



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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July 27, 2012

1. Released: Pension, TIF, & CTAS Newsletters
2. Tip: Pension Maximum Benefit Levels
3. Avoiding Pitfalls: TIF Interfund Loans

1. Released: Pension, TIF, & CTAS Newsletters

Pension Newsletter

The July **Pension Newsletter** was released this week. It provides helpful reporting reminders, information about the Minnesota Government Data Practices Act and access to relief association data, and a notice about treasurer bond requirements and coverage. The Newsletter also includes reminders about the upcoming Schedule Form certification deadline and minimum municipal obligation requirements for monthly plans. To view the complete Newsletter, go to:

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

TIF Newsletter

The July **TIF Newsletter** has been released. The Newsletter contains an update on the Jobs Stimulus Program, contains information on filing annual TIF Reports, and has a reporting deadline reminder. To view the complete Newsletter, go to:

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

CTAS Newsletter

The Summer CTAS Newsletter has been released. The Newsletter contains information on the newly released CTAS User Manual, upcoming CTAS training sessions, and helpful information on how to successfully submit the annual financial reporting form. To view the Newsletter, go to:

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

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 2012, and the 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, so 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>.

3. Avoiding Pitfalls: TIF Interfund Loans

A development authority or a municipality may advance or loan money to a tax increment financing (TIF) district from its general fund or other authorized fund to finance expenditures. Loans and advances made after July 31, 2001, must be authorized by a resolution adopted by the entity having jurisdiction over the funds.

The terms and conditions for repayment, including the principal amount, the interest rate, and the maximum term of the loan must be in writing. The maximum interest rate allowed is the greater of the rates specified under Minnesota Statutes sections 270C.40 or 549.09, as of the date of the loan. Tables and information on the allowable interest rates can be found at both of the following links:

[http://taxes.state.mn.us/taxes/individ/paying_your_taxes/payment_plans/interest assessed paid.shtml](http://taxes.state.mn.us/taxes/individ/paying_your_taxes/payment_plans/interest_assessed_paid.shtml)

[http://www.mncourts.gov/documents/0/Public/administration/2008 Interest Rates on State Court Judgements.pdf](http://www.mncourts.gov/documents/0/Public/administration/2008_Interest_Rates_on_State_Court_Judgements.pdf).

If you are interested in signing up to receive an e-mail version of the E-Update regularly, [click here](#).

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