



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@osa.state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

*****PRESS RELEASE*****

State Auditor Otto Releases Financial and Investment Report

Contact: Jim Levi, Office of the State Auditor, (651) 297-3683, Jim.Levi@osa.state.mn.us

ST. PAUL (3/14/2013) – State Auditor Rebecca Otto today released the 2011 Financial and Investment Report on Volunteer Fire Relief Associations. The report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota’s volunteer fire relief associations for the year ended December 31, 2011. This report includes information on 691 of the 701 relief associations that were in existence during 2011.

Relief associations are governmental entities that receive and manage public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response. Custom benchmark rates of return, calculated by the Office of the State Auditor for each relief association for this report, provide a standard against which investment performance may be measured for this group.

Highlights from the report include:

Current Trends

- A total of \$29.8 million in service pensions was paid out by 399 different relief associations in 2011. The \$29.8 million paid out in 2011 represents a 7.2 percent increase from the \$27.8 million paid in 2010.
- Relief associations held \$428.4 million in net assets at the end of 2011, representing accrued benefits for 20,183 firefighters.
- In 2011, relief associations received \$17.2 million in fire state aid, a 0.6 percent increase from the amount received in 2010.
- Relief associations received \$12.1 million in municipal contributions in 2011, an 8.3 percent decrease from the \$13.2 million received in 2010. Of the \$12.1 million received in municipal contributions, \$8.2 million was required to be contributed by statute. This required municipal contribution amount was roughly \$1.6 million less than was required in 2010.

-- more --

- Investment losses totaled \$3.3 million in 2011, a significant change from the investment gains of \$40.5 million earned in 2010.
- In 2011, relief associations had an average rate of return of negative 0.5 percent. Investment returns decreased from the 8.7 percent average rate of return in 2010.
- Rates of return for 220 relief associations, or 31.7 percent, matched or exceeded their calculated custom benchmark rates of return during 2011. This is down from the 69.5 percent of relief associations that matched or exceeded their benchmark return in 2010.

Long-Term Trend

- The average rate of return for relief associations over the past ten years was 3.4 percent, below the statutory interest rate assumption of five percent.

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

<https://www.auditor.state.mn.us/default.aspx?page=20130313.003>.

-- 30 --

The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see <http://www.auditor.state.mn.us/default.aspx?page=bio>.