

# Pension Division Newsletter

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## Joint-Powers Subgroup

The Volunteer Fire Relief Association Working Group that is convened annually by the Office of the State Auditor (OSA) agreed to form a subgroup to identify issues related to joint-powers fire departments and their affiliated relief associations.

Meetings of the Joint-Powers Subgroup have been scheduled for June 16, June 24, July 13, and August 4. All meetings will be held from 1:30 p.m. to 3:30 p.m. at our office in Saint Paul. Meetings are open to the public and those interested are encouraged to attend.

We will keep you updated on the subgroup’s progress through our monthly Pension Division Newsletter.

## Relief Association Legislative Update

The 2015 Omnibus Retirement Bill, which includes the 2014 Working Group legislation, was signed into law by Governor Dayton on May 22. 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.

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 affect volunteer fire relief associations but that did not arise out of the work of the Working Group. One such provision is a change making the supplemental state aid program permanent for volunteer firefighter pension plans. A discussion of these laws will be included in this summer’s legislative update.



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## Paying for GASB Actuarial Valuations

### What's Ahead:

#### June 30:

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are due to the OSA.

#### August 1:

The 2015 Schedule Form and 2015 Maximum Benefit Worksheet must be certified to the municipality or independent nonprofit firefighting corporation.

#### September 15:

First certification deadline for 2015 fire state aid. To be certified as eligible, all 2014 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.

The OSA has received questions regarding the payment of fees for actuarial valuations performed as part of a relief association's or a municipality's implementation of the Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. Specifically, questions have arisen as to whether a relief association may use special fund assets to pay for an actuarial valuation performed to obtain data needed to implement the new standards.

Minnesota Statutes permit the payment from a relief association's special fund of certain defined "necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees." Actuarial expenses are authorized payments from the special fund under these conditions.

Relief associations that are having their financial statements audited and are implementing the new GASB standards may use special fund assets to pay for a GASB 67/68 actuarial valuation. If the actuarial valuation will also be used by the affiliated municipality for purposes of its audit, the relief association and the affiliated municipality should work together to decide which entity will bear the cost or whether it will be shared by the entities.

In the case of a relief association not having its financial statements audited, any GASB 67/68 actuarial valuation would solely be used by the affiliated municipality. The actuarial valuation expense would not be a necessary, reasonable and direct expense of maintaining, protecting or administering the relief association's special fund. These relief associations therefore should not use special fund assets to pay for a GASB 67/68 actuarial valuation.

The new GASB standards do not impact whether a relief association is required to have an audit. The audit requirement is defined in Minnesota Statutes and is triggered when a relief association's assets or liabilities exceed \$500,000.

## Forms Redesign Project Update

**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](#)

The OSA has been very busy during the past several months identifying efficiencies to the relief association reporting forms and to the reporting process. Our goal is to update next year’s reporting forms to make them as user-friendly as possible.

We took feedback from our user testing group and consolidated the current reporting forms into just one annual form for defined contribution, monthly, and monthly/lump-sum relief associations and into two annual forms for lump-sum plans. Draft copies of these consolidated reporting forms were sent to our testing group last week for their review. We look forward to receiving input from our testing group to further improve the new forms.

We will continue to keep you updated on this project. If you have any questions, please contact Rose Hennessy Allen at (651) 296-5985 or at [rose.hennessy-allen@osa.state.mn.us](mailto:rose.hennessy-allen@osa.state.mn.us).

## Resources for Auditors

Resources are available on the OSA website that may be helpful for auditors working with volunteer fire relief associations. The 2014 Minnesota Legal Compliance Audit Guide for Political Subdivisions prescribes the minimum procedures and audit scope for legal compliance audits. 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=20141224.000>.

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>.

## Submitting Audit Reports

**Statements of Position:**

[Allocations and Deductions for Defined Contribution Plans](#)

[Interest Earnings for Deferred Members](#)

[Joint Powers Fire Departments and Fire Districts](#)

[Retention of Records](#)

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 specifying the document type, choose “Pension Audit Report.”

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.

## Pension Division Staff

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