

# Pension Division Newsletter

**Inside this issue:**

Annual Business Renewal	2
Resources for Auditors	2
Submitting Audit Reports	3
Audit Requirements	3
Consultant Insurance Requirement	4
Bylaw Ratification Reminder	4
Pension Division Staff	4

## Working Group Update

The 2014 Omnibus Retirement Bill, which includes the 2013 Working Group legislation, was signed into law by Governor Dayton on May 21. The Pension Division will be providing a legislative update this summer that will include an in-depth explanation of the law changes affecting volunteer fire relief associations and their effective dates. The Sample Bylaw Guides, statute booklet, and statute summary will also be updated to reflect the legislative changes. A copy of the bill can be viewed at the link provided below. The Working Group changes are located in Article 12.

[https://www.revisor.mn.gov/bills/text.php?number=HF1951&version=4&session=ls88&session\\_year=2014&session\\_number=0](https://www.revisor.mn.gov/bills/text.php?number=HF1951&version=4&session=ls88&session_year=2014&session_number=0)

We would like to thank the Working Group members for their work on this legislation and also thank all those who attended meetings to provide their input.

The Legislature also passed bills containing provisions that may affect volunteer fire relief associations but that did not arise out of the work of the Working Group, such as a pilot program to pay stipends to certain volunteer firefighters. A discussion of these laws will be included in this summer’s legislative update.



Office of the State Auditor  
 Pension Division  
 525 Park Street, Suite 500  
 Saint Paul, MN 55103  
 (651) 282-6110  
 Fax: (651) 282-5298  
[pension@osa.state.mn.us](mailto:pension@osa.state.mn.us)

## Reporting Reminder

The 2013 reporting-year forms for volunteer fire relief associations with assets or liabilities of at least \$500,000 are due by June 30, 2014. Relief associations with the June 30 reporting deadline are required to submit audited financial statements in addition to the reporting forms. After a relief association’s assets or liabilities exceed \$500,000, the association’s reporting deadline remains June 30 and the association must still submit an audit, even if the association’s assets and liabilities subsequently drop below the \$500,000 threshold.

Reporting forms for relief associations with assets and liabilities less than the \$500,000 statutory threshold were due by March 31.

**What's Ahead:****June 30:**

Reporting forms for relief associations with assets and liabilities of at least \$500,000 are due to the Office of the State Auditor.

**August 1:**

The 2014 Schedule Form and 2014 Maximum Benefit Worksheet must be certified to the municipality or independent nonprofit firefighting corporation.

**September 15:**

First certification deadline for 2014 fire state aid. To be certified as eligible, all 2013 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

**October 1:**

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

**Annual Business Renewal**

Every year, every volunteer fire relief association must register as a nonprofit corporation with the Minnesota Secretary of State's Office. If a relief association fails to register or to notify the Secretary of State of corporate name or address changes, the Secretary of State may reject the registration and dissolve the relief association's nonprofit corporation status.

A relief association can determine its current registration status by going to the Secretary of State's website. Relief associations with a "renewal due date" displayed as 12/31/2014 must complete the registration before December 31, 2014 or risk dissolution of the association's nonprofit corporation status. If the relief association has completed its registration for this calendar year, the renewal due date will be displayed as 12/31/2015.

The annual registration can be completed online at the Secretary of State's website at:

<http://mblsportal.sos.state.mn.us/>.

**Resources for Auditors**

Resources are available on the Office of the State Auditor (OSA) website that may be helpful for auditors working with volunteer fire relief associations. The 2013 Minnesota Legal Compliance Audit Guide for Political Subdivisions is meant to act as a reference regarding minimum legal compliance. Section 7 of the Guide is specific to relief associations, and includes statutory citations. PDF and Word versions of the Guide can be accessed at:

<http://www.auditor.state.mn.us/default.aspx?page=20131202.000>.

Additional resources include links to auditing resources and professional organizations. These links are available on our Helpful Links page, at:

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

Audit reports of public pension plans conducted by the OSA are posted on our website and can be used as a reference. The audit reports can be viewed at:

<http://www.auditor.state.mn.us/list.aspx?type=afs>.

**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**

**Submitting Audit Reports**

Audit reports may be submitted electronically through the State Auditor’s Form Entry System (SAFES). To submit an audit report electronically through SAFES, the report must be saved as a PDF document and be uploaded by the relief association’s accountant or auditor.

When submitting audit reports, please be sure that the management letter is included in the submission. When submitting PDF documents through SAFES, the financial statements, required supplementary information, and management letter should be saved and submitted as one PDF document.

SAFES can accept only Excel forms, therefore annual reporting forms must be submitted as Excel files if being submitted through SAFES. Other documents, such as bylaws, meeting minutes, and investment policies, must be submitted to the OSA by e-mail, fax, or U.S. mail using the contact information on page one of this Newsletter.

**Audit Requirements**

Relief associations with assets or liabilities of at least \$500,000 must submit audited financial statements to the OSA by June 30, 2014, for the year ended December 31, 2013. Trustees of relief associations that have the audit requirement should confer with their auditors to ensure that the association’s 2013 audited financial statements comply with generally accepted accounting principles (GAAP).

GAAP requires that a Management’s Discussion and Analysis (MD&A) be included with a relief association’s audited financial statements. If the MD&A is not included with the audited financial statements, the omission should be noted in the Independent Auditor’s Report.

In addition, there are three options for presenting the relief association’s General Fund for audit purposes: 1) consolidate the General Fund with the Special Fund depending upon its materiality (the physical funds must remain separate); 2) show the General Fund separately with the adjustments from modified to full accrual basis financial statements; or 3) separately show the General Fund as a fiduciary fund in the same manner as the Special Fund.

**Statements of Position:**

[Fundraisers and Donations](#)

[Combined Service Pensions](#)

[Deferred Interest](#)

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

[Records Management](#)

## Consultant Insurance Requirement

Minnesota law places special requirements on consultants who provide legal or financial advice to volunteer fire relief associations. If a relief association hires or contracts with a consultant, the association must obtain from the consultant a copy of the consultant's certificate of insurance.

A consultant is defined as any person who is employed under contract to provide legal or financial advice and who is or who represents to the relief association that the person is: an actuary; a certified public accountant; an attorney; an investment advisor or manager, or an investment counselor; an investment advisor or manager selection consultant; a pension benefit design advisor or consultant; or any other financial consultant.

## Bylaw Ratification Reminder

The first step when making a benefit level change is for the relief association's board of trustees to approve the change. Only after the relief association's board of trustees has approved the change should municipal ratification of the change be sought. A copy of the bylaw amendment containing the benefit level change that was approved by the relief association's board of trustees should be provided to the city council, town board, or board of the independent nonprofit firefighting corporation for ratification.

Additional information about the steps that should be taken when considering a relief association benefit level change is provided in our Statement of Position on this topic, at:

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

## Pension Division Staff

If you have questions, please contact us:

Aaron Dahl, Pension Analyst  
(651) 297-2765

[Aaron.Dahl@osa.state.mn.us](mailto:Aaron.Dahl@osa.state.mn.us)

Jim Jensen, Pension Analyst  
(651) 284-3423

[Jim.Jensen@osa.state.mn.us](mailto:Jim.Jensen@osa.state.mn.us)

Michael Johnson, Pension Analyst  
(651) 282-5430

[Michael.Johnson@osa.state.mn.us](mailto:Michael.Johnson@osa.state.mn.us)

Blake Pekkala, Pension Intern  
(651) 296-6279

[Blake.Pekkala@osa.state.mn.us](mailto:Blake.Pekkala@osa.state.mn.us)

Gail Richie, Office & Admin Assistant  
(651) 282-6110

[Gail.Richie@osa.state.mn.us](mailto:Gail.Richie@osa.state.mn.us)

Rose Hennessy Allen, Pension Director  
(651) 296-5985

[Rose.Hennessy-Allen@osa.state.mn.us](mailto:Rose.Hennessy-Allen@osa.state.mn.us)