

RELIEF ASSOCIATIONS

LEGAL COMPLIANCE MANUAL

RELIEF ASSOCIATIONS

Introduction

For each of the different types of relief associations, the following checklist cites the primary statutory provisions applicable to relief associations:

Police Relief Associations

- Generally - Minn. Stat. §§ 423A.01-.22
- Minneapolis - Minn. Stat. §§ 69.77, .80 and § 423B.01-.21
- Fairmont - Minn. Stat. §§ 423.41-.62 (2000); *see* 2002 Minn. Laws, ch. 392, art. 1, § 8.

Salaried Firefighters' Relief Associations

- Generally - Minn. Stat. §§ 423A.01-.22
Minn. Stat. §§ 69.77, .80
- Minneapolis - Minn. Stat. ch. 423C
- Bloomington - Minn. Stat. ch. 424 (2000) (to the extent applicable); *see* 2002 Minn. Laws, ch. 392, art. 1, § 7.

Volunteer Firefighters' Relief Associations

- Minn. Stat. §§ 69.771-.776; Minn. Stat. § 69.80
Minn. Stat. §§ 424A.001-.10

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.

| Minn. Stat. Section | RELIEF ASSOCIATIONS | Yes | No | Workpaper Reference |
|---|--|-------|-------|---------------------|
| | Part I. Special Fund/General Fund (For All Relief Associations) | | | |
| §§ 424A.05, 424.15 (2000), & 423.50 (2000) See 423C.04 & 423B.06 | 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), & 423.50 (2000) See 423C.04 | B. Were all other funds deposited in the association's general fund, if established? | _____ | _____ | _____ |
| §§ 349.12, subd. 25(b)(6), & 471.6151 | C. Were gambling proceeds <u>not</u> placed in the special fund? | _____ | _____ | _____ |
| §§ 424A.05, 423.51 (2000), & 423C.04 See 423B.07 | D. Were <u>benefits</u> paid from the special fund only for: <ol style="list-style-type: none"> 1. the relief of sick, injured, and disabled members of the relief association, their surviving spouses and orphans (or in the case of volunteers firefighters' relief associations, the member's surviving spouse and surviving children, or if none, to designated beneficiaries as allowed by Minn. Stat. § 424A,05, subd. 3); and 2. the payment of disability and service pensions to members of the relief association; 3. for volunteer firefighters' relief associations, fees, dues, and assessments allowed by Minn. Stat. § 424A.05, subd. 3(5); 4. Were disbursements authorized by the bylaws? | _____ | _____ | _____ |
| § 69.80 | E. Were <u>administrative expenses</u> from the special fund paid only as follows: <ol style="list-style-type: none"> 1. <u>office expenses</u>, including (but not limited to) rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, and fixtures; 2. salaries and itemized expenses of the president, secretary and treasurer, or their designees, and any other official of the relief association to whom a salary is payable under bylaws or articles of incorporation in effect on January 1, 1986; 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; | _____ | _____ | _____ |

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| <p>§ 424A.06</p> <p>§ 69.80</p> | <p>Part I. Special Fund/General Fund (For All Relief Associations) (Continued)</p> <p>5. reasonable and necessary expenses of officers, board of trustees or their designees, actually paid and incurred;</p> <p>6. <u>premiums</u> on fiduciary liability <u>insurance</u> and official bonds for officers, members of the board of trustees, and employees of the relief association;</p> <p>7. salaries of administrative personnel; and</p> <p>8. for the Minneapolis Police Relief Association, disbursements authorized by Minn. Stat. § 423B.07?</p> <p>F. Were all other expenses paid from the general fund?</p> <p>1. In the case of a volunteer firefighter's relief association, were disbursements from the general fund made for a purpose authorized by the association's articles of incorporation or bylaws?</p> <p>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?</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> |
| <p>§ 356A.06</p> | <p>Part II. Investments (Short List)</p> | | | |
| <p>§ 356A.06, subd. 6</p> | <p>The following securities are proper investments for relief associations with assets with a book value of \$1,000,000 or less and which do not use:</p> <ul style="list-style-type: none"> - a registered or licensed investment advisor to invest at least 60 percent of its assets (book value); - the State Board of Investment (SBI) to invest at least 60 percent of its assets (book value); or - a combination of a registered or licensed investment advisor and the SBI for at least 75 percent of its assets (book 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>. <p>A. Certificates of Deposit</p> <p>If the fund invested in certificates of deposit, were they issued by financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA), or are fully collateralized by pledged marketable securities pursuant to Minn. Stat. § 118A.03?</p> | <p>_____</p> | <p>_____</p> | <p>_____</p> |

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| § 356A.06 | Part II. Investments (Short List) (Continued) | | | |
| | B. Savings Accounts | | | |
| | 1. If the fund placed money in a savings account with a financial institution, was it fully insured by FDIC/NCUA? | _____ | _____ | _____ |
| | C. Government Obligations | | | |
| | 1. If the fund is invested in federal governmental obligations, were the obligations issued by the United States, its agencies or instrumentalities, or by an organization established and regulated by an act of Congress? | _____ | _____ | _____ |
| | 2. If the fund is invested in state or local obligations: | | | |
| | a. Were the obligations issued by the state, its agencies or instrumentalities, municipalities, or other governmental or political subdivision? | _____ | _____ | _____ |
| | 3. State or Federal Obligation Requirements. | | | |
| | a. Does the obligation's investment yield equal or exceed the stated investment yield of debt securities not exempt from federal income taxation and of comparable quality? | _____ | _____ | _____ |
| | b. If the obligation was a revenue bond, was the governmental or political entity issuing it completely self-supporting for the last five years? or | | | |
| c. If the obligation was not a revenue bond: | | | | |
| (1) was it backed by the full faith and credit of the applicable taxing jurisdiction; and | | | | |
| (2) was the issuing entity not in default on the payment of interest or principal on this or any other nonrevenue bond obligation issued in the past ten years? | _____ | _____ | _____ | |
| D. Corporate Obligations | | | | |
| 1. If the fund invested in corporate obligations, were they: | | | | |
| a. issued by a United States corporation; | _____ | _____ | _____ | |
| b. with an average annual net pre-tax earnings in the past five years that exceeded annual interest and principal payments on the total issued debt of the corporation by 50 percent; and | _____ | _____ | _____ | |
| c. the obligation in question was rated in one of the top three quality categories by Moody's Investors Service, Inc., or Standard and Poor's Corporation? | _____ | _____ | _____ | |

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| | <p style="text-align: center;">Part II. Investments (Short List) (Continued)</p> <p>E. Investment Companies</p> <p>1. If the fund invested in an open-end investment company:</p> <p style="padding-left: 40px;">a. was it registered under the Federal Investment Company Act of 1940; and</p> <p style="padding-left: 40px;">b. did it only invest in those investments defined in A through D above?</p> <p>F. Were all of the association's investments permitted in A through E above?</p> | _____ _____ | _____ _____ | _____ _____ |
| §§ 69.77, subd. 2g, 69.775, & 356A.06 | Part III. Investments (Long List) | | | |
| § 356A.06, subd. 7 | <p>The following securities are proper investments for:</p> <ul style="list-style-type: none"> - All relief associations with assets with a book value in excess of \$1,000,000; and - Those relief associations with assets with a book value of \$1,000,000 or less, provided that the association: <ul style="list-style-type: none"> - uses the services of a registered or licensed investment advisor for the investment of at least 60 percent of its assets (book value); - uses the services of the State Board of Investment (SBI) for the investment of at least 60 percent of its assets (book value); or - uses a combination of services of an investment advisor and the SBI for the investment of at least 75 percent of its assets. <p>A. Government Obligations</p> <p>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 or rated among the top four quality rating categories by a nationally recognized rating agency?</p> <p>2. Were the government obligations guaranteed or insured issues of:</p> <p style="padding-left: 40px;">a. the United States, its agencies or instrumentalities, or organizations created and regulated by an act of Congress;</p> | _____ _____ | _____ _____ | _____ _____ |

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| | <p style="text-align: center;">Part III. Investments (Long List) (Continued)</p> <p>b. Canada or its provinces; (Note: Interest must be payable in United States dollars.)</p> <p>c. the states, their municipalities, political subdivisions, agencies or instrumentalities;</p> <p>d. the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other United States government sponsored organization of which the United States is a member? (Note: Interest must be payable in United States dollars.)</p> <p>B. Corporate Obligations</p> <p>1. If the association invested in corporate obligations:</p> <p>a. were they bonds, notes, debentures, transportation equipment obligations, or any longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or its states or the Dominion of Canada or its provinces (principal and interest payable in United States dollars)?</p> <p>2. Were the corporate obligations rated among the top four quality categories by a nationally recognized rating agency?</p> <p>C. Other Obligations</p> <p>1. If the association invested in bankers acceptances or deposit notes of United States banks, were they issued by banks rated in the highest four quality categories by a nationally recognized rating agency?</p> <p>2. If the association invested in certificates of deposit (CD's), were the CD's:</p> <p>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</p> <p>b. issued by credit unions in amounts up to the limit of insurance coverage provided by the National Credit Union Administration?</p> <p>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?</p> | | | |

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| | <p style="text-align: center;">Part III. Investments (Long List) (Continued)</p> <p>4. If the association invested in mortgage participation or pass-through certificates evidencing interest in pools of first mortgages or trust deeds, were they:</p> <p style="margin-left: 20px;">a. on improved real estate located in the United States;</p> <p style="margin-left: 20px;">b. with a loan to value ratio of 80 percent or less as calculated under Minn. Stat. § 61A.28, subd. 3; <u>and</u></p> <p style="margin-left: 20px;">c. in all other respects, in conformance with the requirements of Minn. Stat. § 61A.28, subd. 3?</p> <p>5. Minnesota Housing Finance Agency</p> <p style="margin-left: 20px;">a. If the association purchased from the Minnesota Housing Finance Agency all or part of any pool of residential mortgages, were they:</p> <p style="margin-left: 40px;">(1) not in default; and</p> <p style="margin-left: 40px;">(2) previously financed by the issuance of bonds or notes of the agency?</p> <p style="margin-left: 20px;">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:</p> <p style="margin-left: 40px;">(1) was the specified future date not more than 12 years from the date of the issue?</p> <p style="margin-left: 20px;">c. If the association entered into agreements with the agency for the investment of any portion of the funds of the agency:</p> <p style="margin-left: 40px;">(1) did the agreement cover the period of the investment, withdrawal privileges, and any guaranteed rate of return?</p> <p>6. If the association entered into any repurchase or reverse repurchase agreements, was the subject matter/collateral for them:</p> <p style="margin-left: 20px;">a. letters of credit; or</p> <p style="margin-left: 20px;">b. securities that the relief association could have directly invested in?</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> |

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| | <p style="text-align: center;">Part III. Investments (Long List) (Continued)</p> <p>7. If the association invested in any guaranteed investment contracts:</p> <ul style="list-style-type: none"> 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? <p>8. If the fund put assets in a savings account, was the account fully insured by federal agencies?</p> <p>9. If the fund invested in asset-backed securities, were they rated in the top four quality categories by a nationally recognized rating agency?</p> <p>D. Corporate Stocks</p> <p>If the association invested in the stock or convertible issues of a corporation,</p> <p>1. Was the corporation at least one of the following:</p> <ul style="list-style-type: none"> a. organized under the laws of the United States or its states; b. organized under the laws of the Dominion of Canada or its provinces; or c. listed on either the New York or American Stock Exchange? <p>2. Did the total value of corporate stock investments, as adjusted for realized profits and losses, <u>not</u> exceed 85 percent of the lesser of:</p> <ul style="list-style-type: none"> a. the market value of the fund, less the total value of investments under E. Other Investments, infra; <u>or</u> b. the book value of the fund less the total value of investments under E. Other Investments, infra? c. did the investments never exceed five percent of the total outstanding shares of any one corporation? | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> |

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| | <p style="text-align: center;">Part III. Investments (Long List) (Continued)</p> <p>E. Other Investments</p> <p>1. The association may invest in the following investments, subject to the restrictions below:</p> <ul style="list-style-type: none"> a. <u>Venture Capital</u> investment businesses through participation in <u>limited partnerships</u> and corporations; b. <u>Real estate ownership interests or loans</u> secured by mortgages or deeds of trust through investment in <u>limited partnerships</u>, <u>bank sponsored collective funds</u>, <u>trusts</u>, and insurance company commingled accounts, including separate accounts; c. <u>Regional</u> and <u>mutual funds</u> through bank sponsored <u>collective funds</u> and open-end <u>investment companies</u> registered under the Federal Investment Company Act of 1940; d. <u>Resource</u> investments through <u>limited partnerships</u>, <u>private placements</u>, and <u>corporations</u>; and e. International securities. <p>2. If the association invested in any of the above enumerated investments:</p> <ul style="list-style-type: none"> a. did the total value of the 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 relief association) made under E.1(a), (b), (c), and (d) above? _____ c. did the association's participation equal 20 percent or less of the total value of the investment for investments made under E.1(a), (b), (c), and (d) above? _____ d. did the association's limited partnership participation and activity <u>not</u> create general liability on the part of the association? _____ <p>F. Options and Future Contracts</p> <p>If the association invested in any put and call options or future contracts, were they:</p> <ul style="list-style-type: none"> 1. related to those securities that are proper direct investments for the association; _____ 2. traded on a contract market regulated by a federal agency or by a financial institution regulated by a governmental agency; _____ | | | |

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| | <p style="text-align: center;">Part III. Investments (Long List) (Continued)</p> <p>3. was the agreement entered into with a fully offsetting amount of cash or securities; and</p> <p>4. were only securities authorized by Minn. Stat. § 356A.06, <u>excluding</u> those under Minn. Stat. § 356A.06, subd. 7(g)(1)(i) - (iv), accepted as collateral or offsetting securities?</p> <p>G. If the relief association entered into an agreement to lend securities:</p> <p>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</p> <p>2. were only securities authorized by Minn. Stat. § 356A.06, <u>excluding</u> those under Minn. Stat. § 356A.06, subd. 7(g)(1)(i) - (iv), accepted as collateral?</p> <p>H. Were each of the association's investments permitted in sections A through G above?</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> |
| | Part IV. Investments - All Reliefs | | | |
| §§ 69.77, subd. 2g, 69.775, & 11A.17 | 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, was the real estate nonfarm real estate located in Minnesota? | _____ | _____ | _____ |
| §§ 69.775 & 69.77, subd. 2g | C. Did the association's investment in open-end investment companies registered under the Federal Investment Company Act of 1940, with investments that consist of securities listed above in Part III, not exceed 75 percent of the value of the fund? | _____ | _____ | _____ |
| § 356A.06, subd. 8b | <p>D. Before the relief association completed an investment transaction with or in accord with the advice of a broker:</p> <p>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;</p> <p>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; and</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> |

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| § 356A.06, subds. 6 & 7 | <p align="center">Part IV. Investments - All Reliefs (Continued)</p> <p>3. did the broker provide this written acknowledgment to the chief administrative officer of the relief association?</p> <p>E. Investment in annuities is not permitted by the short list or the long list.</p> <p>Did the relief association <u>not</u> invest in annuities?</p> | <p align="center">_____</p> <p align="center">_____</p> | <p align="center">_____</p> <p align="center">_____</p> | <p align="center">_____</p> <p align="center">_____</p> |
| | <p align="center">Part V. Investment Reporting</p> | | | |
| § 356.219 | <ul style="list-style-type: none"> - 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 \$10,000,000 or more at the beginning of the calendar year must report specified information, broken down into accounts, portfolios, or asset classes on a monthly basis, on the appropriate form prescribed by the OSA. - A relief association not fully invested with the SBI, which has a total market value that has never equaled or exceeded \$10,000,000 since January 1, 1997, 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. | | | |
| | <p>A. For all relief associations:</p> <ul style="list-style-type: none"> 1. Has the relief association submitted the investment policy statement in effect on June 30, 1997, and subsequent revisions? <p>B. For a relief association that has had a total market value of \$10,000,000 or more since January 1, 1997:</p> <ul style="list-style-type: none"> 1. Has the relief association filed all of the required investment information on the appropriate form prescribed by the OSA; or | <p align="center">_____</p> | <p align="center">_____</p> | <p align="center">_____</p> |

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| | <p style="text-align: center;">Part V. Investment Reporting (Continued)</p> <p>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 SBI with the OSA?</p> <p>C. For a relief association that has not had a total market value of \$10,000,000 or more:</p> <p>1. Has the relief association filed all of the required investment information with the OSA on the appropriate form prescribed by the OSA; or</p> <p>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 SBI with the OSA?</p> <p>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?</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> |
| | Part VI. Economic Interest Statement | | | |
| § 356A.06, subd. 4 | <p>A. For volunteer firefighter relief associations, nonprofit firefighting corporations, and paid firefighter and police relief associations with assets under \$8,000,000:</p> <p>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:</p> <p>a. the person's principal occupation and principal place of business;</p> <p>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</p> <p>c. any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest?</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> | <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p> |

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| | <p align="center">Part VI. Economic Interest Statement (Continued)</p> <p>B. For paid firefighter and police relief associations with assets of \$8,000,000 or more:</p> <p>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?</p> <p>C. For all relief associations and firefighting corporations mentioned in A or B above:</p> <p>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?</p> | <p align="center">_____</p> <p align="center">_____</p> | <p align="center">_____</p> <p align="center">_____</p> | <p align="center">_____</p> <p align="center">_____</p> |
| | <p align="center">Part VII. Other Requirements for Relief Associations</p> | | | |
| <p>§ 69.77, subd. 10</p> <p>§ 69.77, subd. 10</p> | <p>A. If the relief association was the Fairmont Police Relief Association, the Minneapolis Firefighters Relief Association or Police Relief Association, the Virginia Fire Department Relief Association, or the Bloomington Firefighter's Relief Association:</p> <p>1. Did the association prepare an actuarial valuation showing the condition of the special fund as of December 31 every year?</p> <p>2. Was the actuarial valuation prepared pursuant to the guidelines of Minn. Stat. §§ 356.215, 356.216, and any applicable standards established by the Legislative Commission on Pensions and Retirement?</p> <p>3. Was a copy of the actuarial valuation sent on or before July 1 of the following year to:</p> <p>a. the Executive Director of the Legislative Commission on Pensions and Retirement;</p> <p>b. the Director of the Legislative Reference Library;</p> <p>c. the municipal governing body; and</p> <p>d. the State Auditor?</p> | <p align="center">_____</p> <p align="center">_____</p> <p align="center">_____</p> <p align="center">_____</p> | <p align="center">_____</p> <p align="center">_____</p> <p align="center">_____</p> <p align="center">_____</p> | <p align="center">_____</p> <p align="center">_____</p> <p align="center">_____</p> <p align="center">_____</p> |

| Minn. Stat. Section | RELIEF ASSOCIATIONS | Yes | No | Workpaper Reference |
|---|--|-----|----|------------------------|
| § 69.773, subd. 2 <u>See</u> GASB 25 | <p style="text-align: center;">Part VII. Other Requirements for Relief Associations (Continued)</p> <p>B. If the relief association was a volunteer firefighter relief association paying or allowing monthly service pensions:</p> <ol style="list-style-type: none"> 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. § 69.773, 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: <ol style="list-style-type: none"> a. the municipal governing body; and b. the State Auditor? <p>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. § 69.772 complied with?</p> | | | |
| | § 69.051, subd. 2 | | | |

| Minn. Stat. Section | RELIEF ASSOCIATIONS | Yes | No | Workpaper Reference |
|---|---|---|---|---|
| | <p align="center">Part VII. Other Requirements for Relief Associations (Continued)</p> <p>F. Did the association certify the financial requirements of the special fund and the minimum obligation of the municipality:</p> <p>§ 69.77, subd. 5</p> <p>1. between August 1 and September 1 in the case of police and paid firefighter relief associations; and</p> <p>§§ 69.772, subd. 4, & 69.773, subd. 5</p> <p>2. prior to August 1 in the case of volunteer firefighter associations?</p> <p>G. Did the municipality pay the minimum obligation as certified by the relief association?</p> <p>§§ 69.77, subd. 6; 69.771, subd. 2; 69.772, subd. 4; & 69.773, subd. 5</p> <p>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?</p> <p>§§ 69.77, subd. 7; 69.772, subd. 4; & 69.773, subd. 5</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> |
| | <p align="center">Part VIII. Requirements for Salaried Relief Associations (Police and Firefighters)</p> | | | |
| <p>§ 423A.22, subd. 2</p> <p>§ 423A.22, subd. 2</p> <p>§ 423A.22, subd. 1</p> | <p>A. Did the municipality designate an official to receive and deposit all money received for the special fund?</p> <p>B. Did the official designated countersign all disbursements of \$5,000 or more?</p> <p>C. If the association hired an institution to administer its financial affairs, did the official designated by the municipality:</p> <p>1. approve the trustee agreement; and</p> <p>2. countersign authorizations of all disbursements for \$5,000 or more?</p> <p>D. Did the board report to the municipality at least once in the preceding year, regarding:</p> <p>1. the required municipal support under Minn. Stat. § 69.77?</p> <p>2. the financial condition of the relief association under Minn. Stat. § 69.051?</p> <p>3. the association's investment objectives and performance?</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> |

| Minn. Stat. Section | RELIEF ASSOCIATIONS | Yes | No | Workpaper Reference |
|---------------------|---|--|--|--|
| § 423A.21, subd. 2 | Part VIII. Requirements for Salaried Relief Associations (Continued) | | | |
| | 4. surety bond amounts for the secretary and treasurer pursuant to Minn. Stat. § 69.051? and | _____ | _____ | _____ |
| | 5. the annual administrative budget? | _____ | _____ | _____ |
| | E. Did the board of trustees include at least two members appointed by the municipality? | _____ | _____ | _____ |
| | 1. Did the municipal representatives have full rights and privileges of board membership, including full voting powers? 2. Was at least one municipal representative on any investment subcommittee formed by the board? | _____ _____ | _____ _____ | _____ _____ |
| | Part IX. Requirements of Volunteer Relief Associations | | | |
| § 424A.02, subd. 3 | A. 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? | _____ | _____ | _____ |
| § 424A.04 | B. 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.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. Did the board consist of: <ul style="list-style-type: none"> a. six members elected from the membership of the relief association; and b. three "ex officio" members: <ul style="list-style-type: none"> (1) the mayor; (2) the clerk, clerk treasurer, or financial director; and (3) the chief of the municipal fire department? | _____ _____ | _____ _____ | _____ _____ |
| | D. For a relief association that is a subsidiary of an independent non-profit firefighting corporation, did it have a ten-member board of trustees, with six members elected by the association, three members drawn from officials designated by the municipality (ex officio) and the fire chief? | _____ | _____ | _____ |

| Minn. Stat. Section | RELIEF ASSOCIATIONS | Yes | No | Workpaper Reference |
|---------------------|---|-------|-------|---------------------|
| § 424A.02, subd. 1 | Part IX. Requirements of Volunteer Relief Associations (Continued) | | | |
| | 1. If two municipalities contracted with the firefighting corporation, did two of the ex officio trustees come from the larger municipality? | _____ | _____ | _____ |
| | 2. If three or more municipalities contracted with the firefighting corporation, was there one ex officio member from each of the three largest municipalities? | _____ | _____ | _____ |
| | E. If a member of the board of trustees was a retired member of the relief association, did the bylaws of the association specifically allow such membership? | _____ | _____ | _____ |
| | F. If the relief association lacks ex officio members provided for in Minn Stat. § 424A.04, subd. 1(a) & (b) because the fire department is not located in or associated with an organized municipality, were the ex officio members appointed from the fire department service area by the board of commissioners of the applicable county? | _____ | _____ | _____ |
| | G. 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: <ol style="list-style-type: none"> 1. Was the person employed subsequent to retirement by the municipality or firefighting corporation to perform duties within the fire department or corporation on a full-time basis; and 2. 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 | H. Conditions on Relief Association Consultants <ul style="list-style-type: none"> - 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 licensed public accountant or 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>If the relief association, on or after July 1, 2001, hired or contracted with a consultant to provide legal or financial advice, did the relief association obtain and did the consultant provide a copy of the consultant's certificate of insurance?</p> | _____ | _____ | _____ |

| Minn. Stat. Section | RELIEF ASSOCIATIONS | Yes | No | Workpaper Reference |
|---------------------|---|-------|-------|---------------------|
| | <p style="text-align: center;">Part XI. Municipalities Without Fire Relief Associations (Continued)</p> <p>2. were the funds only used for:</p> <p style="margin-left: 40px;">a. payment of fees, dues, and assessments to the Minnesota State Fire Department Association and to the State Volunteer Firefighters Benefit Association;</p> <p style="margin-left: 40px;">b. payment of the cost of purchasing and maintaining fire department equipment; or</p> <p style="margin-left: 40px;">c. payment of the cost of construction, acquisition, repair, or maintenance of buildings or other places housing the fire department?</p> | _____ | _____ | _____ |
| | <p>Part XII. Police or Salaried Firefighters Relief Association Consolidating into the Public Employees Retirement Association (PERA)</p> | | | |
| § 353A.07, subd. 3 | A. Were all assets of the relief association transferred to PERA? | _____ | _____ | _____ |
| | Part XIII. Non-Profit Corporation | | | |
| § 424A.07 | A. If a non-profit firefighting corporation is being examined, did it establish a relief association pursuant to Minn. Stat. § 424A prior to receiving state aid and prior to paying service pensions or retirement benefits? | _____ | _____ | _____ |

Part XIV. Audit Conclusion

The auditor must state a conclusion--based on this questionnaire and any other audit procedures performed--whether the client has complied with the legal provisions reviewed relating to relief associations.

Conclusion: _____
