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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 (3/31/2016) – State Auditor Rebecca Otto today released the 2014 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, 2014. This year’s report includes information on 637 relief associations.

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 for this report provide a standard against which investment performance may be measured for this group.

Highlights from the report include:

Current Trends

- A total of \$30.7 million in service pensions was paid out by 361 different relief associations in 2014. The \$30.7 million paid out represents a 5.5 percent increase from the \$29.1 million paid in 2013.
- Relief associations held \$546.6 million in net assets at the end of 2014, representing accrued benefits for 18,662 firefighters.
- In 2014, relief associations received \$24.3 million in state aid, a 2.1 percent increase from the amount received in 2013.
- Relief associations received \$7.9 million in municipal contributions in 2014, a 12.2 percent decrease from the \$9.0 million received in 2013. Of the \$7.9 million received in municipal contributions, \$3.5 million was required to be contributed by statute and \$4.4 million was made voluntarily. It is interesting to note that this is the first time since 2009 that the amount of voluntary municipal contributions exceeded the amount of required municipal contributions.

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- Investment gains totaled \$28.0 million in 2014, a 58.9 percent decrease from the \$68.1 million in investment earnings during 2013.
- In 2014, relief associations had an average rate of return of 4.7 percent. The average rate of return for relief associations that held at least one-half of their assets with the State Board of Investment was 8.2 percent. Investment returns decreased from the 12.8 percent average rate of return in 2013.
- Rates of return for only 177 relief associations, or 27.8 percent, matched or exceeded their calculated custom benchmark rates of return. This is down from the 54.7 percent of relief associations that matched or exceeded their benchmark return in 2013.

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=20160330.001>.

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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>.