

# Pension Division Newsletter

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## Relief Association Legislative Update

The 2016 Omnibus Retirement Bill, which includes the 2015-2016 Working Group legislation, was passed by the House and the Senate but was vetoed by Governor Dayton on May 31. The veto was not related to the volunteer fire relief association proposals. There was one other instance where the Omnibus Retirement Bill did not make it through due to the State Government shutdown. That bill was passed the following legislative session and signed into law.

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

The Working Group will convene this fall for the tenth consecutive year. The Working Group brings together the various relief association stakeholder groups to identify current and pressing issues, to facilitate communication, and to develop an effective process for vesting proposed legislative changes with a statewide perspective. If you would like to suggest topics for the Working Group to consider, please forward them to Rose Hennessy Allen at [rose.hennessy-allen@osa.state.mn.us](mailto:rose.hennessy-allen@osa.state.mn.us) or at (651) 296-5985.



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## New Online Training Videos

The OSA has posted nine new online training videos to assist relief association officials in completing their annual reporting forms.

The videos explain how to complete each tab of the new Financial and Investment Reporting Entry (FIRE) form, the Schedule Form, and the Maximum Benefit Worksheet.

General information about accessing, submitting, and electronically signing the reporting forms using the State Auditor's Form Entry System (SAFES) is provided in the "FIRE: General Information" video.

The training videos can be accessed under the "Pension Division" heading at: <http://www.auditor.state.mn.us/default.aspx?page=trainingopportunities>.

**What's Ahead:**

**June 30:**

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

**August 1:**

The 2016 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

**September 15:**

First certification deadline for 2016 fire state aid. To be certified as eligible, all 2015 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.

## Large Public Pension Plan Investment Report

The State Auditor released the Large Public Pension Plan Investment Report for the year ended December 31, 2014. The report contains in-depth analysis of rate of return, asset allocation, and benchmark comparison information. The report also provides information and graphic representation of funding ratios, unfunded liabilities, net assets, and administrative expenses.

To view the complete report, which includes an Executive Summary, tables, and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20160511.001>.

## Forfeiting Service Credit Following a Break in Service

The OSA has received questions about how service credit is handled for a relief association member who resumes active service and membership following a break in service or leave of absence. Specifically, relief association trustees have asked if members must “start over” when they return after a break in service if they were not vested based on their original period of service.

For relief associations that pay defined-benefit lump-sum or monthly service pensions, Minn. Stat. § 424A.02, subd. 3(h) requires that the method of calculating service pensions be applied uniformly for all years of active service. A defined-benefit relief association is obligated to credit all years of active service for any member who is active and meets the minimum service and membership requirements. Credit must be given for all years of active service except for caps on service credit if so provided in the bylaws of the relief association.

For example, a member serves for four years and then moves from the community. The member is absent from the fire department for two years before returning and resuming active service with the fire department and active membership in the relief association. When the member resumes active service and active membership, the member retains credit for the original four years of service. Any additional service credit that is accrued is added on to the four years accrued during the member’s original period of service.

## Resources for Auditors

**Sample Bylaw Guides:**

**LUMP-SUM**

Resources are available on the OSA website for auditors working with volunteer fire relief associations. The 2015 Minnesota Legal Compliance Audit Guide for Relief Associations prescribes the minimum procedures and audit scope for legal compliance audits. To access the Guide, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20151231.005>.

**City Fire Department**

The OSA has developed minimum procedures and a reporting format for Agreed-Upon Procedures engagements for relief associations. These can be found at:

**Town Fire Department**

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

**Joint-Powers Fire Department**

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:

**Independent Corporation**

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

**DEFINED-CONTRIBUTION**

## Submitting Agreed-Upon Procedures and Audit Reports

**City Fire Department**

Agreed-Upon Procedures and audit reports for relief associations should be submitted to the OSA electronically through SAFES. Both types of reports must be saved as PDF documents and be uploaded by the relief association's accountant or auditor. A relief association must authorize its accountant or auditor to have SAFES access to the association's reporting information by completing and submitting a 2016 User Authorization Form, which can be accessed at: <http://www.auditor.state.mn.us/default.aspx?page=20130131.000>.

**Town Fire Department**

To submit the report, choose the "Submit Forms/Documents" tab within SAFES. Browse and select the document for submission. When submitting the agreed-upon procedures report, choose "Agreed-Upon Procedures" when specifying the document type.

**Joint-Powers Fire Department**

**Independent Corporation**

To submit an audit report through SAFES, choose "Pension Audit Report" when specifying the document type. 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.

## Trustee Salaries

**Statements of Position:**

[Checking Accounts for Fire Departments and Fire Relief Associations](#)

[Investment Policies](#)

[Firefighter Service Credit Determinations](#)

[Fundraisers and Donations](#)

Legislation passed during 2012 gives relief associations authority to pay salaries from the special fund to association officers, and to the other board trustees if the salary amounts are approved by the governing body of the governmental entity responsible for paying required contributions. Previously, special fund salaries could be paid only to the relief association president, secretary, and treasurer.

Municipal approval of the salary amounts is required only for salaries paid to trustees other than the relief association officers. In addition, itemized expenses of the relief association officers and board trustees incurred as a result of fulfilling their duties may be paid from the special fund.

For example, a relief association’s bylaws define four officers, who are the president, vice president, secretary, and treasurer of the association. These four trustees may be paid salaries from the special fund if the relief association’s bylaws authorize the payments. If the relief association elects to pay any of the other five trustees on its board salaries from the special fund, the affiliated city council or town board would be required to approve the salary amounts before they could be paid.

Article III, Section 7 of the OSA’s Sample Bylaw Guides provides language that may be used as a reference by relief associations that elect to authorize special fund salary payments to board trustees.

## Pension Division Staff

If you have questions, please contact us:

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