

# Pension Division Newsletter

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## New Accounting Requirements

In last month’s Newsletter we provided information about new requirements for volunteer fire relief associations with assets and liabilities below the \$500,000 statutory audit threshold.

Under the new requirements, the relief association’s annual financial reporting form will need to be attested to by a certified public accountant (CPA) using a process defined in State statute. An Agreed-Upon Procedures Engagement developed by the Office of the State Auditor (OSA) will provide the minimum procedures and reporting format that the relief association’s CPA will be required to follow during the engagement.

In addition to submitting the Agreed-Upon Procedures Report to the OSA, the CPA must sign the relief association’s annual financial reporting form. The Report and signed reporting form are due to the OSA annually by March 31.

Final copies of the Agreed-Upon Procedures Guide and Sample Independent Accountant’s Report are available in both MS Word and PDF versions on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20151209.000>.

## Working Group Update

The Working Group will be meeting on January 27 to finish its work for this legislative session. The Working Group’s legislative proposals include a new requirement that the fire chief annually certify service credit for each firefighter to an officer of the relief association and to the municipal clerk. The certifications would be used by the relief association when determining a firefighter’s pension eligibility.

The Working Group also plans to seek a legislative correction to clarify that relief association service credit cannot be awarded for the same hours of service for which a firefighter is already receiving pension credit through the Public Employees Retirement Association.

Working Group meeting materials are available on the OSA website at:

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



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**What's Ahead:**

**February 15:**

Final deadline for submitting 2015 Supplemental Benefit Reimbursement Forms to the Department of Revenue.

**March 15:**

Fire Equipment Certification Form (FA-1 Form) is due to the Department of Revenue.

**March 31:**

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

**March 31:**

Investment Business Recipient Disclosure Form is due to the Legislative Commission on Pensions and Retirement.

## Reminder to Submit Supplemental Benefit Reimbursement Forms

Supplemental Benefit Reimbursement (SBR) forms are due to the Minnesota Department of Revenue (DOR) by February 15, 2016, for volunteer fire relief associations seeking reimbursement of supplemental benefits paid. The DOR issues the reimbursements in March.

Relief associations must use the online SBR form that is available on the DOR website. The online form requires relief associations to provide their Minnesota ID number. If a relief association does not know its ID number, it can be obtained by calling the DOR at (651) 282-5225 during business hours.

The SBR form and instructions are available on the DOR website at: [http://www.revenue.state.mn.us/local\\_gov/prop\\_tax\\_admin/Pages/sbr.aspx](http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/sbr.aspx).

## Multiple Signatures on Checks

Minnesota law generally requires multiple signatures on checks written by cities, towns, and counties. A law change enacted during the 2015 legislative session now requires relief associations to follow this practice.

In addition to being required by statute, multiple signatures are part of an entity's system of internal controls. When more than one person signs a check, each person is verifying that the governing body has approved the check for payment.

Minnesota law now requires special fund disbursements paid by check to be signed by the relief association treasurer and by at least one other trustee who is designated as a signer by the board of trustees.

Electronic or wire funds transfers are also permitted if internal control policies and procedures are established and approved by the board of trustees. The policies and procedures must provide for authentication of the electronic disbursements by the relief association treasurer and at least one other trustee.

The OSA's Sample Bylaw Guides include language referencing these new statutory requirements (see the bylaw Article entitled "Funds.") The Guides are provided in both MS Word and PDF versions on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120208.000>.

**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**

## **Records Retention Schedule**

Relief associations are governmental entities that receive and manage public money. Therefore, they must follow state guidelines that govern the retention of records.

A relief association has several options for the retention of its records. A relief association’s board of trustees may choose to adopt the General Records Retention Schedule for Volunteer Fire Relief Associations in its entirety and notify the Minnesota Historical Society of its adoption. Relief associations choosing this option may destroy certain types of records after they have been maintained for a specified length of time as detailed in the schedule.

Alternatively, a relief association may choose to modify the General Records Retention Schedule or to create its own schedule. Relief associations choosing these options must submit the proposed schedule to the State Records Disposition Panel for approval before the customized schedule can be used and any records destroyed.

**If a relief association fails to choose one of these options, the association must permanently retain all of its records.**

The general records retention schedule, instructions, and a form for use in notifying the Minnesota Historical Society that the schedule has been adopted can be found at:

[http://www.mnhs.org/preserve/records/docs\\_pdfs/Complete MFRASchedule2012.pdf](http://www.mnhs.org/preserve/records/docs_pdfs/Complete_MFRASchedule2012.pdf).

Additional information about relief association records management can be found in OSA Statements of Position on this topic. See page four of this Newsletter for links to the informational documents.

## **SAFES User Authorization Form**

Access to the State Auditor’s Form Entry System (SAFES) for many accountants, auditors, and other consultants who work with volunteer fire relief associations expired at the end of the 2015 calendar year. SAFES access allows an authorized individual to download, submit, and electronically sign relief association reporting forms.

Relief associations need to annually renew SAFES access for their accountants, auditors, and consultants by completing the 2016 User Authorization Form that is available for download on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20130131.000>.

## Facts About Supplemental Benefits

**Statements of Position:**

[Interest Earnings for Deferred Members](#)

[Records Management](#)

[Maintaining a General Fund After Joining the Statewide Plan](#)

[Retention of Records](#)

We want to answer some commonly-asked questions about supplemental benefits:

**Q:** How do we calculate the supplemental benefit?

**A:** When a lump-sum service pension is paid, the supplemental benefit is equal to 10 percent of the pension amount, not to exceed \$1,000. Alternatively, when a lump-sum survivor benefit is paid to a survivor of a deceased active or deferred volunteer firefighter, the supplemental benefit is 20 percent of the survivor benefit amount, not to exceed \$2,000. The supplemental survivor benefit is payable to the surviving spouse, or, if none, to the surviving child or children. If the deceased leaves no surviving spouse or children, no supplemental benefit is paid.

**Q:** Do we include deferred interest when we calculate the supplemental benefit?

**A:** No. Supplemental benefit amounts are based on the pre-tax lump-sum distribution, and must exclude any interest credited during a member's period of deferral.

**Q:** Are supplemental benefits restricted to members with at least 20 years of service?

**A:** No. Supplemental benefits are payable both to fully-vested members and to members who are partially vested.

**Q:** Are members who elect to rollover their distribution to an Individual Retirement Account eligible for a supplemental benefit?

**A:** Yes. Supplemental benefits are payable to qualified recipients regardless of how they elect to receive their distribution.

## Pension Division Staff

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