



# Pension Division Newsletter

March 2024

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## Updated 2023 State Aid Amounts

A list of updated 2023 state aid amounts from the Department of Revenue (DOR) is posted on the Office of the State Auditor (OSA)'s [website](#). The supplemental state aid amounts for about 120 relief associations were reduced slightly to correct for an aid calculation mistake that the DOR identified. It is our understanding that aid amounts for these entities will be adjusted when 2024 state aid is paid, to make up for the 2023 reductions. The reductions affect those relief associations that received 2023 state aid distributions in March 2024.

The supplemental state aid amounts populated in the 2023 FIRE Form and 2024 Schedule Form have been updated to reflect the reductions. Any forms downloaded on or after March 28, 2024, will contain the updated aid amounts. If you have already downloaded your reporting forms there's no need to download new versions unless you wish to do so. Any adjustments that are needed to state aid amounts reported on forms downloaded prior to the March 28 updates will be made by OSA staff during our review of the reports.

## Reporting Reminder

Relief associations with special fund assets of less than \$750,000 and special fund liabilities of less than \$750,000 must submit 2023 reporting forms and an agreed-upon procedures report by March 31, 2024.

Relief associations with special fund assets or liabilities of at least \$750,000 have a June 30 reporting deadline and must submit an audit rather than an agreed-upon procedures report.

Reporting forms are accessed through the [State Auditor's Form Entry System \(SAFES\)](#). The Agreed-Upon Procedures Guide and a Sample Independent Accountant's Report are available on the [OSA website](#).

An informational document is available on the [OSA website](#) that provides detailed instructions for accessing, submitting and electronically signing the reporting forms. Also on our website is the [Key Reporting Requirements](#) calendar, which identifies required relief association reporting forms and their due dates.

Finally, if your relief association has not already done so, please complete the [2024 User Authorization Form](#) to provide the relief association's auditor with access to this year's reporting forms.

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**What's Ahead:****March 31:**

Reporting forms for relief associations with assets and liabilities of less than \$750,000 are due to the OSA.

**March 31:****Investment Business Recipient Disclosure Form**

is due to the Legislative Commission on Pensions and Retirement.

**June 30:**

Reporting forms for relief associations with assets or liabilities of at least \$750,000 are due to the OSA.

## Municipal Contributions and the Schedule Form

The OSA regularly receives questions about municipal contributions and when they must be paid to a relief association.

For defined-benefit monthly and monthly/lump-sum plans, municipal contribution requirements are based on the most recent actuarial valuation. These relief associations must determine the minimum obligation of the municipality for the upcoming calendar year and must certify the financial requirements and minimum obligation to the municipal governing body by August 1 of each year. The OSA does not require that a specific form be used to make the certification. Relief association trustees usually work with their actuary to prepare the certification. Additional information about municipal contribution requirements for relief associations that pay monthly benefits can be found in the OSA's [Statement of Position](#) on this topic.

For defined-benefit lump-sum plans, municipal contribution requirements are calculated each year using the Schedule Form. Relief associations are to complete the Schedule Form during the month of July, and must certify the Form to the affiliated municipality by August 1. If the relief association is affiliated with an independent nonprofit firefighting corporation rather than a city or town fire department, the Form should be certified to the independent board.

Because the Schedule Form is completed in July, and is required to be certified by August 1, revenue and expenditure amounts for the year must be projections based on the available mid-year information. In July, relief associations should determine their investment returns to date, as well as revenues received and expenses paid. Based on this actual experience, the relief association should project investment, revenue, and expense amounts that seem reasonable for the remaining portion of the year. Many relief associations work with their investment advisors, brokers, and auditors when making these projections.

The Schedule Form is intended to provide estimates of a relief association's assets and liabilities, and to calculate contribution requirements based on those estimates. Revenue and expenditure amounts that are projected on the Schedule Form will differ from the final year-end amounts. The Schedule Form is completed annually, so any deviations between projected amounts and the actual year-end amounts will be reflected on the next year's Form. Relief associations should not make changes to the projections after the Schedule Form has been certified.

Note that sometimes, a relief association with a surplus may find that a contribution is required for the upcoming calendar year. This is because the amount of state aid projected to be received is not enough to cover the expected cost of members accruing another year of service credit and expected expenses. A contribution is needed to help cover the projected gap in revenue.

**Statements of Position:**

**Municipal Contributions and the Schedule Form — continued**

[Required Municipal Contributions](#)

Generally, relief associations are required to obtain ratification from the affiliated municipality or independent nonprofit firefighting corporation of a benefit level change before the change becomes effective. There is authority, if certain conditions are met, for a relief association to increase its benefit level without obtaining ratification.

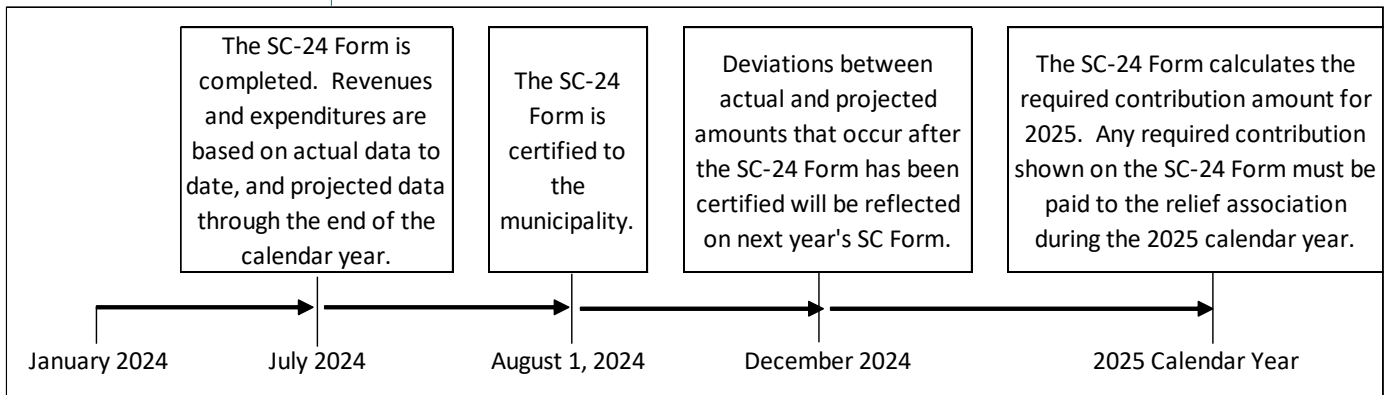
[Required Contributions for Monthly Plans](#)

There is a risk if a relief association decides to increase benefits on its own. If the benefit level is increased without ratification and a municipal contribution subsequently becomes required, the benefit level is no longer effective without ratification and any future benefits can only be paid using the ratified benefit level (i.e., the relief association must lower its benefit level to the last ratified level.)

[Supplemental Benefits](#)

*There currently are a handful of relief associations operating at unratified benefit levels. If your relief association is in this position and has questions about the possibility of needing to lower its benefit level, please contact [Pension Division](#) staff for assistance.*

The chart below shows when the 2024 Schedule Form (SC-24) is to be completed and certified, and when any required contributions must be paid.



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