

# Pension Division Newsletter

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## Working Group Update

The 2013 Omnibus Retirement Bill I, which includes the 2012 Working Group legislation, was signed into law by Governor Dayton on May 23. The Pension Division will be providing a legislative update this summer that will include an in-depth explanation of the law changes affecting volunteer fire relief associations. The Sample Bylaw Guides will also be updated to reflect the legislative changes. A copy of the bill can be viewed at the link provided below. The Working Group changes are located in Article 6.

<https://www.revisor.mn.gov/laws/?id=111&doctype=Chapter&year=2013&type=0>

We would like to thank the Working Group members for their work on this legislation and also thank all those who attended meetings to provide their input.

The Legislature also passed bills containing provisions that will directly affect volunteer fire relief associations but that did not arise out of the work of the Working Group, such as an increase in audit thresholds. A discussion of these laws will be included in this summer's legislative update.



Office of the State Auditor  
 Pension Division  
 525 Park Street, Suite 500  
 Saint Paul, MN 55103  
 (651) 282-6110  
 Fax: (651) 282-5298  
[pension@osa.state.mn.us](mailto:pension@osa.state.mn.us)

## Reporting Reminder

The 2012 reporting-year forms for volunteer fire relief associations with assets or liabilities of at least \$200,000 are due by June 30, 2013. Relief associations with the June 30 reporting deadline are required to submit audited financial statements in addition to the reporting forms. Please note that once a relief association's assets or liabilities exceed \$200,000, the relief association's reporting deadline is still June 30 and the association must still submit an audit, even if the association's assets and liabilities subsequently drop below the \$200,000 threshold.

Reporting forms for relief associations with assets and liabilities less than the \$200,000 statutory threshold were due by March 31.

**What's Ahead:**

**June 30:**

Reporting forms for relief associations with assets or liabilities of at least \$200,000 are due to the Office of the State Auditor.

**August 1:**

The 2013 Schedule Form and 2013 Maximum Benefit Worksheet must be certified to the municipality or independent nonprofit firefighting corporation.

**September 15:**

First certification deadline for 2013 state fire aid. To be certified as eligible, all 2012 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

**October 1:**

State fire aid is paid for those relief associations certified as eligible on the first certification deadline.

## Submitting Audit Reports

Audit reports may be submitted electronically through the State Auditor's Form Entry System (SAFES). To submit an audit report electronically through SAFES, the report must be saved as a PDF document and be uploaded by the relief association's accountant or auditor.

When submitting audit reports, please be sure that the management letter is included in the submission. If submitting PDF documents through SAFES, the financial statements, required supplementary information, and management letter should be saved and submitted as one PDF document.

Annual reporting forms must be submitted as Excel files if being submitted through SAFES. Other documents, such as bylaws, meeting minutes, and investment policies, must be submitted to the Office of the State Auditor by e-mail, fax, or U.S. mail using the contact information on page one of this Newsletter.

## Audit Requirements

Relief associations with assets or liabilities of at least \$200,000 must submit audited financial statements to the Office of the State Auditor by June 30, 2013, for the year ended December 31, 2012. Trustees of relief associations that have the audit requirement should confer with their auditors to ensure that the association's 2012 audited financial statements comply with generally accepted accounting principles (GAAP).

GAAP requires that a Management's Discussion and Analysis (MD&A) be included with a relief association's audited financial statements. If the MD&A is not included with the audited financial statements, the omission should be noted in the Independent Auditor's Report.

In addition, there are three options for presenting the relief association's General Fund: 1) consolidate the General Fund with the Special Fund depending upon its materiality; 2) show the General Fund separately with the adjustments from modified to full accrual basis financial statements; or 3) separately show the General Fund as a fiduciary fund in the same manner as the Special Fund.

## Resources for Auditors

**Statements of Position:**

**Considerations When Making Benefit Changes**

**Return to Service**

**Investment Authority**

**Governance for Fire Relief Associations**

**Fundraisers and Donations**

Resources are available on the Office of the State Auditor website that may be helpful for auditors working with volunteer fire relief associations. The 2012 Minnesota Legal Compliance Audit Guide for Political Subdivisions is meant to act as a reference regarding minimum legal compliance. Section 7 of the Guide is specific to relief associations, and includes statutory citations. PDF and Word versions of the Guide can be accessed at:

<http://www.auditor.state.mn.us/default.aspx?page=20121130.000>.

Additional resources include links to auditing resources and professional organizations. These links are available on our Helpful Links page, at:

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

Audit reports of public pension plans performed by the Office of the State Auditor are posted on our website and can be used as a reference. The audits can be viewed at:

<http://www.auditor.state.mn.us/list.aspx?type=afs>.

Finally, a Pension Funding Task Force comprised of the Government Finance Officers Association (GFOA) and organizations representing state and local governments and retirement systems recently released a report entitled “Pension Funding: A Guide for Elected Officials.” The Guide provides an overview of defined-benefit pension plans, including how the plans are funded and new standards issued by the Governmental Accounting Standards Board. The Guide is available online at:

<http://www.nga.org/files/live/sites/NGA/files/pdf/2013/1303PensionFundingGuideBrief.pdf>.

## Pension Division Staff

If you have questions, please contact us:

Aaron Dahl, Pension Analyst  
(651) 297-2765

[Aaron.Dahl@osa.state.mn.us](mailto:Aaron.Dahl@osa.state.mn.us)

Jim Jensen, Pension Analyst  
(651) 284-3423

[Jim.Jensen@osa.state.mn.us](mailto:Jim.Jensen@osa.state.mn.us)

Michael Johnson, Pension Analyst  
(651) 282-5430

[Michael.Johnson@osa.state.mn.us](mailto:Michael.Johnson@osa.state.mn.us)

Amber Kollman, Pension Intern  
(651) 296-6279

[Amber.Kollman@osa.state.mn.us](mailto:Amber.Kollman@osa.state.mn.us)

Gail Richie, Office & Admin Assistant  
(651) 282-6110

[Gail.Richie@osa.state.mn.us](mailto:Gail.Richie@osa.state.mn.us)

Rose Hennessy Allen, Pension Director  
(651) 296-5985

[Rose.Hennessy-Allen@osa.state.mn.us](mailto:Rose.Hennessy-Allen@osa.state.mn.us)