



**State Auditor  
Rebecca Otto**

# OFFICE OF THE STATE AUDITOR

## *E-Update*

*The official online news  
publication of the Office  
of the State Auditor*

**October 5, 2012**

1. Reminder: Fire State Aid
2. Meeting: Council on Local Results and Innovation
3. Meeting: Collaborative Governance Council
4. Revised: Statement of Position on Town Borrowing and Debt
5. Released: Pension Newsletter & TIF Newsletter
6. Avoiding Pitfalls: Fire State Aid in "Combination" Communities

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### **1. Reminder: Fire State Aid**

Fire state aid was disbursed this week for most volunteer fire relief associations in Minnesota. The municipal treasurer is required under State law to transmit fire state aid to the treasurer of the affiliated relief associations within 30 days after receipt, if there is a relief association organized and the association has filed a financial report with the municipality.

The Reporting Form that must annually be signed by the municipal clerk and submitted to the Office of the State Auditor may be used as the financial report referred to in this statutory provision. The relief association treasurer should ensure that the fire state aid is promptly deposited into the association's Special Fund.

A listing of the 2012 fire state aid amounts is available on our website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120927.000>.

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### **2. Meeting: Council on Local Results and Innovation**

The next meeting of the Council on Local Results and Innovation will be held on Wednesday, October 10 at 1:00 p.m. in the League of Minnesota Cities building, 145 University Avenue West, St. Paul. Council meetings are open to the public. For more information on the Council and to access meeting materials, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20100916.000>.

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### **3. Meeting: Collaborative Governance Council**

The next meeting of the Collaborative Governance Council will be held on Wednesday, October 17 at 1:00 p.m. in the League of Minnesota Cities building, 145 University Avenue West, St. Paul. Council meetings are open to the public. For more information, go to:

<https://www.auditor.state.mn.us/default.aspx?page=20100702.000>.

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### **4. Revised: Statement of Position on Town Borrowing and Debt**

The Statement of Position on Town Borrowing and Debt has been revised for clarification. The revised Statement can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20110531.004>.

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### **5. Released: Pension Newsletter & TIF Newsletter**

#### **Pension Newsletter**

The September **Pension Newsletter** has been released. It provides information about 2012 fire and police state aid. The Newsletter also provides information about records management and retention for volunteer fire relief associations, investing through the State Board of Investment, and the sample bylaw guides.

The complete Newsletter can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=pensionDocs>.

#### **TIF Newsletter**

The September **TIF Newsletter** has been released. The Newsletter contains a reporting reminder and answers to frequently-asked questions about interfund loans. The Newsletter can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=tifDocs>.

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### **6. Avoiding Pitfalls: Fire State Aid in "Combination" Communities**

Fire departments in some communities consist of both volunteer firefighters and paid full-time firefighters. These fire departments are frequently referred to as “combination” departments. Questions regarding the division of fire state aid sometimes arise in these communities.

If a volunteer fire relief association exists to provide service pensions to the volunteer firefighters of a combination department, all fire state aid received by the affiliated municipality must be transferred to the relief association. If the volunteer firefighters are covered by the statewide volunteer firefighter retirement plan, all fire state aid is transferred to the Public Employees Retirement Association for deposit in the entity’s account.

Fire state aid may only be used for other purposes in instances where the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide retirement plan, where there is no relief association organized, or where the association has dissolved or has been removed as trustees of state aid. Under these circumstances, the treasurer of the municipality must deposit the fire state aid in the municipal treasury and the money may be disbursed only for the purposes authorized under [Minn. Stat. § 424A.08](#) or for the payment of the employer contribution requirement with respect to firefighters covered by the Public Employees Police and Fire Retirement Plan.

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