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*****PRESS RELEASE*****

State Auditor Otto Releases Financial and Investment Report of Volunteer Fire Relief Associations

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ST. PAUL (3/21/2018) – State Auditor Rebecca Otto today released the 2016 Financial and Investment Report of Volunteer Fire Relief Associations. The report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota’s volunteer fire relief associations for the year ended December 31, 2016.

Relief associations are governmental entities that receive and manage public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response. Custom benchmark rates of return calculated by the Office of the State Auditor for each relief association provide a standard against which investment performance may be measured for this group.

Highlights from the report include:

- Investment earnings totaled \$36.0 million in 2016, a significant change from the \$8.8 million in investment losses during 2015.
- In 2016, relief associations had an average rate of return of 7.0 percent, an increase from the negative 1.3 percent average rate of return in 2015. The average rate of return for relief associations that held at least one-half of their assets with the State Board of Investment was 7.8 percent. The median rate of return for relief associations in 2016 was 6.3 percent.
- A total of \$28.6 million in service pensions was paid out by 347 different relief associations in 2016. The \$28.6 million paid out represents an 8.5 percent decrease from the \$31.3 million paid in 2015.
- Relief associations held \$552.3 million in net assets at the end of 2016, representing accrued benefits for 17,918 firefighters.
- In 2016, relief associations received \$24.6 million in state aid, a 3.1 percent decrease from the \$25.4 million received in 2015.

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- Relief associations received \$6.1 million in municipal contributions in 2016, a 5.8 percent decrease from the \$6.4 million received in 2015. Of the \$6.1 million received in municipal contributions, \$1.5 million was required to be contributed by statute in 2016 and \$4.6 million was made voluntarily. This is the third time since 2009 that the amount of voluntary municipal contributions exceeded the amount of required municipal contributions.
- The average rate of return for relief associations over the past 20 years was 4.4 percent, less than the statutory interest rate assumption of five percent. About one-third, or 36.6 percent, of relief associations had average rates of return of at least five percent over the last 20 years.

To view the complete report, which includes an Executive Summary, Recommendations, tables and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20180320.001>.

-- 30 --

The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see <http://www.auditor.state.mn.us/default.aspx?page=bio>.