



December 2008

## Pension Division Newsletter

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### *Forfeiture Deadline Update*

The Office of the State Auditor is pleased to announce that all volunteer fire relief associations submitted their 2007 reporting year forms prior to the forfeiture deadline on November 30. This is the second year in a row that all relief associations submitted their forms to avoid forfeiture of fire state aid. Thank you to the relief association trustees, municipal representatives, accountants, and the Pension Division team that worked right up to the deadline to ensure that reporting forms were submitted!

### *Working Group Update*

The Volunteer Fire Relief Association Working Group held meetings on December 4 and December 16. The Group discussed several complex topics including return-to-service issues and the prohibition on the employment of minors. Under current law, volunteer firefighters who rejoin the same volunteer fire department after retirement are required to repay their previously-received service pension and are not allowed to accrue any additional service credit. The Working Group is recommending a legislative change to allow volunteer firefighters to return to active service with the fire department after retirement, with bylaws defining the terms of a return. This change is in response to recruitment and retention concerns, especially in Greater Minnesota.

In addition, current law prohibits minors from serving in any capacity performing any firefighting duties with a volunteer fire department. The Working Group members were concerned that this prohibition would apply to youth groups, like a Boy Scout Explorer Program. The Working Group is suggesting a legislative change that would provide for an exception to this prohibition for members of youth, civic, or educational programs who participate with uninterrupted adult supervision.

Other topics discussed include: allowing special fund assets to be used to purchase insurance through the Volunteer Firefighters' Benefit Association or a comparable insurance company; allowing survivor benefits to be paid to a trust; the \$200,000 audit threshold; breaks in service; and exchange traded fund investments. Meeting materials are available on our website at <http://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup>.

The final Working Group meeting is scheduled to be held on Tuesday, January 27. If you have questions, please contact Rose Hennessy Allen at (651) 296-5985 or [Rose.Hennessy-Allen@state.mn.us](mailto:Rose.Hennessy-Allen@state.mn.us).

### ***Selected Relevant Statutes Booklet and Summary***

Updated versions of the Selected Relevant Statutes booklet and summary are now available on the Office of the State Auditor's website. The booklet and summary are prepared by the Pension Division and contain many of the state laws applicable to volunteer fire relief associations, including law changes enacted in the 2008 Session. Relief association trustees are encouraged to download both documents for reference when updating bylaws, making investment decisions, or calculating benefit payments. The booklet and summary can be accessed on our website at <http://www.auditor.state.mn.us/list.aspx?type=frm&div=pen>.

### ***Economic Interest Statements***

Every year, each board member and the chief administrative officer of a volunteer fire relief association are required to complete a *Statement of Economic Interest*. The Statement must be filed with the chief administrative officer of the relief association and must be made available for public inspection during regular office hours at the association's office.

The chief administrative officer of the relief association must submit a *Certified Listing of Individuals Who Filed a Statement of Economic Interest* form to the Campaign Finance and Public Disclosure Board by **January 15**. This form must list all individuals who have filed *Statements of Economic Interest* with the relief association for the preceding 12 months, along with the address of the office at which the statements are available for public inspection.

The *Statement of Economic Interest* and *Certified Listing of Individuals Who Filed a Statement of Economic Interest* forms are available in the Forms section of the Office of the State Auditor's website at <http://www.auditor.state.mn.us/default.aspx?page=20070105.001>.

### ***Authorized Administrative Expenses***

Since many relief associations may have year-end expenses to pay, we wanted to provide a reminder that special fund assets may only be disbursed for purposes expressly authorized under state law. Authorized special fund disbursements include service pension and ancillary benefit payments and certain authorized administrative expenses. Administrative expenses that may be paid from the special fund include office expenses, officer salaries, training fees and professional fees.

Two common compliance issues that occur relate to salaries and professional fees. State law allows salaries to be paid from the special fund only to the relief association president, secretary, and treasurer or their designees. Relief associations do not have authority to pay salaries to other trustees, unless specific language authorizing the payments was included in the association bylaws prior to January 1, 1986. Members of the board of trustees may be reimbursed from the special fund for reasonable and necessary expenses actually *paid* and *incurred* in the performance of their duties as members of the board. All other payments (such as per diems) to board members should be paid from the general fund.

The professional fees that a relief association may pay from the special fund are limited to authorized audit, actuarial, medical, legal, and investment and performance evaluation expenses. Relief associations do not have authority to pay for lobbying or consulting services from the special fund unless the services are provided by an individual or firm that fits one of the categories listed above. Authorized legal fees are fees paid to an attorney or a law firm.

### ***Open Meeting Law Reminder***

This time of year many relief associations have their annual meetings. Please remember that relief associations are subject to Open Meeting Law requirements. This means that relief association meetings must be open to the public unless the meeting is closed for a purpose expressly authorized under state law. Relief associations must keep meeting minutes that record the votes on actions taken during open meetings and the minutes must be open to the public during normal business hours where records of the association are kept. The Open Meeting Law also contains notice requirements and requirements for providing meeting materials to the board members and for making the materials available in the meeting room for public inspection.

The Information Policy Analysis Division (IPAD) of the Department of Administration has the authority to review Open Meeting Law questions and to issue advisory opinions about these issues. Information regarding Open Meeting Law requirements, including a PowerPoint presentation, is available on the IPAD website at <http://www.ipad.state.mn.us/omlinfo.html>.

### ***Donations and Fundraisers Article***

The Office of the State Auditor recently published an article in the Minnesota Fire Chief magazine that discussed donations and fundraisers. Specifically, the article provided information regarding city and town fire department purchasing and fundraising issues. We hope that the article will provide helpful information to consider when soliciting and accepting donations. The article can be viewed on our website at [http://www.auditor.state.mn.us/other/columns/Donations\\_and\\_Fundraisers\\_0809.pdf](http://www.auditor.state.mn.us/other/columns/Donations_and_Fundraisers_0809.pdf).

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