

# Pension Division Newsletter

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## Reporting Reminder and State Aid Deadline

The 2012 reporting-year forms for volunteer fire relief associations were due by March 31 for relief associations with less than \$200,000 in assets and liabilities and by June 30 for relief associations that exceeded this statutory threshold. Notices were sent by e-mail and U.S. mail to relief associations that have not submitted all required reporting information. Your assistance is appreciated in ensuring the late reporting forms are submitted as soon as possible. Late reporting forms may result in a delay in your relief association's receipt of 2013 state fire aid.

If your relief association has submitted its reporting forms but has been notified by our Pension Division staff that additional information is needed, please provide the requested information as soon as possible. The first certification deadline for 2013 state fire aid is September 15. To be certified as eligible for receipt of your state fire aid in the first round of payments, all required 2012 reporting information must have been submitted to the Office of the State Auditor (OSA), our review of the information must have been completed, and any issues identified by the OSA must be resolved by that date.

If you have questions regarding relief association reporting requirements, please contact the Pension Division at (651) 282-6110 or at [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us).

The 2012 reporting-year forms can be accessed through the State Auditor's Form Entry System (SAFES) at:

<https://www.auditor.state.mn.us/safes/>.

A document providing reporting information and helpful hints for completing the reporting forms can be viewed on our website at:

[http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf\\_infoandhelpfulhints.pdf](http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_infoandhelpfulhints.pdf).



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**What's Ahead:**

**September 15:**

First certification deadline for 2013 state fire aid. To be certified as eligible, all 2012 information must have been submitted to the OSA, the OSA review must be completed, and any issues resolved.

**October 1:**

State fire aid is paid for those relief associations certified as eligible on the first certification deadline.

**November 1:**

Second certification deadline for 2013 state fire aid.

**November 30:**

Final deadline for submitting 2012 reporting-year forms to avoid forfeiture of state fire aid.

## Fire Department Grants

Occasionally, the OSA sees grant revenue deposited into a relief association's general fund. Relief associations that receive grant funds should be sure that the terms of the grant are followed. The grant may require that the funds be given directly to the fire department. If the fire department is a city or town fire department, this means that the funds would need to be given directly to the municipality.

Minnesota law requires city councils and town boards to have full control over their municipality's financial matters. Any money intended for use by a municipal fire department must be controlled by the city council or town board.

In addition, a relief association should not purchase or install fire department equipment without the governing body's approval. The disbursement of city and town funds, including fire department funds, must comply with a process set forth in law.

In cases of an independent nonprofit firefighting corporation, grant revenue intended for the fire department should be received directly by the corporation.

## Working Group Nominations

This fall, the Office of the State Auditor will convene the Volunteer Fire Relief Association Working Group for the seventh consecutive year. The Working Group brings together the major volunteer fire relief association stakeholders to work on legislative changes to make the pension process easier and more effective.

Membership of the Working Group changes each year so that new communities can be represented. The Group typically holds about five weekday meetings at our office in Saint Paul. The meetings are spread across the fall and early winter months. If you are interested in serving on the Working Group, please contact Rose Hennessy Allen at [Rose.Hennessy-Allen@osa.state.mn.us](mailto:Rose.Hennessy-Allen@osa.state.mn.us) or at (651) 296-5985.

If you or others in your community would like to suggest topics for the Working Group to consider, please forward them to Rose Hennessy Allen at the phone number or e-mail address provided above.

**Helpful Links:**

[2013 Legislative Update](#)

[Key Reporting Requirements](#)

[Selected Relevant Statutes Summary](#)

[Information for New Trustees](#)

[Helpful Contact Information](#)

## **Requirement to Report Evidence of Theft**

Legislation was signed into law on May 1 requiring local public pension plans, including volunteer fire relief associations, to report evidence of theft or misuse of public funds to the OSA. The legislation clarifies that local public pension plans have the same requirement to report as local government employees and local officials currently have. This law will help to safeguard pension plan assets and ensure accountability of pension plan administrators to their members and to the public.

Information on how to report financial concerns to the OSA can be viewed at: <http://www.auditor.state.mn.us/default.aspx?page=reportingfinancialconcerns>.

## **Internal Controls**

Internal controls are designed to protect a relief association from loss or misuse of its assets. Sound internal controls help ensure that transactions are properly authorized and the information contained in the financial reports is reliable.

The segregation of duties is an important internal control to prevent unauthorized transactions. Recommendations for segregating duties include having an individual other than the relief association's treasurer receive and review unopened bank statements, reconcile the bank accounts, and review cancelled checks for any unusual activity.

Examples of "red flags" that would merit further review include any unusual discrepancy between actual performance and anticipated results, receipts not matching deposits, disbursements to unknown or unapproved vendors, one signature on checks or presigned blank checks, and gaps in receipt or check numbers.

A relief association should discuss internal controls with its auditor, who may have additional helpful suggestions based on their experience with your specific association.

A Statement of Position is available on the OSA website that provides more information on the importance of internal controls. The Statement can be viewed at: <http://www.auditor.state.mn.us/default.aspx?page=20110607.013>.

**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**

## Schedule Form Revisions

Lump-sum relief associations were required to complete the 2013 Schedule Form during July of this year and to certify the Form to the affiliated municipality or independent nonprofit firefighting corporation by August 1. Some relief association trustees have inquired whether revisions can be made to the Form later this year to take into consideration investment gains or other revenue increases that occur after August 1.

Projected amounts on the Form are frozen as of the date of certification. Once certified, the Form cannot be revised to update revenue or expenditure amounts that deviated from the originally-certified projected amounts. Minnesota law does not authorize any process by which a relief association may modify its Schedule Form to change projection amounts once the actual year-end amounts are known. Deviations between forecasted and actual revenues and expenditures will be reflected on the 2014 Schedule Form that will be completed next year.

Additional information about the Schedule Form is provided in the July 2012 Pension Division Newsletter, which can be viewed at:

[http://www.auditor.state.mn.us/other/PensionDocs/pensionNewsletter\\_1207.pdf](http://www.auditor.state.mn.us/other/PensionDocs/pensionNewsletter_1207.pdf).

## Newsletter Index

An index is available on the OSA website which allows you to search alphabetically by topic through our past Pension Division Newsletters.

Topics include Benefit Levels, Board of Trustees and Membership, Fundraising, Internal Controls, Investment Information, Pension and Benefit Payment Information, and State Aid.

The Index can be accessed from the Pension Newsletter page on the website, or by going to:

<http://www.auditor.state.mn.us/default.aspx?page=20120703.010>.

## General Record Retention Policy

**Statements of Position:**

Volunteer fire relief associations are governmental entities that receive and manage public money. Therefore, they must follow state guidelines that govern the retention of records. A General Records Retention Schedule for volunteer fire relief associations is available on the Minnesota Historical Society’s website.

[Firefighter Service Credit Determinations](#)

A relief association can choose: 1) to adopt in its entirety the general records retention schedule; 2) to modify the general schedule to create a unique customized schedule, or; 3) to develop its own individualized records retention schedule. *If a relief association chooses none of these options, the association must permanently retain all of its records.*

[Return to Service](#)

Relief associations that adopt the general schedule and notify the Minnesota Historical Society of their adoption may destroy certain types of records after they have been maintained for a specified length of time. If a relief association chooses to modify the general records retention schedule or to create its own schedule, the association must submit the proposed schedule to the Records Disposition Panel for approval before the customized schedule may be used.

[Investment Authority](#)

The general records retention schedule, instructions on its use, and a form for notifying the Historical Society once the Schedule has been adopted by a relief association can be downloaded at: [http://www.mnhs.org/preserve/records/docs\\_pdfs/Complete\\_MFRASchedule2012.pdf](http://www.mnhs.org/preserve/records/docs_pdfs/Complete_MFRASchedule2012.pdf).

[Survivor Benefits](#)

Additional information about the retention of records for relief associations is available in our Statement of Position on this topic, at: <http://www.auditor.j.mn.us/default.aspx?page=20120928.000>.

[Special and General Funds, and Charitable Gambling Funds](#)

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