



**State Auditor
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E-Update

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1. Pension: Information on Benefit Levels

The OSA receives questions from municipal officials about whether to ratify a relief association's benefit level change. Two OSA Statements of Position (SOP) provide helpful information regarding relief association benefit levels and benefit level changes.

The SOP "Considerations When Making Benefit Changes" can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20120224.000>.

The SOP "Required Municipal Contributions to Fire Relief Associations" can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.009>.

2. Website: Avoiding Pitfalls Webpage

The OSA has made all Avoiding Pitfalls available on the OSA website. They are sorted by main topic alphabetically and are also cross-referenced.

To access this feature, click on the "For Local Officials" tab on the home page and select "Avoiding Pitfalls" or click on the following link:

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

3. Avoiding Pitfalls: Establishing Separate Relief Association Accounts

The OSA occasionally finds that a volunteer fire relief association has commingled special and general funds into one bank account, rather than keep them in separate accounts. Fire state aid and municipal contributions must be deposited into the special fund of a relief association. Because the special fund consists of public funds and is a restricted pension fund, Minnesota law strictly limits how the funds may be invested and disbursed. Having a commingled bank account makes it difficult for a relief association to properly track its special fund assets and to ensure compliance with statutory requirements.

Each relief association should deposit fire state aid and municipal contributions into a special fund bank account that is separate from the association's general fund bank account. Establishing separate accounts also facilitates tracking special fund assets and market values that must be reported to the OSA on annual relief association reporting forms.

In addition, if a relief association has a charitable gambling fund, the charitable gambling fund should have its own bank account that is separate from the relief association's special fund and general fund accounts. Donations from lawful gambling cannot be used for the benefit of a pension or retirement fund.

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