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Legislative Update

The 2017 Omnibus Retirement Bill, which included the Working Group provisions from 2015-2016 and 2016-2017, was vetoed by Governor Dayton during the special session. This means that the Working Group proposals, and additional changes pertaining to volunteer fire relief associations, did not pass into law.

The Senate passed the Bill on one of the last days of the regular session, but it was not heard or passed by the House.

During the special session, the pension provisions in the Bill were amended onto a different bill that was related to labor standards. The stated reason for the veto was related to these labor standards and was unrelated to the pension provisions.

Reporting Reminder

The 2016 reporting-year forms for volunteer fire relief associations with assets or liabilities of at least $500,000 are due to the Office of the State Auditor (OSA) by June 30. 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 exceeds the $500,000 threshold in either assets or liabilities, the relief association maintains the June 30 reporting deadline and audit requirement even if its assets and liabilities subsequently fall below the threshold.

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

The 2016 reporting-year forms can be accessed through the State Auditor’s Form Entry System (SAFES) at: https://www.auditor.state.mn.us/safes/.

Helpful hints for completing the reporting forms can be found at: https://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_checklist.pdf.
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 2017 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

September 15:
First certification deadline for 2017 fire state aid. To be certified as eligible, all 2016 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.

Forgot your SAFES Password?
If you’ve forgotten your username or password for logging into SAFES, the secure web application for accessing, submitting, and electronically signing your relief association’s reporting forms, click on the link below.

https://www.auditor.state.mn.us/safes/PasswordRecovery.aspx.

After entering your SAFES username or e-mail address, a new temporary password will be generated and sent to you by e-mail. Usernames are generally “FirstName.LastName” or in the form of an e-mail address. After you log into SAFES using your temporary password, you can change the password to something of your choosing on the “User Maintenance” tab within SAFES.

Treasurer Bonds

Minnesota law requires the treasurer of a volunteer fire relief association to be bonded for at least ten percent of the association’s special fund assets. However, the amount of the bond need not exceed $500,000.

Officers of relief associations affiliated with a city fire department where the city is bonded through the League of Minnesota Cities Insurance Trust (LMCIT) are automatically defined as covered employees on the city’s bond. The relief association does not need to purchase a separate bond because the association treasurer and other officers are already bonded. The relief association should obtain a copy of the city’s LMCIT bond to determine whether the amount of the bond is at least ten percent of the association assets (with the required amount capped at $500,000), and work with the city to increase the amount of the bond, if necessary.

Because the statutory requirement specifies that the bond must be in an amount equal to at least ten percent of the assets of the relief association, the bond should not be subject to a deductible. For relief associations covered by a LMCIT bond, the LMCIT will reimburse the association in full in the event of a covered loss, subject to the bond coverage limit. The city will reimburse the LMCIT for any deductible that applies to the loss. This arrangement is specified in the LMCIT bond coverage.

Relief association treasurers who are bonded through an entity other than the LMCIT should review their fidelity bond and make changes as necessary to ensure that it is not subject to a deductible.
Fire Department Grants

Occasionally, the OSA sees grant revenue deposited into a relief association's general fund. Relief associations that receive grant funds should be sure that the terms of the grant are followed. The grant may require that the funds be given directly to the fire department. If the fire department is a city or town fire department, this means that the funds would need to be given directly to the municipality.

Minnesota law requires city councils and town boards to have full control over their municipality’s financial matters. Any money intended for use by a municipal fire department must be controlled by the city council or town board.

In addition, a relief association should not purchase or install fire department equipment without the governing body’s approval. The disbursement of city and town funds, including fire department funds, must comply with a process set forth in law.

In cases of an independent nonprofit firefighting corporation, grant revenue intended for the fire department should be received directly by the corporation.

Payment of Fines and Penalties

Special fund assets may be disbursed for purposes expressly authorized under Minnesota law. Authorized special fund disbursements include service pension, disability, and survivor benefit payments, and certain authorized administrative expenses. Administrative expenses that may be paid from the special fund include office expenses, officer salaries, training fees, and professional expenses.

The OSA occasionally sees special fund assets used to pay for fines or penalties, such as late filing penalties with the Internal Revenue Service (IRS).

Relief associations have authority to pay filing and application fees (like IRS fees) from a relief association’s special fund. The fees must be payable to federal or other governmental entities. Fines and penalties are not allowable expenses from a relief association’s special fund. Any fines or penalties incurred by a relief association must be paid from the relief association’s general fund.
Data Practices

In general, local government information, including information for a volunteer fire relief association, is covered by the Minnesota Government Data Practices Act. Access to relief association data depends to some extent on whether the data concerns the association’s Special Fund or its General Fund.

Most of the financial and investment records documenting Special Fund transactions are public records and they must be accessible to the public. In contrast, records documenting General Fund transactions need only be “open for inspection by any member of the relief association at reasonable times and places.”

In addition, relief associations most likely have membership files in their possession that contain personnel information on individual firefighters. Some of the information contained on the Schedule Form, for example, is considered personnel information. Personnel data is private data unless the law provides a different classification for it. If a relief association receives a request for a Schedule Form, for example, some data must be redacted (removed or covered up) before the form is released.

In general, audits, financial statements, and reports submitted to the OSA are public.

The OSA does not provide legal advice and this Newsletter should not be used in lieu of legal advice. Relief associations should contact the Information Policy Analysis Division (IPAD) of the Minnesota Department of Administration for more detailed information about access to public data. IPAD has the authority to issue advisory opinions on data access questions. Representatives with IPAD can be reached at (651) 296-6733 or (800) 657-3721, or by e-mail at: info.ipad@state.mn.us.