

RELIEF ASSOCIATIONS

LEGAL COMPLIANCE AUDIT GUIDE

RELIEF ASSOCIATIONS

Introduction

The following statutory provisions are the primary provisions applicable to relief associations:

Volunteer Firefighters' Relief Associations

Minn. Stat. §§ 69.80: 424A.001-.10; Minn. Stat. §§ 424B.01-.21

Bloomington Fire Department Relief Association (Bloomington FDRA)

2013 Minn. Laws, ch. 111, art. 5, §§ 31-42; Minn. Stat. § 69.77; Minn. Stat., ch. 424 (2000) (to the extent applicable); *see* 2002 Minn. Laws, ch. 392, art. 1, § 7; 1965 Minn. Laws, ch. 446, as amended; *see* Minn. Stat. § 424A.001, subd. 4.

Relief associations are also subject to the depository designation and collateralization requirements of Chapter 1 (Minn. Stat. §§ 356A.06, subd. 8a, and 118A.02-.03) and the Conflict of Interest provisions of Chapter 2 herein. Minn. Stat. § 6.495 requires the audit of both the special and general funds.

Relief associations are subject to their own bylaws and articles of incorporation, subject to statutory provisions. Therefore, a review of the bylaws and articles of incorporation, as well as applicable special laws, is essential to the legal compliance audit of the relief association. Special laws are found in Table 1 of Minnesota statutes.

Part I. Special Fund/General Fund (For All Relief Associations)

| | | | | |
|---------------------------------------|--|--|--|--|
| §§ 424A.05, 424.15 (2000), | A. Were amounts paid to the relief association from the city and state (and for volunteer firefighters' relief associations' donations specified for support of the special fund) set aside and deposited in the special fund? | | | |
| §§ 424A.06, 424.15 (2000), | B. Were all other funds deposited in the association's general fund, if established? | | | |
| §§ 349.12, subd. 25(b)(3), & 471.6151 | C. Were gambling proceeds <u>not</u> placed in the special fund? | | | |
| §§ 424A.05 | D. Were disbursements from the special fund made only for: | | | |
| | 1. In the case of volunteers firefighters' relief associations, the payment of disability and service pensions to members of the relief association; | | | |
| | 2. for the purchase of an annuity for the transfer of benefit amounts to the applicable person's individual retirement account or Minnesota deferred compensation plan under Minn. Stat. § 424A.015; | | | |
| | 3. payment of survivor's benefits or death benefits to the estate of a deceased active or deferred firefighter as allowed by Minn. Stat. § 424A,05, subd. 4; | | | |
| | 4. for volunteer firefighters' relief associations, fees, dues, and assessments allowed by Minn. Stat. § 424A.05, subd. 3(5); | | | |
| | 5. in the case of a volunteer relief association, for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the state of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization; <u>or</u> | | | |
| | 6. for the payment of administrative expenses (<u>see</u> E, below), <u>and</u> | | | |
| | 7. were disbursements authorized by the bylaws? | | | |
| | Note: For the Bloomington FDRA, check Minn. Stat. § 424.16 (2000) | | | |
| § 69.80 | E. Were <u>administrative expenses</u> from the special fund paid only as follows: | | | |
| | 1. <u>office expenses</u> , including (but not limited to) rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, and fixtures; | | | |
| | 2. salaries of the officers of the association or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the government body of the entity that is responsible for meeting any minimum obligation under Minn. Stat. §§ 424A.092, or 424A.093 (or 2013 Minn. Laws, ch. 111, art. 5, §§ 31-42), and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund; | | | |
| | 3. tuition, registration fees, organizational dues, and other authorized expenses of officers or members of the board of trustees incurred attending educational conferences, seminars, or classes that relate to the administration of the relief association; | | | |

| | | | | |
|--------------------------------------|--|--|--|--|
| | 4. audit, actuarial, medical, legal, investment expenses, and performance evaluation expenses; | | | |
| | 5. filing and application fees payable by the relief association to federal or other governmental entities; | | | |
| | 6. reasonable and necessary expenses of officers, members of the board of trustees, or their designees, actually paid and incurred; | | | |
| | 7. premiums on fiduciary liability insurance and official bonds for officers, members of the board of trustees, and employees of the relief association; and | | | |
| | 8. salaries of administrative personnel? | | | |
| §§ 69.80 (b), 424A.06, 424.15 (2000) | F. Were all other expenses paid from the general fund? | | | |
| | 1. In the case of a volunteer firefighters' relief association, were disbursements from the general fund made for a purpose authorized by the association's articles of incorporation or bylaws? | | | |
| § 69.80 | G. If an expense is related to purposes of both funds, were the expenses properly allocated to each fund based on the benefits derived by such fund? | | | |

| § 356A.06 Part II. Investments (Limited List) | | | | |
|--|---|--|--|--|
| § 356A.06, subd. 6 | The following securities are proper investments for relief associations with pension assets with a market value of \$1,000,000 or less and which do not use: | | | |
| | - a registered investment advisor to invest at least 60 percent of its pension assets (market value); | | | |
| | - the State Board of Investment (SBI) to invest at least 60 percent of its pension assets (market value); or | | | |
| | - a combination of a registered investment advisor and the SBI for at least 75 percent of its pension assets (market value). For relief associations that meet the above criteria, the following investments are permitted. For relief associations that do not meet the above criteria, go to Part III, <u>infra</u> . | | | |
| | A. Certificates of Deposit | | | |
| | If the fund invested in certificates of deposit, were they | | | |
| | 1. fully insured or collateralized, <u>and</u> | | | |
| | 2. issued by a financial institution: | | | |
| | a. that is a member of the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation, | | | |
| | b. that is insured by the National Credit Union Administration, <u>or</u> | | | |
| | c. that is authorized to do business in the state and has deposited with the chief financial officer of the plan sufficient marketable securities as collateral in accordance with Minn. Stat. § 118A.03? | | | |

| | | | | |
|--------------------|--|--|--|--|
| | B. If the fund invested in guaranteed investment contracts, were they limited to: | | | |
| | 1. guaranteed investment contracts issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency, <u>or</u> | | | |
| | 2. alternative guaranteed investment contracts where the underlying assets were rated in the top four quality categories by a nationally recognized rating agency? | | | |
| | C. Savings Accounts | | | |
| | 1. If the fund placed money in a savings account, was it fully insured by federal agencies? | | | |
| § 356A.06, subd. 6 | D. Government-Backed Obligations | | | |
| | 1. If the fund is invested in government obligations, were such obligations bonds, notes, bills, mortgages and other evidences of indebtedness? | | | |
| | 2. Were such government obligations: | | | |
| | a. backed by the full faith and credit of the issuer; <u>or</u> | | | |
| | b. rated among the top four quality categories by a nationally recognized rating agency? | | | |
| | 3. Were such government obligations guaranteed or insured issues of: | | | |
| | a. the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress; | | | |
| | b. the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars; | | | |
| | c. a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; <u>or</u> | | | |
| | d. any United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars? | | | |
| | E. Corporate Obligations | | | |
| | 1. If the fund invested in corporate obligations, were they: | | | |
| | a. issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces; | | | |
| | b. with the principal and interest payable in U.S. dollars; <u>and</u> | | | |
| | c. was the obligation in question rated in one of the top four quality categories by a nationally recognized rating agency? | | | |
| | F. Indirect Investment | | | |
| | Note: The fund may own the securities described above (A-E) directly or through mutual funds, exchange-traded funds or unit trusts. | | | |
| | G. Additional Authority for Mutual Funds and Exchange Traded Funds | | | |
| | If the fund invested in mutual funds or exchange-traded funds that held securities not authorized above (A-E), | | | |
| | 1. were these securities held by the mutual fund or exchange-traded fund authorized by Minn. Stat. § 356A.06, subd. 7, paragraphs (c) to (g), [see Part III (Expanded List) below]; <u>and</u> | | | |

| | | | | |
|--|--|--|--|--|
| | 2. did the fund's total investment in mutual funds and exchange-traded funds (excluding money market mutual funds and exchange-traded funds) not exceed 75% of the assets of the special fund? | | | |
| | H. State Board of Investment | | | |
| | Note: In addition to other investment authority, relief associations can place funds with the State Board of Investment. | | | |
| | I. Asset Mix Were all of the fund's investments, including those in mutual funds, exchange-traded funds, units trusts, and through the State Board of Investment consistent with the asset mix limitation of Minn. Stat. § 356A.06, subd. 7 [see Part III (Expanded List) below]? | | | |
| | J. Were all of the association's investments permitted and in conformance with A through I above? | | | |

| | | | | |
|---|---|--|--|--|
| §§ 356A.06, 424A.095 (see 2013 Minn. Laws, ch. 111, art. 5, § 38, for Bloomington FDRA) | Part III. Investments (Expanded List) | | | |
| § 356A.06, subds. 6 & 7 | The following securities are proper investments for: | | | |
| | 1. All relief associations with pension assets with a market value in excess of \$1,000,000; and | | | |
| | 2. Those relief associations with pension assets with a market value of \$1,000,000 or less, provided that the association: | | | |
| | - uses the services of a registered or licensed investment advisor for the investment of at least 60 percent of its pension assets (market value); | | | |
| | - uses the services of the State Board of Investment (SBI) for the investment of at least 60 percent of its pension assets (market value); or | | | |
| | - uses a combination of services of an investment advisor and the SBI for the investment of at least 75 percent of its pension assets. | | | |
| | Note: These securities may be owned directly or through shares in exchange traded funds or mutual funds, or as units in a commingled trust, subject to any limitations specified on the expanded list. | | | |
| § 356A.06, subd. 7 | A. Government Obligations | | | |
| | 1. If the fund invested in government obligations, were they: bonds, notes, bills, mortgages, or other evidences of indebtedness backed by the full faith and credit of the issuer <u>or</u> rated among the top four quality rating categories by a nationally recognized rating agency? | | | |
| | 2. Were the government obligations guaranteed or insured issues of: | | | |
| | a. the United States, one of its agencies or one of its instrumentalities, or an organization created and regulated by an act of Congress; | | | |

| | | | | |
|--|--|--|--|--|
| | b. the Dominion of Canada or one of its provinces; | | | |
| | c. a state or one of its municipalities, political subdivisions, agencies or instrumentalities; or | | | |
| | d. a United States government-sponsored organization of which the United States is a member? | | | |
| | Note: Principle and interest must be payable in United States dollars. | | | |
| | B. Below Investment-Grade Corporate Obligations | | | |
| | For investments in corporate obligations that were not rated in the top four quality categories by a nationally recognized rating agency: | | | |
| | 1. Did the aggregate value of these obligations not exceed five percent of the market value of the association's special fund? | | | |
| | 2. Did the association's participation not exceed 50% of any single offering? <u>and</u> | | | |
| | 3. Did the association's participation not exceed 25% of any issuer's obligations that are not rated in the top four quality categories? | | | |
| | C. Investment-Grade Corporate Obligations | | | |
| | Were all other corporate obligations rated among the top four quality categories by a nationally recognized rating agency? | | | |
| | D. Other Obligations | | | |
| | 1. If the association invested in bankers' acceptances or deposit notes, were they issued by United States banks rated in the highest four quality categories by a nationally recognized rating agency? | | | |
| | 2. If the association invested in certificates of deposit (CDs), were the CDs: | | | |
| | a. issued by United States banks or savings institutions rated in the highest four quality categories by a nationally recognized rating agency, <u>or</u> whose certificates of deposit were fully insured by federal agencies; or | | | |
| | b. issued by credit unions in amounts within the limit of insurance coverage provided by the National Credit Union Administration? | | | |
| | 3. If the association invested in commercial paper, was it issued by a United States corporation or its Canadian subsidiary and was it rated in the highest two quality categories by a nationally recognized rating agency? | | | |
| | 4. If the association invested in mortgage or asset-backed securities, were they rated in the top four quality categories by a nationally recognized rating agency? | | | |
| | 5. Minnesota Housing Finance Agency | | | |
| | a. If the association purchased from the Minnesota Housing Finance Agency all or part of any pool of residential mortgages, were they: | | | |
| | (1) not in default; and | | | |

| | | | | |
|--|--|--|--|--|
| | (2) previously financed by the issuance of bonds or notes of the agency? | | | |
| | b. If the association entered into a commitment with the agency, at the time of an issue of bonds or notes, to purchase at a specified future date, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes: | | | |
| | (1) was the specified future date not more than 12 years from the date of the issue? | | | |
| | c. If the association entered into agreements with the agency for the investment of any portion of the funds of the agency: | | | |
| | (1) did the agreement cover the period of the investment, withdrawal privileges, and any guaranteed rate of return? | | | |
| | 6. If the association entered into any repurchase or reverse repurchase agreements, were they collateralized with: | | | |
| | a. letters of credit; or | | | |
| | b. securities that the relief association could have directly invested in? | | | |
| | 7. If the association invested in any guaranteed investment contracts: | | | |
| | a. were they issued by an insurance company or bank rated in the top four quality categories by a nationally recognized rating agency; or | | | |
| | b. were they alternative guaranteed investment contracts where the underlying assets complied with the requirements of Minn. Stat. § 356A.06, subd. 7? | | | |
| | 8. If the fund put assets in a savings account, was the account fully insured by a federal agency? | | | |
| | 9. If the fund invested in guaranty fund certificates, surplus notes, or debentures, were they issued by a domestic mutual insurance company? | | | |
| | D. Corporate Stocks | | | |
| | If the association invested in the stock or convertible issues of a corporation, | | | |
| | 1. Was the corporation at least one of the following: | | | |
| | a. organized under the laws of the United States or any of its states; | | | |
| | b. organized under the laws of the Dominion of Canada or any of its provinces; or | | | |
| | c. listed on an exchange that is regulated by an agency of the United States or of the Canadian national government? | | | |
| | 2. Did the investments never exceed five percent of the total outstanding shares of any one corporation, (except that an expanded list plan may hold up to 20% of the shares of a real estate investment trust and up to 20% of the shares of a closed mutual fund)? | | | |
| | E. Other Investments | | | |

| | | | | |
|-----------------------|---|--|--|--|
| | 1. The association may invest in the following investments, subject to the restrictions below: | | | |
| | a. Equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; | | | |
| | b. Real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts through investment in limited partnerships, bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts; | | | |
| | c. Resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and | | | |
| | d. International securities. | | | |
| | 2. If the association invested in any of the above-enumerated investments (III.E.1): | | | |
| | a. did the aggregate value of the II.E.1.(a), (b) and (c) investments equal 35 percent or less of market value of the fund? | | | |
| | b. were there <u>at least</u> four unrelated owners of the investment (other than the covered pension plan) made under III.1.(a), (b), and (c)? | | | |
| | c. did the association's participation in an investment vehicle equal 20 percent or less for investments made under III.1.(a), (b), and (c)? | | | |
| | d. did the association's limited partnership participation and activity <u>not</u> create general liability on the part of the association? | | | |
| | e. for volunteer firefighter relief associations, did the association's investment in emerging market equity and international debt combined <u>not</u> exceed 15% of the associations' special fund market value? | | | |
| § 356A.06, subd. 7a | J. Options and Future Contracts | | | |
| | If the association invested in any put and call options or future contracts, were they: | | | |
| | 1. related to those securities that are proper direct investments for the association; | | | |
| § 356A.06, subd. 7(b) | 2. traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency; | | | |
| § 356A.06, subd. 7a | 3. was the agreement entered into with a fully offsetting amount of cash or securities; and | | | |
| | 4. were only securities authorized by Minn. Stat. § 356A.06, <u>excluding</u> those under Minn. Stat. § 356A.06, subd. 7(h)(1)(i) - (iv), accepted as collateral or offsetting securities? | | | |

| | | | | |
|--|--|--|--|--|
| | K. If the relief association entered into an agreement to lend securities: | | | |
| | 1. was the agreement concurrently collateralized with cash or securities with a market value of at least 100 percent of the market value of the loaned securities; and | | | |
| | 2. were only securities authorized by Minn. Stat. § 356A.06, <u>excluding</u> those under Minn. Stat. § 356A.06, subd. 7(h)(i) - (iv), accepted as collateral? | | | |
| | L. Did the aggregate value of the association's investments under Minn. Stat. § 356A.06, subd. 7 (g) [corporate stocks], Minn. Stat. § 356A.06, subd. 7 (h) [other investments] and equity investments under Minn. Stat. § 356A.06, subd. 7 (i) [State Board of Investment Supplemental Plan], regardless of the form in which they are held, <u>not exceed</u> 85% of the market value of the market value of the association's special fund? | | | |
| | Note: Investment Transition | | | |
| | If an investment of the association was authorized under Minn. Stat. § 356A.06 immediately before May 11, 2012, but is not authorized by the statutes as amended by 2012 Minn. Laws, ch. 286, art. 10, § 12, it must be liquidated before June 30, 2013. | | | |
| | M. Were each of the association's investments permitted in sections A through L above? | | | |
| | If not permitted, was it authorized immediately before May 11, 2012? | | | |

Part IV. Investments - All Reliefs

| | | | | |
|--|---|--|--|--|
| §§ 11A.17, 424A.095, 424A.06 (2013 Minn. Laws, ch. 111, art. 5, § 38 for the Bloomington FDRA) | A. If the relief association used the State Board of Investment (SBI) to manage all or part of its investments, did the governing board of the association certify funds turned over to the SBI? | | | |
| § 356.64 | B. If the relief association invested in ownership interests or loans secured by mortgages or deeds of trust, were they on non-farm real estate located in Minnesota? | | | |
| § 356A.06, subd. 8b | C. Before the relief association completed an investment transaction with or in accord with the advice of a broker: | | | |
| | 1. did the relief association provide annually to the broker a written statement of investment restrictions applicable to the relief association under state law or the relief association's investment policy; | | | |
| | 2. did the broker acknowledge in writing annually the receipt of the statement of investment restrictions and agree to handle the relief association's investments and assets in accordance with the provided investment restrictions; <u>and</u> | | | |
| | 3. did the broker provide this written acknowledgment to the chief administrative officer of the relief association? | | | |

| | | | | |
|-------------------------|---|--|--|--|
| | <p>4. If any portion of the plan's assets are held by a security broker or its agent, did the security broker or its agent acknowledge in writing annually that sufficient insurance has been obtained from the Securities Investor Protection Corporation, supplemented by additional insurance, if necessary, to cover the full amount of covered pension plan assets held by the security broker or its agent; <u>and</u></p> <p>did the plan and brokers use forms prepared by the state auditor to meet the requirements of Minn. Stat. § 356A.06, subd. 8b?</p> | | | |
| § 356A.06, subds. 6 & 7 | D. Investment in annuities is not permitted by the limited list or the expanded list. | | | |
| | Did the relief association <u>not</u> invest in annuities? | | | |

| Part V. Investment Reporting | | | | |
|-------------------------------------|----|---|--|--|
| § 356.219 | - | Minn. Stat. § 356.219 requires local relief associations that are not “fully invested” with the Minnesota State Board of Investment (SBI) to file certain information about their investments with the Office of the State Auditor (OSA). | | |
| | - | A local relief association is “fully invested” with the SBI if all of the association’s assets “beyond sufficient cash equivalent investments to cover six months expected expenses” are invested through the SBI. Such associations may file a waiver form with the OSA. | | |
| | - | A relief association not fully invested with the SBI, with a market value of \$25,000,000 or more at the beginning of the calendar year, must report specified information, broken down into accounts, portfolios, or asset classes, on the appropriate form prescribed by the OSA. The specific requirements are based on criteria set forth in Minn. Stat. § 356.219. | | |
| | - | A relief association not fully invested with the SBI, which has a total market value that does not equal or exceed \$ 25,000,000, must report information about its total portfolio, broken down on a quarterly basis. It must also collect and retain additional information. | | |
| | - | All relief associations must submit investment policy statements and subsequent revisions to the OSA. | | |
| § 356.219 | A. | For all relief associations: | | |
| | 1. | Has the relief association submitted the investment policy statement and subsequent revisions? | | |
| | B. | For a relief association that had a total market value of \$25,000,000 or more at the beginning of the calendar year: | | |
| | 1. | Has the relief association filed all of the required investment information on the appropriate form prescribed by the OSA; or | | |
| | 2. | Is the association excluded from the reporting requirement because all of its assets “beyond sufficient cash equivalent investments to cover six months expected expenses” are invested in the SBI, and has the relief association filed Form ID/Waiver with the OSA? | | |
| | C. | For a relief association that does not have a total market value of \$25,000,000 or more: | | |
| | 1. | Has the relief association filed all of the required investment information with the OSA on the appropriate form prescribed by the OSA; or | | |

| | | | | |
|--|--|--|--|--|
| | 2. Is the association excluded from the reporting requirement because all of its assets “beyond sufficient cash equivalent investments to cover six months expected expenses” are invested in the SBI, and has the relief association filed Form ID Waiver with the OSA? | | | |
| | 3. Has the relief association retained: (1) information specifying the date and amount of each injection and withdrawal to each investment account and investment portfolio, and (2) the market value of each investment account and investment portfolio at the beginning of each calendar year and for each quarter? | | | |

Part VI. Economic Interest Statement

| | | | | |
|--------------------|---|--|--|--|
| § 356A.06, subd. 4 | A. For volunteer firefighter relief associations, or the Bloomington FDRA if its special fund assets are under \$8,000,000: | | | |
| | 1. Did each member of the governing board and chief administrative officer file with the relief association or firefighting corporation a statement of economic interest indicating: | | | |
| | a. the person’s principal occupation and principal place of business; | | | |
| | b. whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and | | | |
| | c. any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest? | | | |
| | B. For the Bloomington FDRA if its assets are \$8,000,000 or more: | | | |
| | 1. Did each member of the governing board and chief administrative officer file with the relief association a statement of economic interest containing the information required in Minn. Stat. § 10A.09, subd. 5, and any other information requested by the fiduciary or governing board to disclose reasonably foreseeable potential and actual conflicts of interest? | | | |
| | C. For all relief associations mentioned in A or B above: | | | |
| | 1. Did the chief administrative officer, by January 15, annually transmit a certified listing of all individuals who have filed statements of economic interest with the relief association or firefighting corporation during the preceding 12 months and the address of the office of the pension plan to the Campaign Finance and Public Disclosure Board? | | | |

Part VII. Other Requirements for Relief Associations

| | | | | |
|--|---|--|--|--|
| 2013 Minn. Laws, ch. 111, art. 5, § 39 | A. For the Bloomington FDRA: | | | |
| | 1. Did the association prepare an actuarial valuation showing the condition of the special fund as of December 31 every year? | | | |

| | | | | |
|--|--|--|--|--|
| | 2. Was the actuarial valuation prepared pursuant to the guidelines of Minn. Stat. §§ 356.215, 356.216, and the applicable standards established by the Legislative Commission on Pensions and Retirement? | | | |
| | 3. Was a copy of the actuarial valuation sent on or before July 1 of the following year to: | | | |
| | a. the Executive Director of the Legislative Commission on Pensions and Retirement; | | | |
| | b. the Director of the Legislative Reference Library; | | | |
| | c. the Bloomington City Council; and | | | |
| | d. the State Auditor? | | | |
| §424A.093, subd. 2 <u>See</u> GASB 25, para. 35 | B. If the relief association was a volunteer firefighter relief association paying or allowing monthly service pensions: | | | |
| | 1. Did the association prepare an actuarial valuation showing the condition of the special fund at least every two years as required by Generally Accepted Accounting Principles (GAAP)? | | | |
| | 2. Was the valuation prepared pursuant to Minn. Stat. § 424A.093, subd. 2, and the guidelines of Minn. Stat. §§ 356.215, subd. 8, 356.216, and any applicable standards established by the Legislative Commission on Pensions and Retirement? | | | |
| | 3. Was a copy of the actuarial valuation sent to: | | | |
| | a. the municipal governing body; and | | | |
| | b. the State Auditor? | | | |
| § 424A.093, subd. 1 | C. If the relief association previously provided a monthly benefit service pension, but discontinued that practice and either replaced the monthly benefit amount with a lump sum benefit amount consistent with Minn. Stat. § 424A.02, subd. 3, or purchased an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in Minnesota, were the actuarial, financial, and minimum obligation requirements of Minn. Stat. § 424A.092 complied with? | | | |
| § 69.051, subd. 2 | D. Did the relief association obtain from its treasurer a faithful performance surety bond as follows: | | | |
| | 1. for the Bloomington FDRA, in a reasonable amount acceptable to the municipality; or | | | |
| | 2. for volunteer fire relief associations, in an amount equal to at least ten percent of the relief association's assets (except that it need not exceed \$500,000)? | | | |
| | E. Was the municipal contribution to the special fund determined as follows: | | | |
| | 1. for the Bloomington FDRA, pursuant to 2013 Minn. Laws, ch. 111, art. 5, § 33; | | | |

| | | | | |
|--|---|--|--|--|
| | 2. for volunteer firefighter relief associations paying lump sum service pensions, pursuant to Minn. Stat. § 424A.092, subd. 3; or | | | |
| | 3. for volunteer firefighter relief associations paying monthly service pensions, pursuant to Minn. Stat. § 424A.093, subd. 5? | | | |
| | F. Did the association certify the financial requirements of the special fund and the minimum obligation of the municipality: | | | |
| 2013 Minn. Laws, ch. 111, art. 5, § 34 | 1. between August 1 and September 1 in the case of the Bloomington FDRA; and | | | |
| §§ 424A.092, subd. 4, & 424A.093, subd. 5 | 2. prior to August 1 in the case of volunteer firefighter associations? | | | |
| 2013 Minn. Laws, ch. 111, art. 5, § 35; §§ 424A.091, subd. 2; 424A.092, subd. 4; & 424A.093, subd. 5 | G. Did the municipality pay the minimum obligation as certified by the relief association? | | | |
| 2013 Minn. Laws, ch. 111, art. 5, § 36; 424A.092, subd. 4; & 424A.093, subd. 5 | H. If the municipality did not pay the minimum obligation as certified, did the officers of the relief association certify the unpaid amount to the county auditor? | | | |

Part IIX. Requirements of Volunteer Relief Associations

| | | | | |
|---------------------|---|--|--|--|
| § 424A.02, subd. 3 | A. Defined Benefit Plans | | | |
| | 1. For defined benefit relief associations, on or before August 1, did the secretary or some other officer of the volunteer firefighters' relief association calculate and certify to the municipality's governing body the "average amount of available financing per active covered firefighter for the most recent three-year period," pursuant to Minn. Stat. § 424A.02, subd. 3? | | | |
| | 2. For defined benefit relief associations, did the service pension amounts paid by the relief association not exceed the maximum service pension as calculated pursuant to Minn. Stat. § 424A.02, subd. 3? | | | |
| § 424A.016, subd. 4 | B. Defined Contribution Plans | | | |
| | 1. For defined contribution relief associations, was an equal share of the amounts to be credited under Minn. Stat. § 424A.016, subd. 4 credited to the individual account of each firefighter? | | | |
| | 2. For defined contribution relief associations, were service pensions paid based on that portion of the assets of the special fund to the credit of the member in the individual account that is nonforfeitable under Minn. Stat. § 424A.016, subd. 3 and the bylaws, based on the retiring members' years of service? | | | |
| § 424A.04 | C. If the relief association was directly associated with a municipal fire department, did it have a board of trustees consisting of nine members? | | | |
| | 1. Does the board consist of: | | | |

| | | | | |
|---------------------|---|--|--|--|
| | a. six members elected from the membership of the relief association; and | | | |
| | b. three members, consisting of: | | | |
| | (1) one elected municipal official designated by the municipal governing board, | | | |
| | (2) one elected or appointed municipal official designated by the municipal board, and | | | |
| | (3) the chief of the municipal fire department? | | | |
| | D. If the relief association is a subsidiary of an independent non-profit firefighting corporation, did it have a nine-member board of trustees, with six members elected by the association, two elected or appointed officials designated by the municipality's governing board that year, and the fire chief serving with the independent non-profit firefighting corporation? | | | |
| | 1. If two or more municipalities contracted with the firefighting corporation, was there one municipal trustee from each of the two largest municipalities? | | | |
| | E. If the relief association is directly associated with a fire department operated as or by a joint powers entity, were the municipal trustees the fire chief of the fire department and two trustees annually designated by the joint powers board? | | | |
| | F. If the relief association is directly associated with a fire department service area township, were the municipal trustees the fire chief of the fire department and two trustees designated by the township board? | | | |
| | G. If a member of the board of trustees was a retired member of the relief, did the bylaws of the association specifically allow such membership? [Note: Allowed only for associations that offer a monthly service pension.] | | | |
| | H. If the relief association lacks municipal members provided for in Minn. Stat. § 424A.04, subd. 1(a), (b), or (c), because the fire department is not located in or associated with an organized municipality, joint powers entity, or township, were the municipal members the fire chief of the fire department and two board members appointed from the fire department service area by the board of commissioners of the applicable county? | | | |
| § 424A.015, subd. 1 | I. If a relief association paid a service pension or disability benefit to a former member who has not separated from active service with the fire department to which the relief association is directly associated: | | | |
| | 1. Did the person discontinue volunteer firefighter duties with the municipality or firefighting corporation and does the person perform duties within the fire department or corporation on a full-time basis? | | | |
| | 2. Had the governing body of the municipality or of the corporation filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace? | | | |
| | 3. Were the bylaws of the relief association amended to provide for the payment of a service pension or disability benefit for such full-time employees? | | | |
| § 424A.04, subd. 3 | J. Conditions on Relief Association Consultants | | | |

| | | | | |
|--|--|--|--|--|
| | <p>For the purposes of this question, a consultant is any person employed under contract to provide legal or financial advice and who is or represents to the volunteer firefighter relief association that the person is an actuary, a certified public accountant, an attorney, an investment advisor or manager, an investment counselor, an investment advisor or manager selection consultant, a pension benefit design advisor or consultant, or any other financial consultant.</p> <p>If the relief association employed or contracted with a consultant to provide legal or financial advice, did the secretary of the relief association obtain and did the consultant provide to the secretary of the relief association a copy of the consultant's certificate of insurance?</p> | | | |
|--|--|--|--|--|

**Part IX. Appropriation of State Aid
(Firefighters' Relief Associations)**

| | | | | |
|----------|--|--|--|--|
| § 69.031 | A. If a duly incorporated firefighters' relief association is organized and the municipality or nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan: | | | |
| | 1. Did the municipal treasurer transmit the state aid from the Commissioner of Mgmt. and Budget to the relief association treasurer: | | | |
| | a. within 30 days of receipt; or | | | |
| | b. for a fire relief association which had not filed a financial report with the municipality, at a later date upon the relief association's filing a financial report? | | | |
| | 2. Did the relief association treasurer immediately deposit the warrant in the association's special fund? | | | |

Part X. Municipalities Without Fire Relief Associations

| | | | | |
|----------------------------------|--|--|--|--|
| §§ 69.031, subd. 5(a), & 424A.08 | A. If the municipality (1) received fire state aid, (2) is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under Minn. Stat., ch. 353G, and (3) had no firefighters' relief association, or the association has dissolved or has been removed as trustee of state aid: | | | |
| | 1. were the funds placed in a special account in the municipal treasury? | | | |
| | 2. were the funds only used for: | | | |
| | a. payment of fees, dues, and assessments to the Minnesota State Fire Department Association and to the State Volunteer Firefighters Benefit Association; | | | |
| | b. payment of the cost of purchasing and maintaining fire department equipment; or | | | |
| | c. payment of the cost of construction, acquisition, repair, or maintenance of buildings or other places housing the equipment of the fire department; or | | | |
| | d. If it has full-time firefighters covered by the public employees police and fire retirement plan, to pay the employer contribution requirement with respect to firefighters covered by the public employee police and fire retirement plan under Minn. Stat. § 353.65? | | | |

