 2015 financial statements.

Relief associations affiliated with a city or town fire department, or with a fire department operated as or by a joint powers entity, may be affected by these new GASB rules. The new rules require that pension liabilities and expenses be calculated and reported in the government entity's financial statements. The rules also define the actuarial methods that must be used to calculate the pension liability amounts.

To comply with the new GASB rules, a municipality that prepares its financial statements in accordance with generally accepted accounting principles will need to include in its city or town audit the net pension liability and expense information of the affiliated relief association. A relief association may need to have an actuarial valuation performed to obtain the

information that the city or town needs.

Actuarial valuations can be costly, and relief associations have raised concerns about this potential expense. As an alternative to having an actuarial valuation performed, an auditor may accept the liability amounts that your relief association calculated using the Office of the State Auditor's annual Schedule Form. The auditor will need to evaluate the significance of using the liability information from the Form and make a judgment that there is little impact on the fair presentation of the municipality's financial statements. We encourage relief associations, municipalities, and their auditors to work together to address the requirements of these new accounting standards.

Municipalities that do not need to have an audit or prepare cash basis financial statements should not be affected by the new GASB rules and will not need to obtain actuarial information from your relief association.

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### **3. 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 from the IRS (a pdf document will download when you click on the link): [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"](#).

Additional information is available from a page on the IRS website, "[FAQs for government entities regarding meal and vehicle expenses](#)".

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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).