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### 2015 Legislative Update and Sample Bylaw Guides

The 2015 Legislative Update has been released. The Update provides detailed information about several law changes that affect volunteer fire relief associations. Some changes may require a relief association to amend its bylaws. The Update can be found at: [http://www.auditor.state.mn.us/default.aspx?page=pensionDocs](http://www.auditor.state.mn.us/default.aspx?page=pensionDocs).

Our Sample Bylaw Guides have been revised to incorporate the recent legislative changes and are now available. The revised Guides are provided in both MS Word and Adobe PDF versions, and can be found at: [http://www.auditor.state.mn.us/default.aspx?page=20120208.000](http://www.auditor.state.mn.us/default.aspx?page=20120208.000).

Our Statements of Position that pertain to volunteer fire relief associations have also been reviewed and updated, and will be available soon on the Office of the State Auditor (OSA)'s website. The Statements of Position are an educational resource for relief association trustees. The Statements of Position can be found under the “Pensions” heading at: [http://www.auditor.state.mn.us/default.aspx?page=statements](http://www.auditor.state.mn.us/default.aspx?page=statements).

### State Aid Forfeiture Deadline

To avoid automatic forfeiture of your relief association’s 2015 fire state aid and supplemental state aid, all 2014 reporting-year forms must be submitted to the OSA by November 30, 2015. Notices were sent by e-mail to relief associations that have not yet submitted all required reporting information.

If you have questions regarding relief association reporting requirements, please contact the Pension Division at (651) 282-6110 or at pension@osa.state.mn.us.
What’s Ahead:

**November 1:**
Second certification deadline for 2015 fire state aid.

**November 10:**
Working Group Meeting from 11:00 a.m. to 1:00 p.m. at the OSA.

**November 15:**
Fire state aid is paid for those relief associations certified as eligible on the second certification deadline.

**November 30:**
Final deadline for submitting 2014 reporting-year forms to avoid forfeiture of fire state aid.

**December 3:**
Working Group Meeting from 11:00 a.m. to 1:00 p.m. at the OSA.

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**Working Group Update**

The Volunteer Fire Relief Association Working Group met on October 7 and October 21. The Group discussed a proposal to require the fire chief to annually certify service credit for each firefighter to an officer of the relief association and to the municipal clerk. The certification will provide relief associations with information they need to properly award service credit for pension purposes and will remain on file as a public record.

The Group also discussed seeking a legislative change to clarify that fulltime firefighters who solely perform fulltime firefighting duties and are receiving pension credit through the Public Employees Retirement Association’s Police and Fire Plan for that service cannot also receive service credit in a volunteer fire relief association for that same period of service.

Another topic being discussed by the Working Group is a suggestion to permit individuals who solely provide volunteer emergency medical services to be eligible for membership in the volunteer fire relief association and be eligible for service pension distributions from the association if vested, subject to local approval.

The Working Group will continue its discussions on these topics at its next meeting. The Working Group will meet on Tuesday, November 10, from 11:00 a.m. to 1:00 p.m. at our 525 Park Street office in Saint Paul. Meetings are open to the public. Working Group materials are available on the OSA website at: [http://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup](http://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup).

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**Forms Redesign Project Update**

The OSA has been very busy during the past several months updating the relief association reporting forms. The current reporting forms are being consolidated into just one annual form for defined contribution, monthly, and monthly/lump-sum relief associations and into two annual forms for lump-sum relief associations. Draft versions of the Excel forms will be provided to our testing group in a few weeks for testing of data entry, form submission, and the electronic signature process.

Online training videos and written instructions will be provided with the new reporting forms. We hope the new forms will be more user-friendly and require less data entry.
The OSA has seen an increase in compliance issues related to municipal funds being deposited into the affiliated relief association’s general fund. Below are two descriptions of compliance issues and suggestions on how to avoid them.

**Reimbursements for Fire Department Expenses**

Minnesota law is clear that all money received from a city or town must be deposited into the relief association’s special fund. The city or town cannot deposit money in the relief association’s general fund, even if the money was intended to reimburse the general fund for municipal fire department expenses paid by the relief association.

For example, some relief associations use their general fund to purchase equipment for the fire department or pay for firefighter training.

If a relief association chooses to use its general fund to cover expenses that would otherwise be the city’s or town’s obligation, it must absorb those expenses as the city or town cannot reimburse the relief association’s general fund. Alternatively, the city or town can pay the expenses directly, or the firefighters themselves could pay the expenses and be reimbursed by the city or town.

**Deposit of Funds intended for the Fire Department**

Any assets intended for use by a municipal fire department must be controlled by the city or town. Donations made to a municipal fire department are really donations made to the city or town, with a limitation on how the funds may be used. To accept the donation, the city council or town board must pass a resolution by a two-thirds majority. The resolution should identify all limitations on how the funds may be used, including whether the donation is limited to fire department expenditures.

Donations intended for the fire department cannot be deposited into a relief association’s general fund.

Municipal Ratification of Benefit Levels

The OSA has received questions regarding municipal ratification of relief association benefit levels. A relief association initiates a change in benefit levels by amending its bylaws. The relief association's board of trustees must vote on and approve the bylaw provision containing the benefit level change.

The next step in making a benefit level change is to seek municipal ratification of that change. Relief associations should provide a bylaw amendment containing the benefit level change approved by the relief association board of trustees to the city council or town board for ratification. A city council or town board can choose to approve a relief association benefit change or choose not to approve the change. Once the bylaws containing the benefit level change are ratified by the governing body of the municipality, however, the benefit levels are guaranteed by the municipality.

In approving the benefit levels, the city council or town board becomes responsible for ensuring the relief association special fund has sufficient assets to cover approved benefit levels. A statutory formula determines how much the municipality must contribute over a period of time.

Municipalities do not have authority to unilaterally change a relief association's benefit level. Municipalities cannot initiate a change in benefit levels, rescind a benefit increase, or give contingent approval to benefit changes.

Additional information about the process of changing relief association benefit levels is provided in our Statement of Position on this topic, at: http://www.auditor.state.mn.us/default.aspx?page=20120224.000.