



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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September 21, 2018

1. Meeting: Volunteer Fire Relief Association Working Group
 2. Update: First Certification for 2018 Fire State Aid
 3. Released: Pension Newsletter
 4. Avoiding Pitfalls: Uniform/Clothing Allowances
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1. Meeting: Volunteer Fire Relief Association Working Group

The State Auditor's Volunteer Fire Relief Association Working Group will meet on Tuesday, September 25 from 11:00 a.m. to 1:00 p.m. at the OSA at 525 Park Street, Suite 500, Saint Paul.

Meetings are open to the public. Agendas and materials are available at:

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

2. Update: First Certification for 2018 Fire State Aid

We are pleased to announce that the OSA certified 77 percent of volunteer fire relief associations as meeting all reporting requirements and are eligible for the Department of Revenue to determine their qualification for 2018 fire and supplemental state aid in the first round of disbursements. State aid will be disbursed on or about October 1 for those plans that met the reporting requirements.

A list of the 2018 fire state aid and supplemental state aid amounts will be posted on the OSA website when it becomes available.

3. Released: Pension Newsletter

The September **Pension Newsletter** has been released. The Newsletter provides updates on the two outside temporary work groups that have been convened and also provides information about

service pension eligibility requirements.

The complete Newsletter can be accessed at:

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

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 "Employer's Tax Guide to Fringe Benefits" is available for download from the IRS website at <https://www.irs.gov/pub/irs-pdf/p15b.pdf>; the IRS "Quick Reference Guide for Public Employers" is available at http://www.irs.gov/file_source/pub/irs-pdf/p5138.pdf.

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