



State Auditor  
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# OFFICE OF THE STATE AUDITOR

## *E-Update*

*The official online news  
publication of the Office  
of the State Auditor*

June 3, 2016

1. Announced: TIF Training for Development Authorities
  2. Update: Volunteer Fire Relief Association Working Group Bill
  3. Released: Pension Newsletter & TIF Newsletter
  4. Avoiding Pitfalls: Uniform/Clothing Allowances
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### **1. Announced: TIF Training for Development Authorities**

The OSA will be providing four training opportunities in July. The sessions are designed to help Development Authority staff and consultants understand the basic principles and workings of TIF, its numerous laws and limitations, the responsibilities of authorities and their municipalities, and TIF reporting requirements.

For further information on locations and to register, go to:

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

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### **2. Update: Volunteer Fire Relief Association Working Group Bill**

The Omnibus Retirement Bill, which includes the 2015-2016 Volunteer Fire Relief Association Working Group legislation, was passed by the House and the Senate but was vetoed by Governor Dayton on May 31. The veto was not related to the volunteer fire relief association proposals. There was one other instance when the Omnibus Retirement Bill did not make it through due to the State Government shutdown. That Bill was passed the following legislative session and was signed into law.

We would like to thank the Working Group members for their work on this legislation and also thank all of those who attended the meetings to provide their input. This fall, the Working Group will convene for the tenth consecutive year. If you would like to suggest topics for the Working Group to consider, please forward them to Rose Hennessy Allen at [rose.hennessy-allen@osa.state.mn.us](mailto:rose.hennessy-allen@osa.state.mn.us) or at (651) 296-5985.

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### **3. Released: Pension Newsletter & TIF Newsletter**

#### **Pension Newsletter**

The May **Pension Newsletter** has been released. The Newsletter provides links to online training videos to assist in completing the annual reporting forms. The Newsletter contains information on how service credit is handled for a relief association member who resumes active service and membership following a break in service or leave of absence. Resources for auditors, information on how to submit audit reports and agreed-upon procedures, and information about the payment of trustee salaries from a relief association's special fund reports is also provided.

The complete Newsletter can be accessed at:

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

#### **TIF Newsletter**

The May **TIF Newsletter** has been released. The Newsletter contains information on changes to the 2015 TIF Annual Reporting Form, and information about upcoming TIF training opportunities for development authorities.

To view the complete Newsletter, go to:

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

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### **4. Avoiding Pitfalls: Uniform/Clothing Allowances**

Some local government employees may be eligible for the reimbursement of expenses under a uniform or clothing allowance authorized by an employment contract or a personnel policy.

Federal law has long distinguished between non-deductible personal clothing and deductible work clothing. For employees who wear uniforms, the cost of the uniform is deductible only if the uniform is (1) specifically required as a condition of employment, and (2) not of a type adaptable to general usage as ordinary clothing. If non-deductible clothing is reimbursed, the expenditure is income, and must be included on the employee's W-2 (Wage and Tax Statement).

Local units of government should have a system in place to ensure those items that are taxable according to federal regulations are clearly identified so proper taxes can be withheld and reported.

The IRS has posted information regarding uniform/clothing allowances online. The IRS "Taxable Fringe Benefit Guide" is available for download from the IRS website at: <http://www.irs.gov/pub/irs-pdf/p5137.pdf>; the "Quick Reference Guide for Public Employers" is available at: [http://www.irs.gov/file\\_source/pub/irs-pdf/p5138.pdf](http://www.irs.gov/file_source/pub/irs-pdf/p5138.pdf).

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