



Office of the State Auditor

# 2023 Schedule Form Instructions (SC-23)

These instructions are intended for use in completing the 2023 Schedule form (SC-23) for relief associations that offer a defined-benefit lump-sum service pension. The SC-23 is provided to relief associations to determine the 2023 plan liabilities, surplus or deficit, and the 2024 required municipal or independent nonprofit firefighting corporation contribution. Please carefully read and complete each section. If you need additional assistance, please contact the Pension Division at 651-282-6110 or at [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us).

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## What’s New for 2023

Effective on January 1, 2023, a relief association will no longer be required to calculate a maximum allowable benefit level specific to its plan. The Maximum Benefit Worksheet (MBW) has been removed. Additional information is provided in a recently published [Pension Topic](#) on our website.

A new Benefit Level Projections Tab is provided as an optional tool that a relief association may use as a resource to estimate the impact that benefit level changes or investment rate of return changes could have on the relief association's funded status. This page is not required to be completed; the Schedule Form can be submitted without completing this page. If you choose to complete this page, please be aware that the calculated information, including the surplus or deficit and required contribution amounts, are rough estimates, only. This tool should not be relied upon in lieu of individualized services provided by a relief association’s auditor, actuary, or financial advisor.

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## Important Notes

- Submit the SC-23 by uploading it through SAFES.

- Signatures are required on the SC form. **The signature page is provided in the PDF version of the SC form that is created after the Excel version of the SC form is uploaded and submitted.**
- The PDF version of the SC form should be available in SAFES within a few minutes after the SC form's submission. If it's not, please contact us at [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us) to let us know so we can resolve the SC form posting issue.
- The SC form can be signed electronically in SAFES or paper signature pages can be submitted. **The SC form submission is not complete until all required signatures are provided.**

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## General Instructions

### Downloading the SC Form

Once it is available, the 2023 Schedule form can be downloaded from the [State Auditor's Form Entry System \(SAFES\)](#) on the OSA website. SAFES is the OSA's secure web application for accessing, submitting, and electronically signing reporting forms. If you do not have a SAFES username or password, please contact the Pension Division using the phone number or e-mail address listed above.

In SAFES, download the SC form by going to the "Forms" tab. Once there, make sure "2023" is selected and click on the "Pension" tab to access the form. You can download the SC form and complete it offline. If it is your first time logging into SAFES for 2023, you will need to verify your contact information before being able to navigate to a different tab.

If you have any issues with the SAFES process, please check our [SAFES Frequently Asked Questions](#) page or contact us at [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us).

### Reporting Requirement / Due Date

The SC-23 should be completed in July 2023 and must be certified to the municipality or independent nonprofit firefighting corporation board by August 1, 2023. The SC-23 must be submitted by March 31, 2024, to the Office of the State Auditor (OSA) if Special Fund assets and liabilities are less than \$500,000, or by June 30, 2024, if Special Fund assets or liabilities are at least \$500,000 or have exceeded this threshold in a previous year.

### Submitting the SC Form

After the SC-23 form has been completed, return to SAFES and use the "Submit Documents" Tab to upload the form. Be sure to upload it as an ".xlsx" file and not as a PDF.

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## Materials Needed

Before you begin completing the SC-23, you will need to gather the following:

- A roster of the active, inactive, and deferred relief association members,
- A birth date for each member,
- Copies of past and current relief association bylaws,
- Current bank and investment statements for the Special Fund,
- Payout information for any members paid during 2023,
- A copy of the 2022 Financial and Investment Reporting Entry Form (FIRE-22), and
- A copy of the 2022 Schedule form (SC-22).

After you have gathered the necessary materials, you can proceed to the next section of these instructions.

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## Home Tab

When you first open the SC-23 form you will find yourself on the Home Tab. No data entry is required on this tab. The purpose of this tab is to share important information about the form from one convenient location. The tab includes a link to view these instructions, which are provided as a separate PDF document. The Home Tab also displays the form due-date and version number. Occasionally, multiple versions of a form may be released to make improvements or to correct errors. If you contact us with questions, knowing which version of the form you are working on will be important.

The Home Tab also provides a total count of any red error messages contained within the form. Red error messages indicate that data must be entered or corrected before the form can be submitted. As you complete each tab within the SC-23 form, you should review the error count on the Home Tab to make sure that no red error messages remain.

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## Active Tab

*Materials Needed: Copies of past and current relief association bylaws, roster of the active and inactive relief association members, and a birth date for each member.*

The purpose of the Active Tab is to allow you to determine the liabilities for all active and inactive members of your relief association. The liabilities will be used to calculate the surplus or deficit and the required contribution.

**Note:** If your relief association submitted its 2022 Schedule form prior to the 2023 Schedule form's release, much of the member data on the Active Tab and Deferred Tab will be populated. Please review populated data to ensure accuracy. Make corrections or updates as needed.

The SC-23 provides an estimate of the rate of accumulation of actuarial liabilities and determines an annual contribution necessary to finance the forecasted costs. **The liabilities derived in the SC-23 do not represent the actual benefit accrued for any member.** The actual benefit must be determined on an individual basis when a member applies for payment using actual years of service, vesting, and benefit provisions as provided in the relief association's bylaws effective on the date the member separated from active service. The years of service for each member are rounded on the form.

1. Enter the benefit level in the box to the right of "Enter Annual benefit level in effect for 2023." The benefit level entered should be the benefit level that's in effect as of December 31, 2023.

2. Enter the minimum age to receive retirement benefits, defined in the relief association's bylaws, in the box to the right of "Enter the Minimum Retirement age". The age entered should not be less than 50.

3. Enter the number of years the relief association requires for full vesting, defined in the relief association's bylaws, in the box to the right of "Enter the Requirement for Full Vesting". The number entered should not be less than ten years.

4. Enter the name, birth date, and entry date for each member.

5. Enter the member status of each member by clicking on the box below "Status" that says, "Choose Status." Select the status from the drop-down list. If a member was active and became deferred during 2023, change the member's status to Deferred (do not delete the member row). Enter the member's name in an empty row on the Deferred Tab, exactly as it appears on the Active Tab. The member's birth date, entry date, breaks in service, and leaves of absence will automatically be displayed on the Deferred Tab. If the member began receiving installment payments during 2023, change the member's status to Paid and enter the member's information on the Installments Tab of the form. **If a member was paid during 2023, change the member's status to Paid and enter the member's liability in the projected pension payment section on the Financial Projections Tab.** If a member separated before

becoming vested, enter a status for the member of Separated/Not Vested. Members with a status of Paid or Separated/Not Vested will not be shown on the 2024 Schedule form when it is populated.

6. If a member has had one or more leaves of absence or breaks in service, please review your bylaws to determine the appropriate service credit. Enter the cumulative length in months of the leave or break in the “Leaves of Absence and Breaks in Service” box. For example, if a member had leaves of absence totaling two years, enter 24 months. If there has been no leave of absence or break in service, enter 0 or leave the cell blank.

7. The total years of service and accrued liability to the end of 2023 and to the end of 2024 will be calculated automatically for each active member and for each inactive member.

8. If the member is a “return to service” member click on the arrow and choose “Yes.” A return to service member is a member who had a resumption of active service after a break in service or a leave of absence and the member’s service pension or benefit is calculated according to a “return to service” bylaw provision.

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## Deferred Tab

*Materials Needed: Copies of past and current relief association bylaws, roster of the deferred relief association members, and a birth date for each member.*

The purpose of the Deferred Tab is to allow you to determine the liabilities for each deferred member of your relief association. The liabilities will be used to calculate the surplus or deficit and the required contribution.

1. Enter the name, birth date, entry date, and date the member separated from active service. Also, enter any leaves of absence or breaks in service for each member in the same manner as for the active members.

2. Enter the annual benefit level in effect on the date of the member’s separation from active service.

3. Click on the arrow in the box to the right of the “Months of Service Are Paid” label. Select “Yes” if your relief association bylaws provided for the payment of months of service on the date that the member separated from active service.

4. Enter the vesting percentage amount. This number should be the number in the bylaws in effect on the date that the member separated from active service and must comply with State law.

5. Enter the minimum number of years required for vesting. This number should be the number in the bylaws in effect on the date that the member separated from active service.

6. To determine if the member is eligible to receive deferred interest, review the relief association bylaws that were in effect on the date that the member separated from active service. Click on the arrow in the box below the “Deferred Interest Paid” label. Select “Yes” if deferred interest was offered when the member separated.

7. If the member is eligible for deferred interest, select the type of interest to be allocated by clicking on the arrow in the box below the question that asks “If Interest Paid, Choose Type.” If you choose Separate Account or Separate Vehicle, enter the member’s 2023 Estimated Liability next to the box as indicated. If you choose Board Set Rate of Return (up to 5%), you must enter the ratified board set rate of return for each year the member was deferred, including the rate for 2023.

8. To distinguish how the interest is calculated, click on the arrow in the box below “Period Interest Is Paid” and then select “Full Calendar Months” if interest starts accruing at the beginning of the next month after the member separates. For example, if a member separated on June 15, 2020, interest would not start accruing until July 1, 2020. Select “Full Calendar Years” if interest is paid only for each full calendar year the member is deferred. For example, if a member separated on June 15, 2020, interest would not start accruing until January 1, 2021. Select “Full Period”

if interest starts accruing as soon as the member separates. For example, if a member separated on June 15, 2020, interest would start accruing on June 15, 2020.

9. The 2023 and 2024 Estimated Liabilities will automatically calculate after all of the necessary information has been entered. If the deferred interest type is Separate Account or Separate Vehicle, the 2023 Estimated Liability must be entered manually. The total years of service, and months, if applicable, will also be automatically calculated and displayed.

10. When the member has been paid his or her deferred service pension, change the member's status from Deferred to Paid. Enter the member's liability in the projected pension payment section on the Financial Projections Tab. If the member resumed active service and membership, change the member's status from Deferred to Return to Service, and enter the member's information on the Active Tab. When entering the information, use the member's original start date as the entry date, and report a break in service for the total number of months that the member was inactive.

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## Installments Tab

*Materials Needed: Copies of past and current relief association bylaws, roster of members receiving installment payments, and a birth date for each member.*

The purpose of the Installments Tab is to allow you to determine the liabilities for each member of your relief association who is receiving installment payments. The liabilities will be used to calculate the surplus or deficit and the required contribution.

1. Enter the name, birth date, entry date, and separation date for each member.
2. Enter the amount that has previously been paid to each member. For example, if a member has an earned service pension of \$20,000, and has already received installment payments totaling \$10,000, enter \$10,000 in the "Amount Previously Paid" column.
3. Enter the 2023 and 2024 estimated liabilities. Include any applicable interest.
4. When the final installment has been paid to the member, change the member's status from Unpaid Installment to Paid. Enter the final installment payment amount in the projected pension payment section on the Financial Projections Tab.

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## Financial Projections Tab

*Materials Needed: Current bank and investment statements for the Special Fund, benefit information for each member paid during 2023, a copy of the FIRE-22, and a copy of the SC-22.*

The purpose of the Financial Projections Tab is to allow you to determine the projected net assets for 2023 and to calculate the Special Fund surplus or deficit.

1. On Line 1, enter the Special Fund ending assets as of December 31, 2022, using Line E of the FIRE-22 form Financial Information Tab.

### Projected Income

1. On Line D, enter the [2022 Fire State Aid](#) amount. State law allows relief associations to project an increase in fire state aid of up to 3.5 percent from the prior-year amount. The prior-year fire state aid amount will be populated in the row description. Do not include supplemental state aid or supplemental benefit reimbursements.

2. On line E, the 2022 Supplemental State Aid amount will be populated. State law requires that the actual prior-year supplemental state aid amount be used as the current year projection. Please review the populated data to ensure accuracy. Make corrections or updates as needed.
3. On Line F, enter Municipal/Independent Fire Dept. Contributions received or to be received in 2023. This amount should, at a minimum, equal the required contribution amount shown on the SC-22 form.
4. On Line G, enter any interest or dividend income received to date plus additional projected earnings from interest and dividends through the end of 2023 using the relief association's 2023 investment statements.
5. On Line H, enter the expected net appreciation or depreciation (if amount is negative press "-" before entering the amount, parentheses should then display to denote a negative number) in the fair market value of investments during 2023.
6. On Line I, enter member dues received to date plus additional dues expected by the end of 2023. Only enter member dues if the dues are deposited into the Special Fund.
7. On Line J, enter all other income, including supplemental benefit reimbursements.
8. The total projected income will be automatically calculated.

### Projected Expenses

1. On Lines K and L, enter total service pensions and other benefits paid to date, respectively, plus additional service pensions and other benefits expected to be paid by the end of 2023. **If a member's pension amount is listed here and the member is listed on the active, deferred, or unpaid installment sections, the member's status should be changed to "Paid" to ensure their liability will not be included twice.**
2. On Line M, enter total administrative expenditures (e.g., audit costs, faithful performance bond fee, etc.) actually paid to-date plus additional administrative expenditures expected to be paid by the end of 2023.
3. The total projected expenses will be automatically calculated.

### Projected Net Assets

1. The projected net assets as of December 31, 2023, will be automatically calculated and displayed on Line 4. The projected surplus or (deficit), shown on Line 7, will also be automatically calculated.

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## Required Contribution Tab

*Materials Needed: A copy of the FIRE-22 and a copy of the SC-22.*

The purpose of the Required Contribution Tab is to allow you to determine the amount of any municipal contribution required to be paid to the relief association in the 2024 calendar year.

1. If the relief association has a deficit (Line 7 on the Financial Projections Tab is negative), copy the original amount under the **adjusted** "Original Amount" column of the deficit table in the SC-22 to the **original** "Original Amount" column in the SC-23. Do not adjust the original amounts.
2. If the relief association has a deficit, copy the "Amount Retired as of 12/31/2022" from the SC-22 to the "Amount Retired as of 12/31/2022" column in the SC-23. Do not adjust the amounts retired.
3. On Line 9, enter the total Special Fund administrative expense for 2022. This amount will be found in Row 46 of the Financial Information Tab on the FIRE-22 form.

4. Line 15 will display the required contribution the municipality owes the relief association due in 2024. Additional information regarding required municipal contributions is provided in a [Statement of Position](#) on the OSA's website.

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## Benefit Level Projections Tool Tab

*Materials Needed: Current bank and investment statements for the Special Fund, benefit amounts paid, a copy of the FIRE-22, and a copy of the SC-22.*

The purpose of the Benefit Level Projections Tab is to provide an optional tool that a relief association may use as a resource to estimate the impact that benefit level changes or investment rate of return changes could have on the relief association's funded status. This page is not required to be completed; the Schedule Form can be submitted without completing this page. **If you choose to complete this page, please be aware that the calculated information, including the surplus or deficit and required contribution amounts, are rough estimates, only.** This tool should not be relied upon in lieu of individualized services provided by a relief association's auditor, actuary, or financial advisor.

### Assumptions

If a deferred member receives deferred interest, the member's individual balance is assumed to increase by 5% each year. The fire state aid amount is assumed to increase by 3.5% each year. The supplemental state aid amount is assumed to be the same amount each year. Projected administrative expenses (on Line 22) are assumed to increase by 3.5% each year.

### 2023 Benefit Increase Projections

Much of the information for the 2023 benefit increase projection will be prepopulated based on the information included on the Financial Projections and Required Contribution tabs of the SC-23. The amounts on Lines 9A, 11A, 12A, 14A, 15A, and 22A can be adjusted on this tab to reflect different projections.

1. On Line 1A, enter a benefit level proposal. If the relief association is looking to increase its benefit level in the calendar year 2023, adjust the proposed benefit level here to see the potential impact on the relief association's funded status. If a relief association does not plan to amend its benefit level in 2023, enter the benefit level in effect on December 31, 2023.

2. On Line 2A, enter an investment rate of return. Adjust the rate of return to see its potential impact on the relief association's funded status.

### Projection of Liabilities for Year End

1. Lines 3, 4, and 5 will generate accrued liability amounts based on the active member data, deferred member data, and installments entered previously on the Schedule Form.

### Projection of Net Assets for Year End

1. Line 6A will generate from the amount entered on Line 1 on the Financial Projections Tab. This information should be found using Line E of the FIRE-22 form Financial Information Tab.

### Projected Income

1. Line 7A will generate from the amount entered on Line D on the Financial Projections Tab and will be automatically calculated. State law allows relief associations to project an increase in fire state aid of up to 3.5 percent from the prior-year amount. The prior-year fire state aid amount will be populated in the row description, for reference.

2. On Line 8A, 8B, and 8C the 2022 Supplemental State Aid amount will be populated. State law requires that the actual prior-year supplemental state aid amount be used as the current year projection.

3. On Line 9A, enter Municipal/Independent Fire Dept. Contributions received or to be received in 2023. This amount should, at a minimum, equal the required contribution amount shown on the SC-22 form.

4. Line 10A will calculate the amount of investment earnings based on the rate of return entered in Line 2A.
5. On Line 11A, enter member dues received to date plus additional dues expected by the end of 2023. Only enter member dues if the dues are deposited into the Special Fund.
6. On Line 12A, enter all other income, including supplemental benefit reimbursements, expected to be received by the end of 2023.
7. Line 13A, the total projected income, will be automatically calculated.

### **Projected Expenses**

1. Enter the total number of pension benefits expected to be paid in 2023 in the box before 14A. For example, if the relief association paid a member in January 2023 and expects to pay another member in December 2023, enter the number 2.
2. On Line 14A, enter the total amount of benefits expected to be paid in 2023.
3. On Line 15A, enter the total administrative expenditures (e.g., audit costs, faithful performance bond fee, etc.) actually paid to-date plus additional administrative expenditures expected to be paid by the end of 2023.
4. Line 16A will calculate the total projected expenses from the information provided on Lines 14A and 15A.
5. The projected net assets as of December 31, 2023, will be automatically calculated and displayed on Line 17A.

### **Projection of Surplus or (Deficit) as of Year End**

1. Lines 18A, 19A, and 20A will generate based on the information entered above.
2. The deficit table will automatically calculate based on the projections entered.
3. On Line 22A, enter the total Special Fund administrative expense for 2022. This amount will be found in Row 46 of the Financial Information Tab on the FIRE-22 form.
4. Line 28A will display a rough estimate of the projected required municipal contribution, owed the relief association in 2024, specific to the projections entered above.

Complete the 2024 and 2025 Benefit Increase Projections sections in the same manner, using projected amounts for the corresponding calendar year.

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## **Error Checks and Submitting**

Review the Home Tab. If any red messages remain it means that information was either omitted or entered incorrectly. Once all red messages have been corrected, you will be able to submit your SC-23 form. If you have questions regarding messages that you may have received, please contact the Pension Division at (651) 282-6110 or at [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us).

After you have reviewed all messages and corrected any errors, retain a copy of the SC-23 for your records and upload the form through [SAFES](#).



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## Signatures

After the SC-23 is uploaded through SAFES a PDF version of the submitted form will be generated and displayed in SAFES. The PDF version of the SC-23 form will contain a signature page. **The SC-23 submission is not complete until signed by the required form signers.**

The form must be certified to the entity that is responsible for satisfying the 2024 contribution amount. For example, if the affiliated city is the entity responsible for satisfying any required contribution amount, the form should be certified to the city and be signed by the city clerk or other city official. If the responsible entity is an independent nonprofit firefighting corporation, the form should be certified to the independent corporation and be signed by the secretary of the independent board. If the responsible entity is a joint-powers entity, the certification must be made in the manner specified in the joint-powers agreement, or if the joint-powers agreement is silent on this point, the certification must be made to the chair of the joint-powers board.

The SC-23 form can be signed electronically in SAFES or a paper signature page can be submitted to the OSA. Please refer to the [Reporting Checklist for Volunteer Fire Relief Associations](#) for further instructions on how to sign forms electronically.

**Congratulations on completing the SC-23!**