



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. New: Statement of Position
 2. Revised: Statement of Position
 3. Reminder: Pension Maximum Benefit Levels
 4. Avoiding Pitfalls: Joint Powers Agreements – Part I
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1. New: Statement of Position

A new Statement of Position, "Volunteer Fire Relief Association Investment Authority", provides a summary of the types of investments in which volunteer fire relief associations are permitted to invest. To view the complete statement, go to:

http://www.auditor.state.mn.us/other/Statements/firereliefinvestmentauthority_0907_statement.pdf.

2. Revised: Statement of Position

A revised Statement of Position, "Fire Relief Association Funds: Special and General Funds, and Charitable Gambling Funds" has had the investment sections removed and no other changes. To view the complete statement, go to:

http://www.auditor.state.mn.us/other/Statements/FireReliefAssociationFunds_0905_statement.pdf

3. Reminder: 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 2009, and

those relief associations may now be operating at a benefit level that is higher than the allowable maximum.

Under certain circumstances, 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, an association may continue operating at a benefit level higher than the allowable maximum.

Most relief associations have seen a decrease in state fire aid during the past three years. Those reliefs will qualify to be "grandfathered in" and allowed to continue operating at their current benefit level if that benefit level was within the maximum when it was 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 regarding maximum benefit calculations is provided in the June Pension Newsletter, which can be found at:

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

4. Avoiding Pitfalls: Joint Powers Agreements – Part I

Governmental units may have agreements with each other to exercise certain powers together. Is your governmental unit a party to joint powers agreements? If so, do you have copies of your current agreements? Have you reviewed the agreements recently? Do they say what you want them to say? Do they comply with current law?

The primary statute on the joint exercise of governmental powers is [Minn. Stat. § 471.59](#).

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