

Pension Division Newsletter

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Working Group Update

The Volunteer Fire Relief Association Working Group met on December 4 and December 18 to review draft language for several technical corrections and clarifications of current statutes. The Group agreed on draft language for some changes that clarify deferred interest calculations for defined-benefit relief associations. The changes clarify that municipal ratification of deferred interest rates established by a relief association’s board of trustees is required. The current municipal ratification requirements are unclear.

The Working Group also agreed that deferred interest rates established by a relief association’s board of trustees will become effective on the January 1 following the date on which the rates are set by the board and ratified by the municipality. The language agreed upon by the Working Group will make it clear for relief association trustees and members when deferred interest rates become effective, create a uniform calculation method that is simpler for those calculating deferred interest amounts, and coincide with the calculation method used on the Office of the State Auditor’s Schedule Form. A relief association’s board of trustees does not have authority to retroactively establish deferred interest rates.

The Group agreed on draft language for a technical change which establishes a default deferred-interest calculation method for certain defined-benefit relief associations that offer interest payments to deferred members but do not specify the calculation method in their bylaws.

The Group discussed service credit calculations and the statutory audit threshold, and decided not to pursue changes for either item.

The next Working Group meeting will be held on Tuesday, January 15, from 11:00 a.m. to 1:00 p.m. in Saint Paul at the Office of the State Auditor (OSA). Meetings are open to the public.

Meeting agendas and materials are available on our website at:

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



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What's Ahead:

January 15

Working Group Meeting
from 11:00 a.m. to 1:00
p.m. at the OSA.

January 15

Certified Listing of Indi-
viduals Who Filed a
Statement of Economic
Interest due to the
Campaign Finance and
Public
Disclosure Board

February 15:

Supplemental Benefit
Reimbursement form
due to the Department
of Revenue to receive
reimbursement of any
supplemental benefits
paid during 2012.

Statements of Economic Interest Reminder

Every year, each volunteer fire relief association board member and chief administrative officer is required to complete a *Statement of Economic Interest*. The Statement must be filed with the chief administrative officer of the relief association and be made available for public inspection.

The chief administrative officer of a relief association must also 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.

For your convenience, the *Statement of Economic Interest* and *Certified Listing of Individual Who Filed a Statement of Economic Interest* forms are available in the Pension Forms section of our website under the "Current Forms" heading, or by going to:

<http://www.auditor.state.mn.us/default.aspx?page=20070105.001>.

Relief Association Survey

An e-mail was sent to relief association trustees, municipal officials, and consultants on December 4 that contained a link to a survey being conducted by the Office of the State Auditor.

The purpose of the survey is to gather general information on IRS tax-exempt and 990 filing issues and on the new "return to service" law. The survey responses will be used by the Volunteer Fire Relief Association Working Group to help inform its discussions on these topics.

The survey is anonymous and consists of 12 short questions. If you have not done so already, please take a few moments to complete the survey by clicking on the link below. You will not be asked to enter any personal information.

<https://www.surveymk.com/s/3FVXXBK>

**Sample Bylaw
Guides:**

Lump-Sum

City Fire Department

**Town Fire
Department**

**Joint-Powers Fire
Department**

**Independent
Corporation**

**Defined-
Contribution**

City Fire Department

**Town Fire
Department**

**Joint-Powers Fire
Department**

**Independent
Corporation**

Information for New Trustees

Many relief associations will be holding their annual meeting and elections soon. The Office of the State Auditor has prepared a one-page document that provides links to resources available on our website. These resources are intended to help individuals who are elected to a relief association's board of trustees be successful in their new positions.

The informational document can be viewed at:

<http://www.auditor.state.mn.us/Other/pensionDocs/InfoforNewTrustees.pdf>

State Aid Forfeiture Deadline Update

The Office of the State Auditor is pleased to announce that all volunteer fire relief associations submitted their 2011 reporting-year forms prior to the forfeiture deadline on November 30. State law requires automatic forfeiture of fire state aid for relief associations that do not file all reporting information by November 30. This is the first time in four years that all relief associations filed prior to the forfeiture deadline.

We would like to thank the relief association trustees, municipal officials, auditors, investment brokers, and members of the Pension Division team, who worked right up to the deadline to ensure that all reporting forms were submitted.

Schedule Form Reminder

The Pension Division is performing preliminary reviews of the 2012 Schedule Form (SC-12). The SC-12 is not required to be submitted to the Office of the State Auditor (OSA) until March or June 2013, when the relief association's remaining 2012 reporting information is due. However, most relief associations submit the form to the OSA by August 1 after it has been certified to the affiliated municipality.

Early submission of the form allows the OSA to pre-populate member data on the 2013 Schedule Form, which saves relief associations time in data entry. For member data to be pre-populated on the 2013 Schedule Form, the SC-12 must be received and reviewed by the OSA before January 2013. If you haven't submitted your SC-12 yet, please do so at your earliest convenience so that we can pre-populate your 2013 form.

Fundraising Activities

Statements of Position:

Relief associations and fire departments are separate and distinct from each other, each with different rules regarding fundraising and the acceptance of donations. Relief associations should ensure that any fundraisers planned for the upcoming year are advertised and managed correctly.

Considerations When Making Benefit Changes

Relief associations are required to maintain control of their own funds, with accounts that are separate from city or town accounts. If a relief association's bylaws permit it, the association may solicit donations or conduct fundraisers. Any fundraising expenses must be paid from the relief association's general fund. Cities and towns, however, have no authority to hold such fundraisers. If a relief association conducts fundraisers, the association should clearly identify itself as the entity conducting the solicitation or fundraiser and state the specific intended purpose for which funds are being raised.

Return to Service

Investment Authority

In contrast, a municipal department, such as a fire department, does not have authority to maintain its own funds or to accept donations. Donations made to a fire department are really donations made to the city or town, with a limitation on how the funds may be used.

Governance for Fire Relief Associations

If a relief association wishes to solicit donations, the association should explain clearly whether the donations are for the relief association or for the municipality (designated for the fire department). Donation checks should not be made out to the fire department. Donation checks should be made out to the relief association, or to the municipality with a designation for the fire department. Additional information on this topic is available at:

Fundraisers and Donations

<http://www.auditor.state.mn.us/default.aspx?page=20110527.002>.

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