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Article for *Minnesota Fire Chief*

New Accounting Requirements Affect Volunteer Fire Relief Associations

By Rebecca Otto, State Auditor

The Governmental Accounting Standards Board (GASB) recently approved [Statement No. 67, *Financial Reporting for Pension Plans*](#), which applies to pension plans that administer pension benefits, and [Statement No. 68, *Accounting and Financial Reporting for Pensions*](#), which applies to governments that provide pension benefits to their employees. The new pension standards introduce a wide array of enhancements to financial reporting that will result in significant changes in the type and form of information collected and reported by pension plans, including fire relief associations and governmental employers.

What is GASB?

GASB is an independent organization that establishes standards of accounting and financial reporting for state and local governments. GASB is recognized by governments and the accounting industry and capital markets as the official source of Generally Accepted Accounting Principles (GAAP) for state and local governments. Their mission is to establish and improve standards of state and local government accounting and financial reporting that will result in useful information for users of financial statements including issuers, the public, legislators, owners of municipal bonds, and auditors. Auditors render opinions on the fairness of financial statement presentations in conformity with GAAP. GAAP requirements also are incorporated in the laws of some individual states, including Minnesota.

What Do GASB 67 and 68 Do?

The new Statements relate to accounting and financial reporting issues only. They define how pension costs and obligations are measured and reported in financial statements. The Statements do not change state law requirements related to pension plan funding. For relief associations, required municipal contribution amounts will still be calculated using the

Schedule Form (lump-sum plans) or actuarial valuation (monthly and monthly/lump-sum combination plans).

The new GASB Statements also do not impact relief associations' audit requirements. The audit requirement is defined in Minnesota Statutes and is triggered when a relief association's assets or liabilities exceed \$500,000. Relief associations with assets and liabilities under the threshold are still required to have an Attestation completed.

What does our Relief Association Need to Do?

Relief association boards of trustees and municipal boards will need to discuss the new GASB standards. We encourage relief associations, municipalities, and their auditors to work together to address the requirements of these new accounting standards.

Additional Information

The information and language in this article describing GASB and its mission was obtained from the GASB website, but the website contains so much more. For a wealth of information on the new standards, go to www.gasb.org.

The Public Employees Retirement Association (PERA)'s website provides links to numerous documents and presentations on the new GASB Statements, including links to a fact sheet and an implementation guide. To access these links, go to PERA's website, www.mnpera.org, choose the "Employers" menu option, and then click on the "GASB Public Pension Accounting Standards" link.