



Pension Division Newsletter

May 2023

Inside this issue:

<i>Resources for Auditors</i>	2
<i>Annual Business Renewal</i>	2
<i>Calculating and Reporting Breaks in Service</i>	3
<i>Pension Division Staff</i>	3

Legislative Update

The [Pension and Retirement Omnibus Policy Bill](#) was passed by the House and Senate and signed into law by Governor Walz on May 19, 2023. This bill includes the Fire Relief Association Working Group provision that increases the threshold at which an annual audit is required, from the current \$500,000 in special fund assets or liabilities to \$750,000. The change will become effective on December 31, 2023, and applies to audits of calendar year 2023 and thereafter.

After the Office of the State Auditor (OSA) receives and reviews relief association reporting information for the 2022 calendar year, we will provide notice to those relief associations that no longer have an annual audit requirement and instead can have their financial reporting forms attested to by a Certified Public Accountant. If you have questions about how this law change may impact your relief association, please contact the OSA's [Pension Division](#).

Other Working Group proposals that were introduced in a separate bill, which included "firefighter" definitions and clarifications to when municipal ratification of benefit level changes is required, will likely be considered during the interim for action during next year's legislative session.

In terms of legislation that was not proposed by the Working Group but that is relevant to relief associations, the Governor also signed into law on May 19, 2023, the [Pension Budget Omnibus Bill](#) that includes a provision creating an incentive program to encourage relief associations to join the Statewide Volunteer Firefighter Plan administered by the Public Employees Retirement Association (PERA). PERA will work to prepare an outline of the incentive program details and present the outline to the Legislative Commission on Pensions and Retirement by January 5, 2024.

Survey: Training and Communication Preferences

The OSA's Pension Division is seeking input on how you would like to receive correspondence from us regarding relief association updates and notices, and about what type of training format you prefer.

If you have not already completed our [online survey](#), please consider doing so to provide your opinion and feedback.

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What’s Ahead:

June 30:

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are due to the OSA.

August 1:

The 2023 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

September 15:

First certification deadline for 2023 fire state aid. To be certified as eligible, all 2022 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

Resources for Auditors

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are required to be submitted to the OSA by June 30. Relief associations with assets or liabilities above this statutory threshold must also submit an annual audit to the OSA.

Whether a relief association has exceeded the statutory threshold is determined using end of year asset and liability amounts, and is based on Special Fund amounts only. After a relief association exceeds the threshold in either assets or liabilities, according to the previous year’s financial report, an audit is required beginning with the next reporting year’s reports.

The [2022 Minnesota Legal Compliance Audit Guide for Relief Associations](#) prescribes the minimum procedures and audit scope for legal compliance audits.

The reporting forms can be accessed through the [State Auditor’s Form Entry System \(SAFES\)](#) website. Helpful hints for completing, submitting, and electronically signing the reporting forms are included in the [Reporting Checklist for Volunteer Fire Relief Associations](#).

If you have not already done so, please complete and submit the [2023 User Authorization Form](#) to provide the relief association’s accountant or auditor with access to the relief association’s reporting information.

Relief associations with assets and liabilities that are both less than \$500,000 are permitted to submit certified, rather than audited, financial statements to the OSA and have a March 31 reporting deadline. The certification must be signed by a certified public accountant in accordance with [agreed-upon procedures and forms](#) prescribed by the OSA.

Annual Business Renewal

Every volunteer fire relief association must register annually as a nonprofit corporation with the Minnesota Secretary of State’s Office. If a relief association fails to register or to notify the Secretary of State of corporate name or address changes, the Secretary of State may reject the registration and dissolve the relief association’s nonprofit corporation status, which may result in tax implications.

A relief association can learn of its status by going to the Secretary of State’s website. Relief associations with a renewal due date displayed as 12/31/2023, must complete the registration before December 31, 2023, or face possible dissolution of the association’s nonprofit corporation status. If a relief association has completed its registration for this calendar year, the “renewal due date” displayed on the Secretary of State’s website will read 12/31/2024.

The annual registration can be completed online at the [Secretary of State’s website](#).

Calculating and Reporting Breaks in Service

Statements of Position:

[Investment Authority](#)

[Investment Policies](#)

[Municipal Contribution Calculations for Monthly Plans](#)

[Required Municipal Contributions](#)

The OSA occasionally receives questions from relief association trustees about how to report breaks in service for a member and when breaks in service are deducted from a member’s creditable service time. In general, relief associations may only credit a member with service for periods during which the member was active and complied with all minimum service requirements established by the affiliated fire department and all minimum membership requirements established by the relief association.

The OSA is aware of only limited instances in which a relief association may provide active service credit to a member who did not meet the minimum service and membership requirements. These limited instances include times when a member is absent from firefighting service due to service in the uniformed services.

Minnesota law permits relief associations to prorate service credit on a monthly basis, and to define in the bylaws what constitutes a "month." The bylaw definition of a "month" must require a calendar month to have at least 16 days of active service. If the bylaws allow service credit to be prorated on a monthly basis but do not define a "month," a "month" must be a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent calendar month.

If a member has a break in active service because the member did not meet the minimum service or membership requirements, or because the member had requested a leave of absence, the break in service should be reported on the relief association’s annual reporting forms filed with our office. Relief associations should *not* adjust a member’s entry date or separation date to account for breaks in service.

See the OSA’s Statement of Position on [Firefighter Service Credit Determinations](#) for additional information.

Pension Division Staff

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