

**Minnesota Volunteer Fire Relief Association
Working Group Meeting**

Office of the State Auditor

Tuesday, January 11, 2011

11 a.m. to 1 p.m.

- I. Call to Order**
Chair Auditor Otto.

- II. Review and Approval of Working Group Meeting Minutes**
Exhibit A. Draft December 7, 2010 Meeting Minutes

- III. Discussion of Technical Change**
Exhibit B.

- IV. Discussion of Special Fund Revenues**
Exhibit C. Provided by Larry Martin

- V. Discussion of Form Signature Requirement Changes**
Exhibit D. Provided by Larry Martin

- VI. Discussion of Defined Contribution Plan Change**
Exhibit E.

- VII. Review of Draft Record Retention Schedule**
Exhibit F.

- VIII. Discussion of Return-to-Service Changes**
Exhibit G. Draft Changes
Exhibit H. Flow Charts

- IX. Other Business**

- X. Next Meeting**
Tuesday, January 25, 2011
11 a.m. to 1 p.m.
Office of the State Auditor

- XI. Adjournment**

Individuals with disabilities who need a reasonable accommodation to participate in this event, please contact Rose Hennessy Allen at (651) 296-5985 or (800) 627-3529 (TTY) by January 10, 2011.

Volunteer Fire Relief Association Working Group

Office of the State Auditor
Tuesday, December 7, 2010
11 a.m. to 1 p.m.

Members Present

Wayne Anderson, Coon Rapids Fire Department Inspector (defined contribution plans)
Bruce Duncan, Excelsior Fire Relief Association President (defined benefit lump sum plans)
Dave Ganfield, Apple Valley Fire Relief Association Administrator (defined benefit monthly/lump sum combination plans)
Jim Hansen, Minnesota Area Relief Association Coalition Representative
Dave Jaeger, Mahnommen Fire Relief Association Treasurer (defined benefit lump sum plans)
John King, Minnesota State Fire Department Association Representative
Larry Martin, Legislative Commission on Pensions and Retirement Director
Rebecca Otto, State Auditor
Bruce Roed, Mentor Fire Relief Association Trustee (defined contribution plans)
Tim Simon, Elk River City Finance Director
Steven Wallner, Watertown City Finance Director
Nyle Zikmund, Minnesota State Fire Chiefs Association Representative (defined benefit monthly plans)

Members Excused

Others Present

Andy Berg, Abdo, Eick & Meyers Representative
Colleen Bollom, Minnesota Firefighter Pension Consultants Representative
Aaron Dahl, Pension Analyst
Celeste Grant, Deputy State Auditor/General Counsel
Rose Hennessy Allen, Pension Director
Deb Jezierski, HLB Tautges Redpath Representative
David Kenney, Assistant Legal Counsel
Brian McKnight, Wells Fargo Advisors Representative
Kent Zoya, Inver Grove Heights Fire Relief Association Representative

The following motions were duly made, seconded and approved:

- RESOLVED to approve the November 16, 2010, Working Group Meeting Minutes;
- RESOLVED to adopt the draft language, as amended, for the two special fund administrative expenses topics;
- RESOLVED to adopt the draft language updating references to a “licensed public accountant” and a “public accountant” to “certified public accountant;”
- RESOLVED to table discussion on the suggestion that deficit amortization periods be extended to 20 years for all defined benefit plan deficits;
- RESOLVED to table discussion on the suggestion that relief associations be allowed to revise projections on the Schedule Form after the form has been certified;
- RESOLVED to table discussion on the suggestion to change when required contributions calculated on the Schedule Form need to be paid to the relief association.

I. Call to Order

Chair Auditor Otto called the meeting to order.

II. Review and Approval of Working Group Meeting Minutes

The members reviewed the November 16, 2010, meeting minutes that had been provided in advance. Ganfield made a motion to adopt the meeting minutes. Jaeger seconded the motion that was adopted unanimously.

III. Discussion of Special Fund Administrative Expenses

The members reviewed draft language that would allow all trustees to be paid salaries from the special fund, and would also require municipal approval of the salary payments. The Group discussed whether a relief association's membership should also be required to approve the payments, and discussed concerns about the timing of seeking an expansion to the list of trustees who may be paid a special fund salary.

The Working Group also reviewed draft language that would allow the special fund to pay filing and application fees that are payable to a federal or other governmental entity. The members agreed that the draft language should have a retroactive effective date, of January 1, 2010.

Zikmund made a motion to adopt the draft language, as amended, for the two special fund administrative expenses topics. Anderson seconded the motion that was adopted unanimously. The members agreed that the special fund salaries language could be removed from the Working Group bill at a later meeting if it's decided that including the language would affect the bill's passage.

IV. Discussion of Form Signature Requirement Changes

Auditor Otto explained that the Reporting Form that relief associations must submit to the Office of the State Auditor is required to be signed by the municipal clerk or clerk-treasurer. Cities and towns have expressed a desire for more flexibility, so that a municipal official who may be more knowledgeable about a relief association's finances may sign the form. In addition, some relief associations are not located in, or associated with, an organized municipality. In these instances, there is no municipal clerk or clerk-treasurer who may sign the form. Members reviewed the draft language and agreed that for municipalities, the clerk, clerk-treasurer, chief financial official, or chief administrative official should be allowed to sign the form. Martin offered to revise the draft language and provide the updated draft for discussion at the next Working Group meeting.

The members also reviewed draft language that would modify the signature requirements for the Schedule Form. The form must be certified to the governing body of the municipality. In some communities, a joint powers board or an independent nonprofit firefighting corporation makes contributions to the relief association, rather than a city or town. Relief association trustees would like to certify the Schedule Form to the entity

responsible for paying contributions to the association. Martin offered to revise the draft language and provide the updated draft for discussion at the next Working Group meeting.

V. Discussion of Special Fund Revenues

The Working Group members reviewed draft language clarifying the list of special fund revenues so that member dues and contributions may be deposited into the special fund. The members approved of the concept, but agreed that the draft language should be modified so that it's clear relief associations may choose to deposit member dues and contributions into the special fund or the general fund. Auditor Otto said that Office of the State Auditor staff would work with Martin to revise the draft language and present it to the Working Group at its next meeting.

VI. Discussion of Certified Public Accountant Technical Change

The members reviewed draft language for two technical changes to clean-up outdated language. Auditor Otto explained that the Legislature worked last session to update the terms "licensed public accountant" and "public accountant" to "certified public accountant" in statute. There are two sections within the volunteer fire relief association statutes that were not updated. Wallner made a motion to adopt the draft language that would update the phrases in the relief association statutes. Roed seconded the motion that was adopted unanimously.

VII. Discussion of Amortization Period and the Schedule Form

The Working Group discussed three topics related to deficit amortization periods and projections on the Schedule Form. The first discussion was in regard to a suggestion that the deficit amortization period for all defined benefit plan deficits be 20 years. The members expressed concern about a 20-year amortization period for lump sum plans, since these plans have a significant cash outlay when a lump-sum benefit is paid. All relief associations need to ensure that they have enough money to pay benefits as they come due. Increasing the amortization period without considering retirement rates could result in funding deficiencies. Ganfield made a motion to table discussion on this topic. Jaeger seconded the motion that was adopted unanimously.

The second discussion was about a suggestion to allow relief associations to make changes to their projections on the annual Schedule Form after the form has been certified to the affiliated municipality or independent nonprofit firefighting corporation. Zikmund made a motion to table discussion on this topic. King seconded the motion that was adopted unanimously.

The final discussion was in regard to a suggestion to push back by one year when municipal contributions calculated on the Schedule Form are required to be paid. For example, the 2010 Schedule Form calculates the required contribution for 2011. The proposal would change the timing of contributions so that the 2010 Schedule Form would calculate the required contribution for 2012. The intent of this proposal is to give

municipalities more time to budget for required contribution payments. Anderson made a motion to table discussion on this topic until the next Working Group meeting. Zikmund seconded the motion that was adopted unanimously.

VIII. Other Business

Auditor Otto notified the Working Group that the final two meetings will be on Tuesday, January 11 and Tuesday, January 25.

IX. Next Meeting

Tuesday, January 11, 2011
11:00 a.m. to 1:00 p.m.
Office of the State Auditor

IX. Adjournment

The meeting was adjourned shortly after 1:00.

Exhibit B

Technical Change

Issue:

Municipalities that have an organized fire department but no affiliated fire relief association may submit a financial report to the Office of the State Auditor (OSA) to be eligible for fire state aid. State statute requires the OSA to forward a copy of the financial report received from these municipalities to the respective county auditor. In 2010 there were 33 municipalities that reported to the OSA under this statute. The requirement that the OSA forward a copy of the financial report to the county auditor dates back to 1969. At that time, counties received fire state aid and apportioned it among the various eligible entities within the county. The financial report was needed so that county auditors knew which entities were eligible for state aid. Since the Department of Revenue now apportions fire state aid, it appears that county auditors no longer need a forwarded copy of the financial report. The Optional Change below would remove this outdated requirement.

Optional Change:

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subd. 3. Report by certain municipalities.

(a) Each municipality which has an organized fire department but which does not have a firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted under paragraph (b) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year, on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. ~~The state auditor shall forward one copy to the county auditor of the county wherein the municipality is located.~~ The municipality shall not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements of section 353G.07.

1.1 A bill for an act

1.2 relating to retirement; volunteer firefighters relief associations; permitting the
1.3 deposit of certain member contributions and dues in the relief association special
1.4 fund; amending Minnesota Statutes 2010, sections 424A.05, subdivision 2;
1.5 424A.06, subdivision 2.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2010, section 424A.05, subdivision 2, is amended to
1.8 read:

1.9 Subd. 2. **Special fund assets and revenues.** (a) The special fund must be credited
1.10 with the following:

1.11 (1) all fire state aid moneys received under sections 69.011 to 69.051₂;

1.12 (2) all taxes levied by or other revenues received from the municipality under
1.13 sections 69.771 to 69.776 or any applicable special law requiring municipal support for
1.14 the relief association; and

1.15 (3) any interest or investment return earned upon the assets of the special fund.

1.16 (b) The special fund additionally may be credited with the following:

1.17 (1) any moneys or property donated, given, granted or devised by any person which
1.18 is specified for use for the support of the special fund; and ~~any interest or investment~~
1.19 ~~return earned upon the assets~~

1.20 (2) member contributions or member dues designated by the member for the support
1.21 of the special fund or required under the bylaws of the relief association for the support
1.22 of the special fund.

1.23 (c) The treasurer of the relief association is the custodian of the assets of the special
1.24 fund and must be the recipient on behalf of the special fund of all revenues payable to
1.25 the special fund.

2.1 (d) The treasurer shall maintain adequate records documenting any transaction
2.2 involving the assets or the revenues of the special fund. These records and the bylaws
2.3 of the relief association are public and must be open for inspection by any member of
2.4 the relief association, any officer or employee of the state or of the municipality, or any
2.5 member of the public, at reasonable times and places.

2.6 **EFFECTIVE DATE.** This section is effective July 1, 2011.

2.7 Sec. 2. Minnesota Statutes 2010, section 424A.06, subdivision 2, is amended to read:

2.8 Subd. 2. **General fund assets and revenues.** ~~To~~ (a) The general fund, if established,
2.9 must be credited with the following:

2.10 (1) all moneys received from dues; other than dues payable to the special fund under
2.11 section 424A.05, subdivision 2, paragraph (b), clause (2);

2.12 (2) all moneys received from fines;

2.13 (3) all moneys received from initiation fees;

2.14 (4) all moneys received as entertainment revenues; and

2.15 (5) any moneys or property donated, given, granted or devised by any person; either
2.16 for the support of the general fund of the relief association or for unspecified uses purposes.

2.17 (b) The treasurer of the relief association is the custodian of the assets of the general
2.18 fund and must be the recipient on behalf of the general fund of all revenues payable
2.19 to the general fund.

2.20 (c) The treasurer shall maintain adequate records documenting any transaction
2.21 involving the assets or the revenues of the general fund. These records must be open for
2.22 inspection by any member of the relief association at reasonable times and places.

2.23 **EFFECTIVE DATE.** This section is effective July 1, 2011.

A bill for an act

relating to retirement; volunteer firefighter relief associations; clarifying persons for the countersigning of financial reports or financial statements; clarifying the recipients of certain relief association funding requirements certifications; amending Minnesota Statutes 2010, sections 69.011, subdivision 1; 69.051, subdivisions 1, 1a; 69.772, subdivision 4; 69.773, subdivision 5.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

(4) the University of Minnesota;

(5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;

(6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and

2.1 (8) for purposes of the police state aid program only, the Department of Natural
2.2 Resources and the Department of Public Safety with respect to peace officers covered
2.3 under chapter 352B.

2.4 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
2.5 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
2.6 leakage and extended coverage premiums received upon risks located or to be performed
2.7 in this state less return premiums and dividends.

2.8 (d) "Firetown" means the area serviced by any municipality having a qualified fire
2.9 department or a qualified incorporated fire department having a subsidiary volunteer
2.10 firefighters' relief association.

2.11 (e) "Market value" means latest available market value of all property in a taxing
2.12 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
2.13 taxation obtained from information which appears on abstracts filed with the commissioner
2.14 of revenue or equalized by the State Board of Equalization.

2.15 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
2.16 commissioner for reporting by each fire and casualty insurer of all premiums received
2.17 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
2.18 during the preceding calendar year, with reference to insurance written for insuring against
2.19 the perils contained in auto insurance coverages as reported in the Minnesota business
2.20 schedule of the annual financial statement which each insurer is required to file with
2.21 the commissioner in accordance with the governing laws or rules less return premiums
2.22 and dividends.

2.23 (g) "Peace officer" means any person:

2.24 (1) whose primary source of income derived from wages is from direct employment
2.25 by a municipality or county as a law enforcement officer on a full-time basis of not less
2.26 than 30 hours per week;

2.27 (2) who has been employed for a minimum of six months prior to December 31
2.28 preceding the date of the current year's certification under subdivision 2, clause (b);

2.29 (3) who is sworn to enforce the general criminal laws of the state and local
2.30 ordinances;

2.31 (4) who is licensed by the Peace Officers Standards and Training Board and is
2.32 authorized to arrest with a warrant; and

2.33 (5) who is a member of the Minneapolis Police Relief Association, the State Patrol
2.34 retirement plan, or the public employees police and fire fund.

2.35 (h) "Full-time equivalent number of peace officers providing contract service" means
2.36 the integral or fractional number of peace officers which would be necessary to provide

3.1 the contract service if all peace officers providing service were employed on a full-time
3.2 basis as defined by the employing unit and the municipality receiving the contract service.

3.3 (i) "Retirement benefits other than a service pension" means any disbursement
3.4 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

3.5 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

3.6 (1) for the police state aid program and police relief association financial reports,

3.7 (i) the person who was elected or appointed to the specified position or, in the
3.8 absence of the person, another person who is designated by the applicable governing body;

3.9 (ii) in a park district, the ~~clerk is the~~ secretary of the board of park district
3.10 commissioners;

3.11 (iii) in the case of the University of Minnesota, the ~~clerk is that~~ official designated
3.12 by the Board of Regents;

3.13 (iv) for the Metropolitan Airports Commission, the ~~clerk is the~~ person designated
3.14 by the commission;

3.15 (v) for the Department of Natural Resources or the Department of Public Safety,
3.16 the ~~clerk is the~~ respective commissioner;

3.17 (vi) for a tribal police department which exercises state arrest powers under section
3.18 626.90, 626.91, 626.92, or 626.93, the ~~clerk is the~~ person designated by the applicable
3.19 American Indian tribal government; and

3.20 (2) for the fire state aid program and fire relief association financial reports, the
3.21 person who was elected or appointed to the specified position, or, for governmental
3.22 entities other than counties, if the governing body of the governmental entity designates
3.23 the position to perform the function, the chief financial official of the governmental entity
3.24 or the chief administrative official of the governmental entity.

3.25 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
3.26 retirement plan established by chapter 353G.

3.27 **EFFECTIVE DATE.** This section is effective July 1, 2011.

3.28 Sec. 2. Minnesota Statutes 2010, section 69.051, subdivision 1, is amended to read:

3.29 Subdivision 1. **Financial report and audit.** (a) The board of each salaried
3.30 firefighters relief association, police relief association, and volunteer firefighters relief
3.31 association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000
3.32 or liabilities of at least \$200,000 in the prior year or in any previous year, according to
3.33 the applicable actuarial valuation or financial report if no valuation is required, shall: ~~(1)~~
3.34 prepare a financial report covering the special and general funds of the relief association

4.1 for the preceding fiscal year ~~on a form prescribed by the state auditor~~, file the financial
 4.2 report, and submit financial statements.

4.3 (b) The financial report must contain financial statements and disclosures which
 4.4 present the true financial condition of the relief association and the results of relief
 4.5 association operations in conformity with generally accepted accounting principles and in
 4.6 compliance with the regulatory, financing and funding provisions of this chapter and any
 4.7 other applicable laws. The financial report must be countersigned by:

4.8 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
 4.9 association is located if the relief association is a firefighters relief association which is
 4.10 directly associated with a municipal fire department or is a police relief association; ~~or~~
 4.11 ~~countersigned by the secretary of the independent nonprofit firefighting corporation and~~

4.12 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population
 4.13 which contracts with the independent nonprofit firefighting corporation if the volunteer
 4.14 firefighter relief association is a subsidiary of an independent nonprofit firefighting
 4.15 corporation and by the secretary of the independent nonprofit firefighting corporation; or

4.16 (3) by the chief financial official of the county in which the volunteer firefighter
 4.17 relief association is located or primarily located if the relief association is associated with
 4.18 a fire department that is not located in or associated with an organized municipality.

4.19 ~~(2) file~~ (c) The financial report must be retained in its office for public inspection
 4.20 and ~~present it to~~ must be filed with the city council governing body of the government
 4.21 subdivision in which the associated fire department is located after the close of the fiscal
 4.22 year. One copy of the financial report must be furnished to the state auditor after the
 4.23 close of the fiscal year; ~~and~~.

4.24 ~~(3) submit to the state auditor~~ (d) Audited financial statements ~~which have been~~ must
 4.25 be attested to by a certified public accountant, public accountant, or the state auditor and
 4.26 must be filed with the state auditor within 180 days after the close of the fiscal year. The
 4.27 state auditor may accept this report in lieu of the report required in ~~clause (2)~~ paragraph (c).

4.28 **EFFECTIVE DATE.** This section is effective July 1, 2011.

4.29 Sec. 3. Minnesota Statutes 2010, section 69.051, subdivision 1a, is amended to read:

4.30 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
 4.31 association, as defined in section 424A.001, subdivision 4, that is not required to file
 4.32 a financial report and audit under subdivision 1 must prepare a detailed statement of
 4.33 the financial affairs for the preceding fiscal year of the relief association's special and
 4.34 general funds in the style and form prescribed by the state auditor. The detailed statement
 4.35 must show the sources and amounts of all money received; all disbursements, accounts

5.1 payable and accounts receivable; the amount of money remaining in the treasury; total
 5.2 assets including a listing of all investments; the accrued liabilities; and all items necessary
 5.3 to show accurately the revenues and expenditures and financial position of the relief
 5.4 association.

5.5 (b) The detailed financial statement required under paragraph (a) must be certified
 5.6 by an independent public accountant or auditor or by the auditor or accountant who
 5.7 regularly examines or audits the financial transactions of the municipality. In addition to
 5.8 certifying the financial condition of the special and general funds of the relief association,
 5.9 the accountant or auditor conducting the examination shall give an opinion as to the
 5.10 condition of the special and general funds of the relief association, and shall comment
 5.11 upon any exceptions to the report. The independent accountant or auditor must have at
 5.12 least five years of public accounting, auditing, or similar experience, and must not be an
 5.13 active, inactive, or retired member of the relief association or the fire or police department.

5.14 (c) The detailed statement required under paragraph (a) must be countersigned by:
 5.15 (1) the municipal clerk or clerk-treasurer of the municipality; or;
 5.16 (2) where applicable, by the secretary of the independent nonprofit firefighting
 5.17 corporation and by the municipal clerk or clerk-treasurer of the largest municipality in
 5.18 population which contracts with the independent nonprofit firefighting corporation if the
 5.19 relief association is a subsidiary of an independent nonprofit firefighting corporation; and
 5.20 by the secretary of the independent nonprofit firefighting corporation; or

5.21 (3) by the chief financial official of the county in which the volunteer firefighter
 5.22 relief association is located or primarily located if the relief association is associated with
 5.23 a fire department that is not located in or associated with an organized municipality.

5.24 (d) The volunteer firefighters' relief association board must file the detailed statement
 5.25 required under paragraph (a) in the relief association office for public inspection and
 5.26 present it to the city council within 45 days after the close of the fiscal year, and must
 5.27 submit a copy of the detailed statement to the state auditor within 90 days of the close of
 5.28 the fiscal year.

5.29 **EFFECTIVE DATE.** This section is effective July 1, 2011.

5.30 Sec. 4. Minnesota Statutes 2010, section 69.772, subdivision 4, is amended to read:

5.31 Subd. 4. **Certification of financial requirements and minimum municipal**
 5.32 **obligation; levy.** (a) The officers of the relief association shall certify the financial
 5.33 requirements of the special fund of the relief association and the minimum obligation of
 5.34 the municipality with respect to the special fund of the relief association as determined
 5.35 under subdivision 3 ~~to the governing body of the municipality~~ on or before August 1 of

6.1 each year. The certification must be made to the entity that is responsible for satisfying
6.2 the minimum obligation with respect to the special fund of the relief association. If the
6.3 responsible entity is a joint powers entity, the certification must be made in the manner
6.4 specified in the joint powers agreement, or if the joint powers agreement is silent on this
6.5 point, the certification must be made to the chair of the joint powers board.

6.6 (b) The financial requirements of the relief association and the minimum municipal
6.7 obligation must be included in the financial report or financial statement under section
6.8 69.051. The schedule forms related to the determination of the financial requirements
6.9 must be filed with the state auditor by March 31, annually, if the relief association is
6.10 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,
6.11 annually, if the relief association is required to file a financial report and audit under
6.12 section 69.051, subdivision 1.

6.13 ~~(b)~~ (c) The municipality shall provide for at least the minimum obligation of the
6.14 municipality with respect to the special fund of the relief association by tax levy or from
6.15 any other source of public revenue.

6.16 ~~(c)~~ (d) The municipality may levy taxes for the payment of the minimum municipal
6.17 obligation without any limitation as to rate or amount and irrespective of any limitations
6.18 imposed by other provisions of law upon the rate or amount of taxation until the balance
6.19 of the special fund or any fund of the relief association has attained a specified level. In
6.20 addition, any taxes levied under this section must not cause the amount or rate of any other
6.21 taxes levied in that year or to be levied in a subsequent year by the municipality which are
6.22 subject to a limitation as to rate or amount to be reduced.

6.23 ~~(d)~~ (e) If the municipality does not include the full amount of the minimum
6.24 municipal obligations in its levy for any year, the officers of the relief association shall
6.25 certify that amount to the county auditor, who shall spread a levy in the amount of the
6.26 certified minimum municipal obligation on the taxable property of the municipality.

6.27 ~~(e)~~ (f) If the state auditor determines that a municipal contribution actually made
6.28 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
6.29 (5), the state auditor may request a copy of the certifications under this subdivision
6.30 from the relief association or from the city. The relief association or the city, whichever
6.31 applies, must provide the certifications within 14 days of the date of the request from
6.32 the state auditor.

6.33 **EFFECTIVE DATE.** This section is effective July 1, 2011.

6.34 Sec. 5. Minnesota Statutes 2010, section 69.773, subdivision 5, is amended to read:

7.1 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association
7.2 shall determine the minimum obligation of the municipality with respect to the special
7.3 fund of the relief association for the following calendar year on or before August 1 of each
7.4 year in accordance with the requirements of this subdivision.

7.5 (b) The minimum obligation of the municipality with respect to the special fund is
7.6 an amount equal to the financial requirements of the special fund of the relief association
7.7 determined under subdivision 4, reduced by the estimated amount of any fire state
7.8 aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by
7.9 the municipality for transmittal to the special fund of the relief association during the
7.10 following year and the amount of any anticipated contributions to the special fund
7.11 required by the relief association bylaws from the active members of the relief association
7.12 reasonably anticipated to be received during the following calendar year. A reasonable
7.13 amount of anticipated fire state aid is an amount that does not exceed the fire state aid
7.14 actually received in the prior year multiplied by the factor 1.035.

7.15 (c) The officers of the relief association shall certify the financial requirements of
7.16 the special fund of the relief association and the minimum obligation of the municipality
7.17 with respect to the special fund of the relief association as determined under subdivision 4
7.18 and this subdivision ~~to the governing body of the municipality~~ by August 1 of each year.
7.19 The certification must be made to the entity that is responsible for satisfying the minimum
7.20 obligation with respect to the special fund of the relief association. If the responsible
7.21 entity is a joint powers entity, the certification must be made in the manner specified in
7.22 the joint powers agreement, or if the joint powers agreement is silent on this point, the
7.23 certification must be made to the chair of the joint powers board.

7.24 (d) The financial requirements of the relief association and the minimum municipal
7.25 obligation must be included in the financial report or financial statement under section
7.26 69.051.

7.27 ~~(d)~~ (e) The municipality shall provide for at least the minimum obligation of the
7.28 municipality with respect to the special fund of the relief association by tax levy or from
7.29 any other source of public revenue. The municipality may levy taxes for the payment of the
7.30 minimum municipal obligation without any limitation as to rate or amount and irrespective
7.31 of any limitations imposed by other provisions of law or charter upon the rate or amount
7.32 of taxation until the balance of the special fund or any fund of the relief association has
7.33 attained a specified level. In addition, any taxes levied under this section must not cause
7.34 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year
7.35 by the municipality which are subject to a limitation as to rate or amount to be reduced.

8.1 ~~(e)~~ (f) If the municipality does not include the full amount of the minimum municipal
8.2 obligation in its levy for any year, the officers of the relief association shall certify that
8.3 amount to the county auditor, who shall spread a levy in the amount of the minimum
8.4 municipal obligation on the taxable property of the municipality.

8.5 ~~(f)~~ (g) If the state auditor determines that a municipal contribution actually made
8.6 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
8.7 (5), the state auditor may request from the relief association or from the city a copy of
8.8 the certifications under this subdivision. The relief association or the city, whichever
8.9 applies, must provide the certifications within 14 days of the date of the request from
8.10 the state auditor.

8.11 **EFFECTIVE DATE.** This section is effective July 1, 2011.

Exhibit E

Defined Contribution Plan Change

Issue:

Defined benefit relief associations have authority to offer the option of installment payments to recipients of a survivor benefit. Defined contribution relief associations, however, only have authority to offer the option of installment payments to recipients of a lump-sum service pension. The Optional Change below would extend the same installment payment authority to defined contribution plans that defined benefit plans currently have.

Optional Change:

424A.016 DEFINED CONTRIBUTION VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.

...

Subd. 5. **Service pension installment payments.** (a) A defined contribution relief association, if the governing bylaws so provide, may pay, at the option of the ~~retiring member~~ intended recipient and in lieu of a single payment of a service pension or survivor benefit, the service pension or survivor benefit in installments.

(b) The election of installment payments is irrevocable and must be made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of the relief association no later than 30 days before the commencement of payment of the service pension or survivor benefit. The amount of the installment payments must be the fractional portion of the remaining account balance equal to one divided by the number of remaining annual installment payments.

...

1. Schedule Number	Date	2. New	Revision of	MINNESOTA RECORDS RETENTION SCHEDULE	
3. Agency		4. Division/Section		6. Page	1 of
5. Address				See attached page(s) for records description	
7. For Use By Records Panel Only					
AUTHORIZATION: Under the authority of M.S. 138.17, it is hereby ordered that the records listed on this application be disposed per approved schedule.			Notice: This retention schedule has been reviewed by the State Records Disposition Panel in accordance with Minnesota Statutes, Section 138.17. The records listed on this schedule have been reviewed for their historical, fiscal, and legal value.		
8. Entity Records Management Officer (signature)		Date		11. Minnesota Historical Society, Director	
9. Type Name / Phone				12. Legislative or State Auditor	
10. Entity Head or Designee (signature)		Date		13. Attorney General	
				Date	

Original-State Records Disposition Panel

Copy 1-Agency (after approval)

1. Schedule No.	3. Entity	4. Division/Section:	6. Page ___ of ___
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14. Item No.	15. Record Series Title and Description	16. Retention Instructions	17. Statute	18. Vital? (Yes/no)	19. Archival? (Yes/no)
1.	Administration				
a.	Articles of Incorporation	Permanent		Yes	
b.	Bylaws and Resolutions Reflecting Approval	Permanent		Yes	
c.	Attorney Opinions and Correspondence	Permanent			
d.	Publications and Meeting Notices	Until Superseded			
e.	Correspondence – General (includes paper and electronic)	3 Years			
f.	Correspondence – Official (includes paper and electronic)	Permanent			
g.	Grant Information and Documents	Consult Issuing Agency; 3 Years Minimum			
h.	Meeting Agendas and Minutes	Permanent			
i.	Policies and Procedures	Until Superseded			
2.	Contracts and Agreements	10 Years After Paid and Audited			
3.	Elections				
a.	Ballots	22 Months Unless Contested			
b.	Returns	Permanent			
4.	Financial				
a.	Annual State Reporting Forms (includes Broker Certification forms, Supplemental Benefit forms, OSA annual reporting forms, and actuarial valuations)	Permanent		Yes	
b.	Audit Reports	Permanent		Yes	
c.	Bank Statements	6 Years			

1. Schedule No.	3. Entity	4. Division/Section:	6. Page ___ of ___
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14. Item No.	15. Record Series Title and Description	16. Retention Instructions	17. Statute	18. Vital? (Yes/no)	19. Archival? (Yes/no)
d.	Budget Reports	2 Years			
e.	Certification of Required Municipal Contribution	Permanent			
f.	Checks (Cancelled and Voided)	6 Years			
g.	Check Register	Permanent		Yes	
h.	Equipment Inventories	Until Superseded			
i.	Fixed Asset Records	6 Years After Disposal			
j.	Fundraising Documents and Records	6 Years; Consult Gambling Control Board if Charitable Gambling Funds			
k.	Investment/Broker Reports and Documents	4 Years After Maturity			
l.	Ledgers and Journals	Permanent			
m.	Receipts and Receipt Books	6 Years			
n.	Treasurer's Reports	2 Years			
5.	Human Resources				
a.	Beneficiary Information	Permanent			
b.	Benefit Enrollment Forms (e.g., VFBA Insurance)	Permanent			
c.	Break in Service Information	Permanent			
d.	Disability Claim Documentation	Permanent			
e.	Employment Notices and Records	Permanent			
f.	FMLA Documents	Permanent			
g.	Grievance and Disciplinary Action Files	5 Years after Termination or Retirement			
h.	Letters of Resignation/Termination	Permanent			
i.	Membership Application Forms	Permanent			
j.	Member Dues Records	5 Years after Separation or Retirement			

1. Schedule No.	3. Entity	4. Division/Section:	6. Page ___ of ___
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14. Item No.	15. Record Series Title and Description	16. Retention Instructions	17. Statute	18. Vital? (Yes/no)	19. Archival? (Yes/no)
k.	Personnel Files	Permanent			
l.	Service Credit Information (includes supporting documentation of benefit calculation and disbursement method)	Permanent			
m.	Training Materials and Records	5 Years after Separation or Retirement			
6.	Insurance				
a.	Certificates of Insurance	6 Years after Expiration			
b.	Dishonesty/Surety Bonds	6 Years after Expiration			
7.	Payroll				
a.	Tax Withholding Records	6 Years			
b.	Payroll Ledger	Permanent			
c.	Time Sheets	6 Years			
d.	Tax Forms (includes 1099-R forms Issued to benefit recipients)	6 Years			

Exhibit G

Return-to-Service Changes

The Optional Changes below attempt to address two issues. First, the changes attempt to clarify how service pensions would be calculated for defined contribution plan members who return to active service and membership. Service pensions for members of defined contribution plans would include credits of allocations to their individual accounts during the resumption period of service and deductions for administrative expenses, if applicable. Any amounts that had been forfeited prior to the date that a defined contribution plan member resumed active service and membership would not be reinstated.

In addition, members of defined contribution plans would not be subject to a minimum period of resumption service requirement. In defined benefit plans, the minimum period of resumption service requirement allows relief associations to restrict benefit increases for members who were absent when the increases became effective. In contrast, defined contribution service pensions are based on allocations rather than a benefit level, and members would be ineligible for allocations during the period that they were inactive.

Second, the Optional Changes attempt to reflect the Working Group's decision to allow firefighters who don't meet the minimum period of resumption service requirement to receive service credit for time served after returning from the break. Service pensions for members in this situation would be based on the original or current benefit level, as specified in the relief association's bylaws.

One remaining issue that is not addressed in the Optional Changes below is the suggestion that retirees receiving a monthly service pension be allowed to continue collecting the monthly pension if they rejoin the fire department but don't rejoin the relief association. Currently, a retiree may only continue collecting the monthly service pension if the member rejoins both the fire department and the relief association, and the association's bylaws allow for the continuation of payments.

Optional Changes:

424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION.

...

Subd. 6. Return to active firefighting after break in service.

(a) The requirements of this section apply to all breaks in service, except breaks in service mandated by federal or state law.

(b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days resumes performing active firefighting with the fire department associated with the relief association, if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief

association. A firefighter who returns to active service and membership is subject to the service pension calculation requirements under this section.

(2) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or by the relief association is exempt from the minimum period of resumption service requirement of this section.

(3) A person who has a break in service not exceeding one year but has not been granted an approved leave of absence and who has not received a service pension or disability benefit may be made exempt from the minimum period of resumption service requirement of this section by the relief association bylaws.

(4) If the bylaws so provide, a firefighter who returns to active relief association membership under this paragraph may continue to collect a monthly service pension, notwithstanding the service pension eligibility requirements under chapter 424A.

(c) If a former firefighter who has received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for the same period of service.

(d) If a former firefighter who has not received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the original and resumption service periods if the firefighter meets the ~~minimum period of resumption service specified in the relief association bylaws and the~~ service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption years of service credit.

(e) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) ~~or (d)~~ must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated ~~to apply by~~ applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service. ~~No firefighter may be paid a service pension twice for the same period of service. If a lump-sum service pension had not been paid to the firefighter upon the firefighter's previous cessation of duties and the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, a service pension must be calculated to apply the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.~~

(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who ~~does did not qualify for a service pension under paragraph (d)~~ meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section ~~424A.016, subdivision 3, or 424A.02, subdivision 2, based on the firefighter's previous original and resumption years of active service,~~ must have, upon a subsequent cessation of duties, a service pension ~~ealeulated for the previous original and~~

resumption service periods calculated by applying years of service based on the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated ~~to apply by~~ applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who ~~does did not qualify for a service pension under paragraph (d)~~ meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's previous original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension calculated for the previous original and resumption service periods calculated by applying years of service based on the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, based on the resumption years of service, a second service pension for the

resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

If a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.



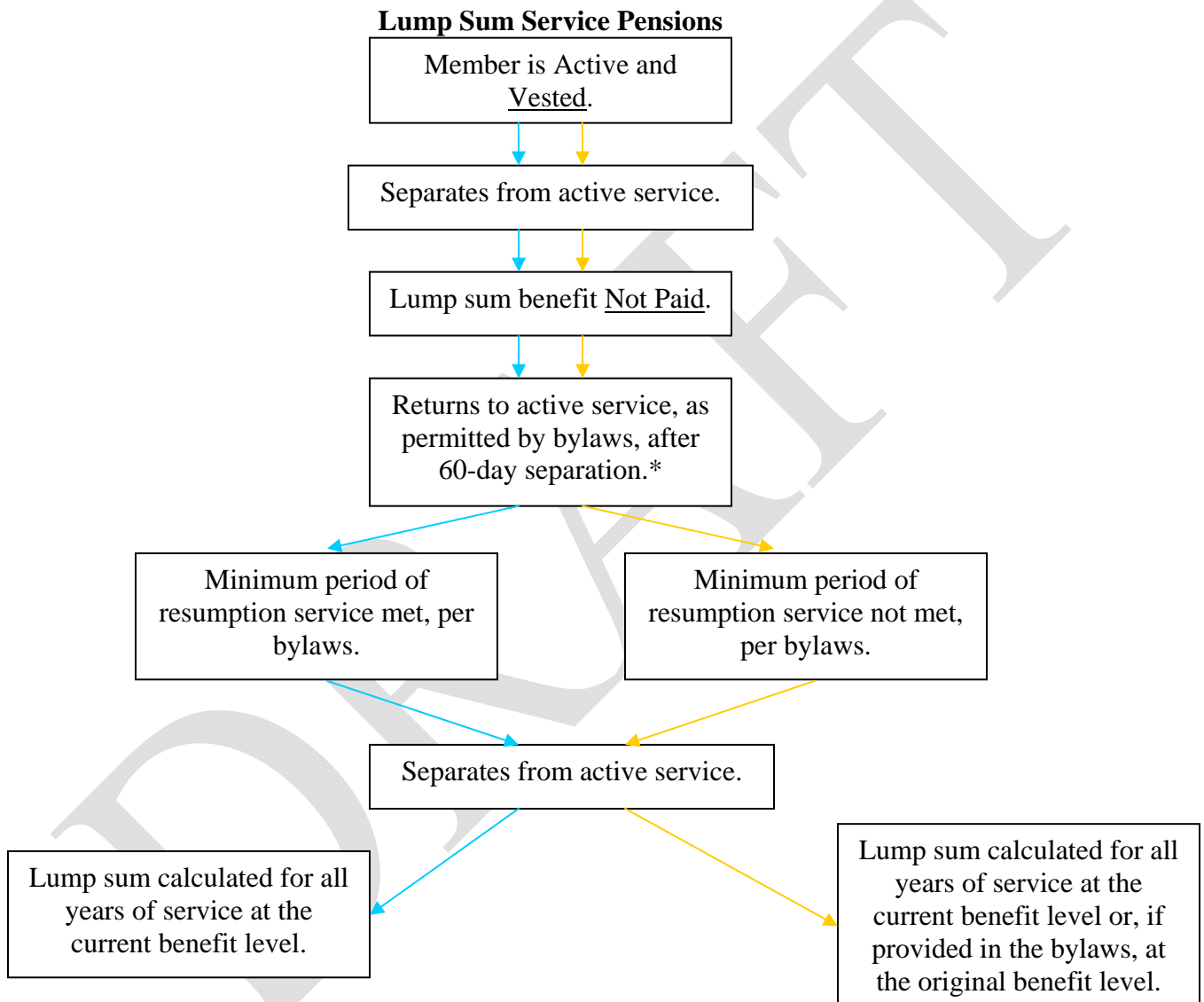
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Return to Service Flow Chart Lump Sum Benefit Recipient, Benefit Not Yet Paid



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.



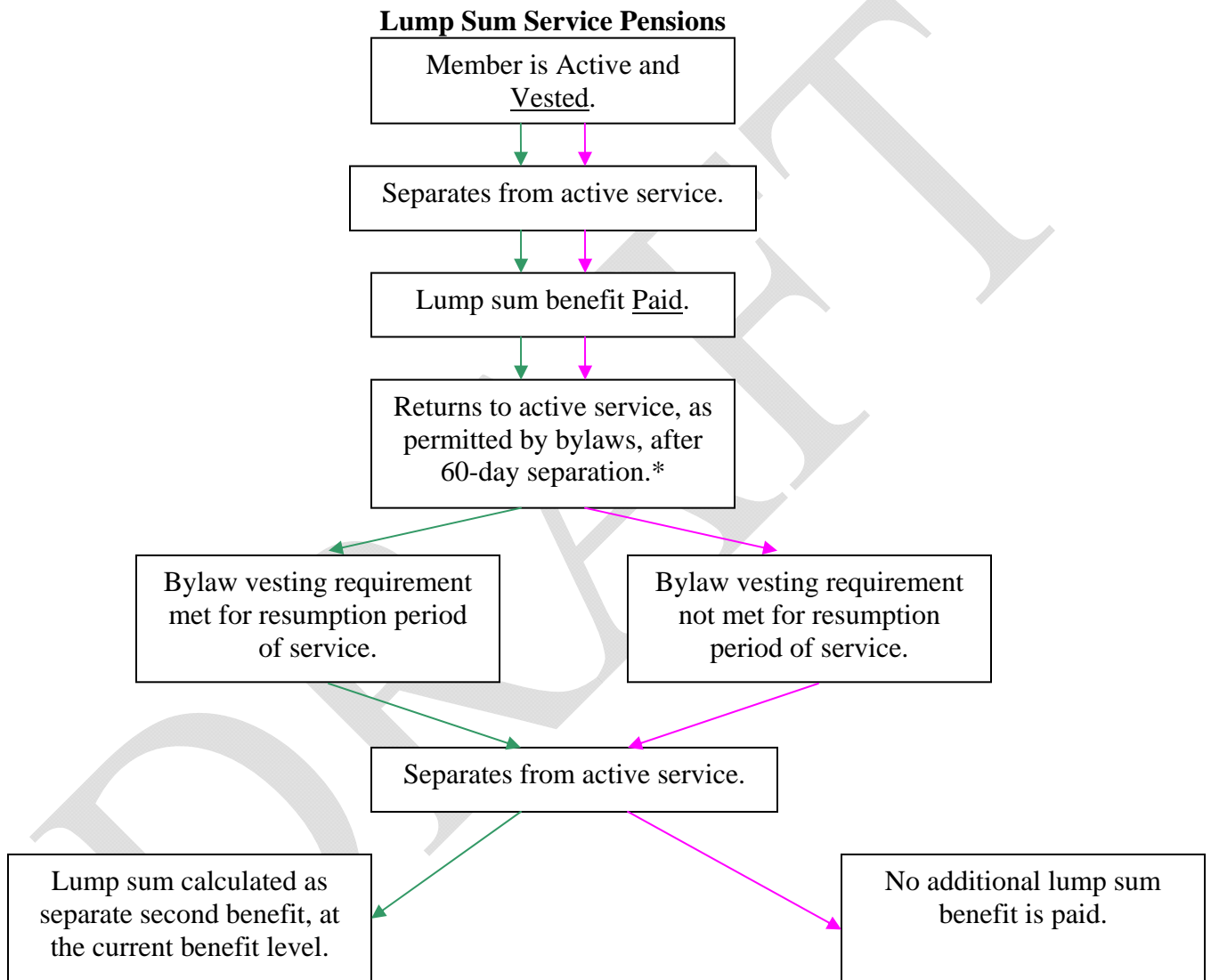
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Return to Service Flow Chart Lump Sum Benefit Recipient, Benefit Has Been Paid



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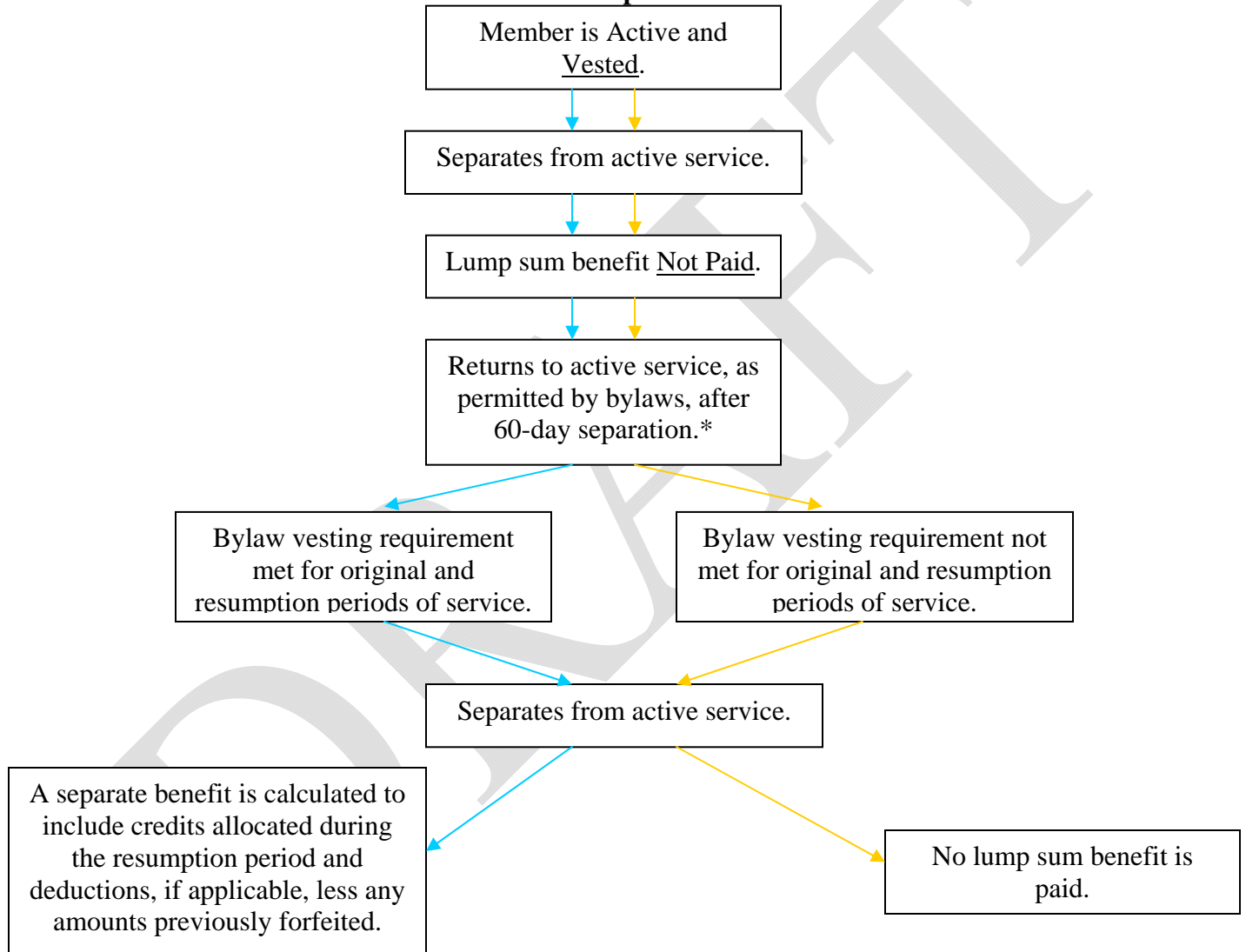
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Return to Service Flow Chart Defined Contribution Benefit Recipient, Benefit Not Yet Paid

Defined Contribution Lump Sum Service Pensions



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.



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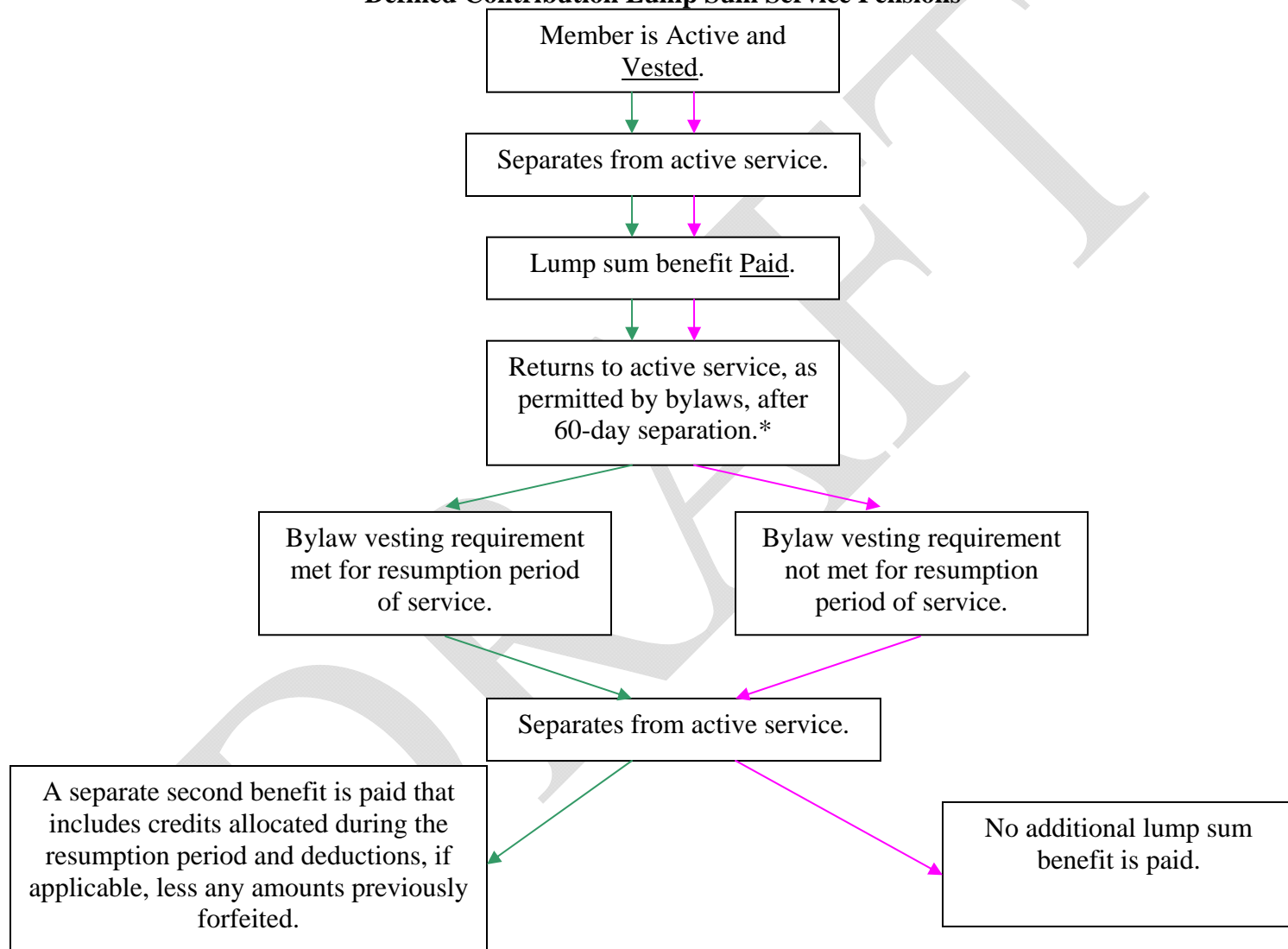
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Return to Service Flow Chart Defined Contribution Benefit Recipient, Benefit Has Been Paid

Defined Contribution Lump Sum Service Pensions



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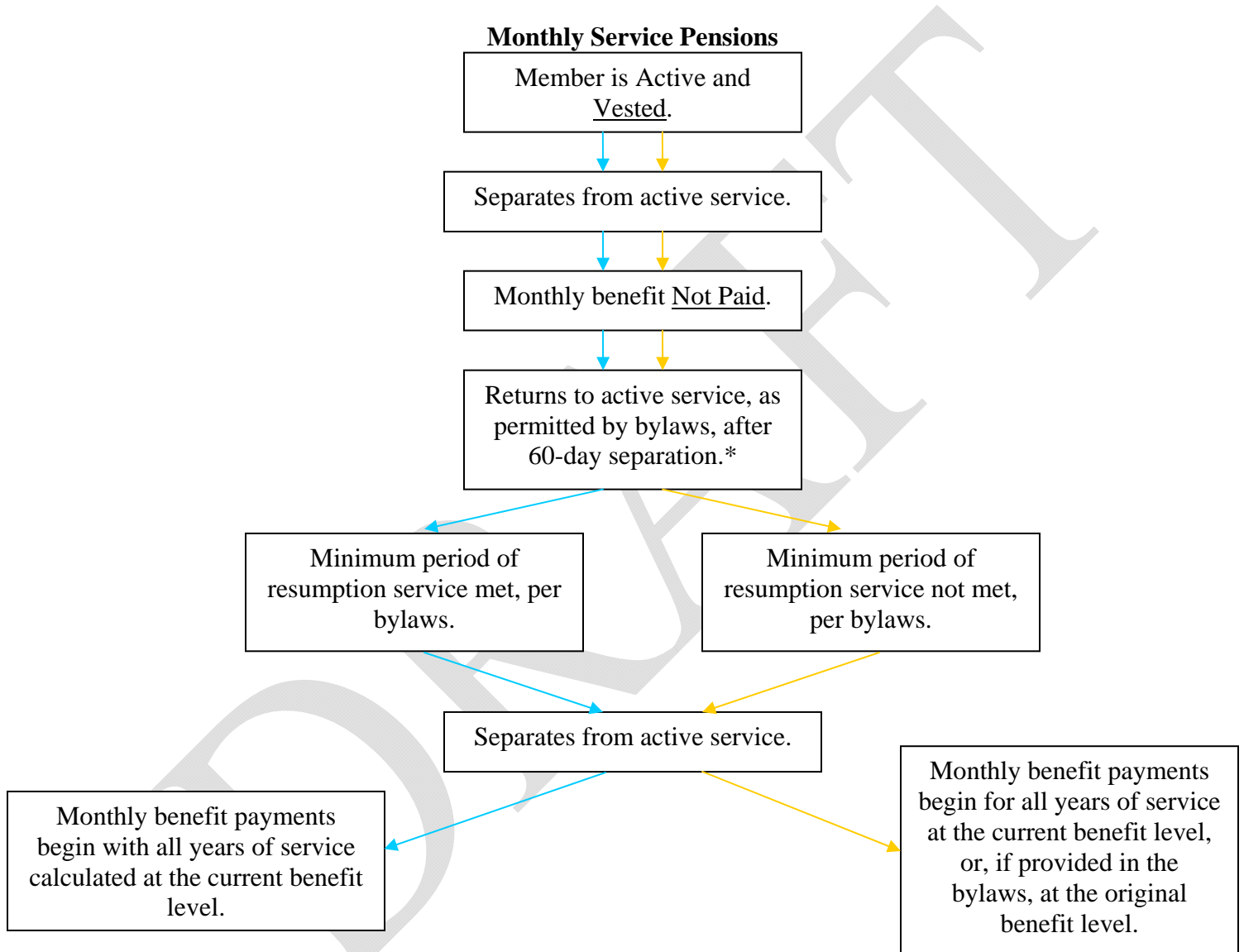
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Return to Service Flow Chart Monthly Benefit Recipient, Benefit Not Yet Paid



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.



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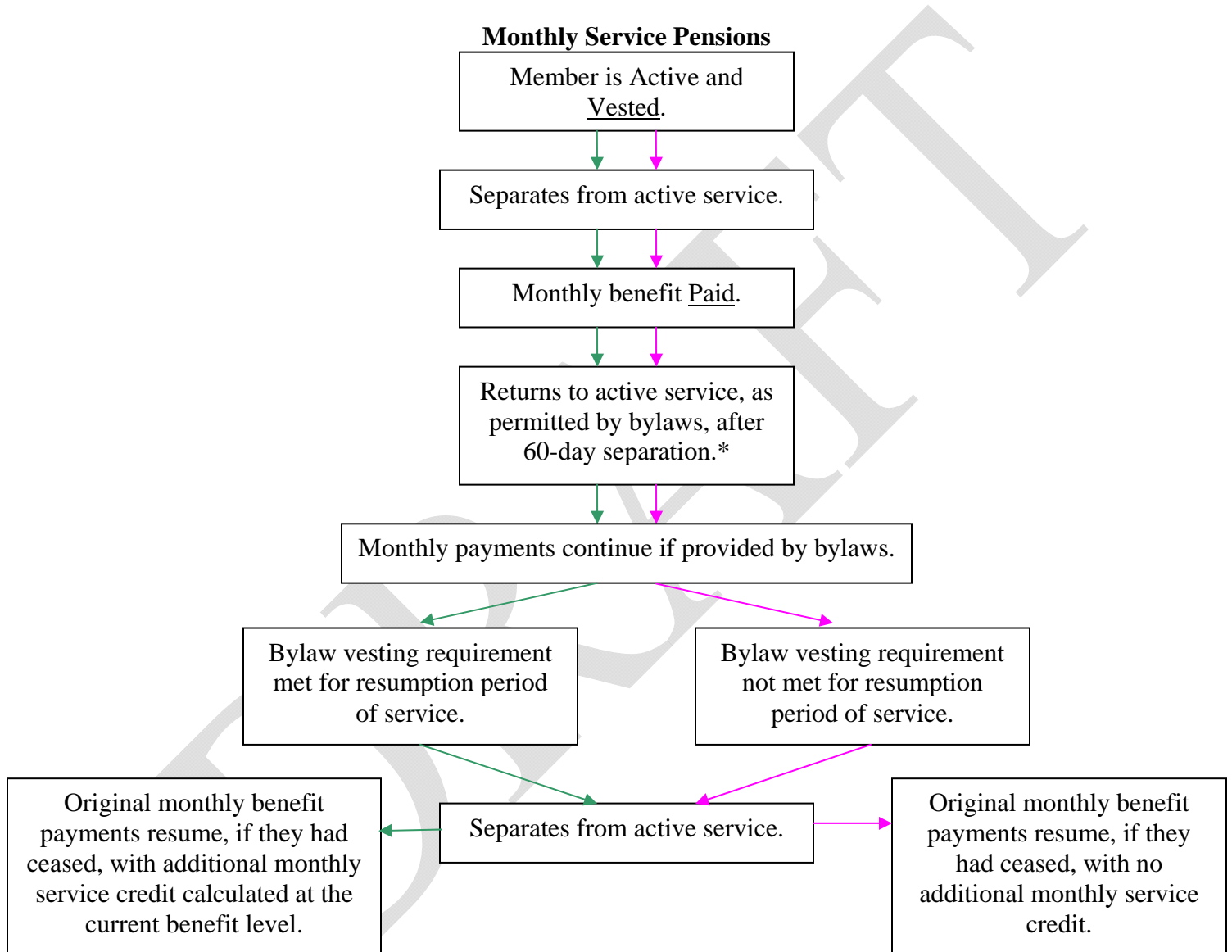
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Return to Service Flow Chart Monthly Benefit Recipient, Benefits Being Paid



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.