

Minnesota Volunteer Fire Relief Association
Working Group Meeting

Office of the State Auditor

Tuesday, October 23, 2007

11 a.m. to 1 p.m.

I. Call to Order

Rotating Chair Auditor Otto.

II. Working Group Process Discussion

Exhibits A through D.

- *Proposed* Working Group Meeting Schedule
- Working Group Purpose Statement
- Working Group Process
- Working Group Membership List

III. Overview of Recently Enacted Relief Association Laws

Larry Martin to report.

Exhibit E.

- Summary of 2006 and 2007 Volunteer Fire Legislation

IV. Audit Reporting Requirements

Exhibit F.

- Minn. Stat. § 69.051, subd. 1

V. Requirement to Report Evidence of Theft

Exhibit G.

- Minn. Stat. § 609.456

VI. Other Business

- Suggestions for FAQ informational document

VII. Next Meeting

Thursday, November 1, 2007

11 a.m. to 1 p.m.

Office of the State Auditor

VIII. Adjournment

Exhibit A
Proposed Working Group Meeting Schedule

Tuesday, October 23, 2007

Introductory/Financial Reporting Meeting
State Auditor Rebecca Otto, Chair
Office of the State Auditor Conference Room
11:00 a.m. to 1:00 p.m.

Thursday, November 1, 2007

Ancillary Benefits Meeting
State Auditor Rebecca Otto, Chair
Office of the State Auditor Conference Room
11:00 a.m. to 1:00 p.m.

Tuesday, November 13, 2007

Deferred Interest/Investment Meeting
State Auditor Rebecca Otto, Chair
Office of the State Auditor Conference Room
11:00 a.m. to 1:00 p.m.

Thursday, November 29, 2007

Return to Service/Board Composition Meeting
State Auditor Rebecca Otto, Chair
Office of the State Auditor Conference Room
11:00 a.m. to 1:00 p.m.

Thursday, December 6, 2007

Final Meeting
State Auditor Rebecca Otto, Chair
Office of the State Auditor Conference Room
11:00 a.m. to 1:00 p.m.

Exhibit B
Working Group Purpose Statement

To identify and work through current and pressing relief association issues. We will do this by bringing together the major volunteer fire relief association stakeholders to develop relationships, facilitate communication, discuss relief association issues and make the Pension Process easier and more effective.

Exhibit C
Working Group Process

- Discuss and make recommendations to clarify state laws, simplify reporting forms, and address training and other issues,
- Implement recommendations that do not require law changes, and
- Forward suggested statutory changes upon consensus to the Legislative Commission on Pensions and Retirement.

Exhibit D
Working Group Membership List

- 1. City Finance Manager**
Tim Simon, Finance Director
City of Elk River
13065 Orono Parkway
Elk River, MN 55330
Phone: (763) 635-1029
Fax: (763) 635-1090
tsimon@ci.elk-river.mn.us
- 2. Defined Contribution Plans**
Curt Roberts, President
Maple Grove Fire Relief Association
12800 Arbor Lakes Parkway
Maple Grove, MN 55311
Phone: (612) 348-7131
Fax: (612) 348-5340
Curt.Roberts@co.hennepin.mn.us
- 3. Defined Benefit Lump Sum Plans**
Ed Dietz, Treasurer
Maplewood Fire Relief Association
1403 Kohlman Avenue
Maplewood, MN 55109
Phone: (651) 483-5354
Fax: (651) 249-2879
eddietz@hotmail.com
- 4. Legislative Commission on Pensions & Retirement**
Lawrence A. Martin, Director
Edward Burek, Deputy Director
55 State Office Building
Saint Paul, MN 55155
Phone: (651) 296-2750
Fax: (651) 297-3697
lisa.dieslin@commissions.leg.state.mn.us

- 5. Minnesota Area Relief Association Coalition**
Jim Hansen, Vice President of Legislative Advocacy
Spring Lake Park Fire Relief Association
1710 County Highway 10 NE
Spring Lake Park, MN 55432
Phone: (763) 786-4436
jhansen@sbmfire.com
- 6. Minnesota State Fire Chiefs Association/Monthly Plans**
Nyle Zikmund, Chief
Spring Lake Park, Blaine & Mounds View Fire Department
1710 County Highway 10 NE
Spring Lake Park, MN 55432
Phone: (763) 786-4436
nzikmund@sbmfire.com
- 7. Defined Benefit Monthly/Lump Sum Combination Plans**
Dave Ganfield, Administrator
Apple Valley Fire Relief Association
7100 – 147th Street West
Apple Valley, MN 55124
Phone: (612) 598-6369
dganfield@hotmail.com
- 8. Minnesota State Fire Department Association**
Mike Stroeing, Secretary
Oakdale Fire Relief Association
6633 – 15th Street
Oakdale, MN 55128
Phone: (651) 731-8886
Mike.Stroeing@oakdalefire.com
- 9. City Finance Manager**
Steven Wallner, Finance Director
City of Watertown
PO Box 279
Watertown, MN 55388
Phone: (952) 955-2687

Fax: (952) 955-2695
swallner@ci.watertown.mn.us

10. Defined Benefit Lump Sum Plans

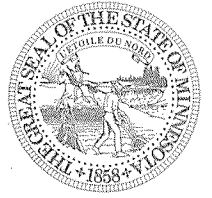
Dave Jaeger, Treasurer
Mahnomen Fire Relief Association
116 SW Roosevelt Street
Mahnomen, MN 56557
Phone: (218) 935-5668
Fax: (218) 935-2574
jaegerd@localnet.com

11. Defined Benefit Lump Sum Plans

Tom Nelson, Secretary
Northfield Fire Department Relief Association
Minnesota Public Radio
480 Cedar Street
Saint Paul, MN 55101
(651) 290-1312
tnelson@mpr.org

12. State Auditor Rebecca Otto

Suite 500
525 Park Street
Saint Paul, MN 55103
Phone: (651) 296-2551
Fax: (651) 282-5298
state.auditor@state.mn.us



TO: Minnesota Volunteer Fire Relief Association Working Group
FROM: Ed Burek, Deputy Director EB
RE: Overview of Recently Enacted Volunteer Fire Laws (2006 and 2007 Legislative Sessions)
DATE: October 11, 2007

Introduction

Below is a summary of legislative actions during the 2006 and 2007 Legislative Sessions involving volunteer fire laws, reporting by or about volunteer fire plans, and changes in investment laws that apply to some of all volunteer fire plans. "Commission" when used in this document refers to the Legislative Commission on Pensions and Retirement.

2006 Legislative Session

1. State Auditor Legislative Report Requirements Modified. The State Auditor's report to the Legislature on volunteer fire relief association financial condition will be produced annually rather than biennially, and the State Auditor is given considerable discretion to organize the presentation of financial information in the report. *Laws 2006, Ch. 271, Art. 13, Sec. 1. Source: Commission Amendment LCPR06-015*
2. Definition of Volunteer Firefighter Added. "Volunteer firefighter" is defined as fire department members who are eligible for relief association membership, who are engaged in emergency response services or fire prevention activities, who are trained in fire suppression or fire prevention, and who meet any other conditions set by the fire department or volunteer firefighter relief association bylaws. Individuals who were relief association members on July 1, 2006, are grand fathered in. Effective January 1, 2008. *Laws 2006, Ch. 271, Art. 13, Sec. 2. Source: Commission Amendment LCPR06-015*
3. Transfer to IRA Account Expansion. The existing authority for service pensioners to approve an institution-to-institution transfer of a lump sum pension to an individual retirement account is expanded to include transfers of lump sum survivor benefits by survivors of the deceased firefighter. *Laws 2006, Ch. 271, Art. 13, Sec. 3. Source: Commission Amendment LCPR06-015*
4. Revision in Authorized Special Fund Disbursements Provision. Authorized disbursements from the special fund are expanded to permit death benefits to a deceased firefighter's estate if there are survivors but no designated beneficiaries. *Laws 2006, Ch. 271, Art. 13, Sec. 4. Source: Commission Amendment LCPR06-015*
5. Supplemental Benefit Increase, Certain Survivor Benefits. The state-funded supplemental lump sum survivor benefit of funeral benefit payable to survivors of deceased active or deferred members is doubled to a maximum of \$2,000 if the plan's bylaws provide these types of benefits. The benefit is retroactive to August 1, 2005, if the bylaws authorize the retroactivity. *Laws 2006, Ch. 271, Art. 13, Sec. 5. Source: S.F. 2831 (Tomassoni); H.F. 2784 (Rukavina)*
6. Special Law Provision: Additional Death Benefit Authorized Retroactively, Certain Deceased Randall Firefighter. The Randall Fire Relief Association is authorized to provide an additional \$1,500 in death benefits to the surviving spouse of a Randall firefighter killed in a construction accident on October 28, 2005, to provide the total death benefit that would have been made if the city and relief association had authorized a bylaw change permitted by general law in a more timely manner. Requires local approval. *Laws 2006, Ch. 271, Art. 13, Sec. 6. Source: S.F. 2360 (Koering); H.F. 2747 (Blaine)*
7. Revised Investment Authority: All Expanded List Plans. The investment authority (Section 356A.06, Subdivision 7) for all expanded list plans, some of which are volunteer fire plans, is revised. (An expanded list plan is any Minnesota public pension plan, other than the State Board of Investment (SBI) which has \$1 million or more in assets. Plans with assets under \$1 million are also expanded list plans if they invest at least 60 percent of their assets through a registered investment advisor or through SBI, or use a registered investment advisor or SBI in combination to invest at least 75 percent of the plan special fund assets.) The expanded list investment authority provision is revised by explicitly authorizing investments in foreign developed markets (countries included in the Europe,

Australia, and Far East Index), commingled or mutual fund investments, and real estate investment trusts (REITs), and by resetting limits for remaining miscellaneous investment securities. *Laws 2006, Ch. 271, Art. 8, Sec. 6. Source: S.F. 2239 (Pogemiller); H.F. 2362 (Smith)*

8. Revised Limited List Investment Provision. Section 356A.06, Subdivision 6, the limited list authorized investment provision, is revised in an effort to be consistent with revised investment advisor registration law. A limited list plan is any Minnesota pension plan which is not an expanded list plan. The provision appeared in Laws 2006, Chapter 196, a bill enacting and modifying the 2002 Uniformed Securities Act of the National Conference of Commissioners on Uniformed State Laws. The applicable change is found in Art. 2 of the chapter, an Article labeled as conforming changes, consistent with substantive changes found in Article 1 of Laws 2006, Chapter 196. However, the drafting was flawed – one of the revised cross-references is wrong; it refers to a Section 80A.59, which is a non-existent provision. (This was corrected in 2007.) *Laws 2006, Ch. 196, Art. 2, Sec. 12. Source: H.F. 2514 (Atkins)*
9. State Auditor Investment Performance Reporting Changes. Minnesota Statutes, Section 356.219, the section which requires nearly all Minnesota public pensions plans to report investment performance information to the State Auditor, is revised by adding a requirement stating that if the data are public, the State Auditor must make the data available to individuals or organizations upon request. The State Auditor is authorized to charge fees sufficient to cover the cost of providing the requested information in usable formats. Also, in the report which the State Auditor produces from the data submitted by the pension plan administrations, the State Auditor must provide for each plan the one-year and five-year returns, compared to a benchmark return. *Laws 2006, Ch. 277, Art. 6. Source: House Rules Committee Amendment*

2007 Legislative Session

1. Lump Sum Plan Supplemental Benefit Qualified Recipient Clarified. “Qualified recipient” for a supplemental volunteer fire pension benefit is clarified to be the retiring volunteer firefighter who received a lump sum pension distribution, not a surviving spouse or other beneficiary. *Laws 2007, Ch. 134, Art. 10, Sec. 1. Source: H.F. 1976 (Murphy, M.); S.F. 425 (Betzold)*
2. Clarification of Eligibility for Supplemental Survivor Benefit. The survivors of deceased active or deferred volunteer fire fighters in lump sum plans can receive a survivor supplemental benefit, but are ineligible to receive a qualified recipient supplemental benefit. *Laws 2007, Ch. 134, Art. 10, Sec. 2. Source: H.F. 1976 (Murphy, M.); S.F. 425 (Betzold)*
3. Expansion of State Reimbursement Provision. The Department of Revenue requirement to reimburse volunteer fire special relief associations for payment of supplemental benefits is expanded to include reimbursement of supplemental benefits paid to survivors of deceased active or deferred volunteer firefighters. *Laws 2007, Ch. 134, Art. 10, Sec. 3. Source: H.F. 1976 (Murphy, M.); S.F. 425 (Betzold)*
4. Correction of Cross-Reference in Limited List Investment Authority Provision. A cross-reference to registration of investment advisors is corrected in the limited list authorized investment provision, Section 356.A.06, Subd. 6. *Laws 2007, Ch. 134, Art. 1, Sec. 11. Source: H.F. 1978 (Murphy, M.); S.F. 430 (Betzold)*
5. Public Safety Insurance Withholding. Any Minnesota public plan with public safety employees is authorized to withhold health, accident, and long-term care insurance premiums from the individual’s monthly annuity for direct transmission to an insurance provider. Eligible employees are public safety officers who are disabled or who retired at or after the plan’s normal retirement age without any deferral period. Having the premiums withheld and transmitted to the insurance provider by the pension fund permits the retired or disabled officer to have the premiums excluded from income for federal tax purposes. *Laws 2007, Ch. 134, Art. 11, Sec. 8. Source: H.F. 31 (Mullery); S.F. 31 (Metzen)*
6. Joint Powers “Government Unit” Definition Revised to Include Non-Profit Firefighting Corporations. A municipal joint exercise of powers provision, Minnesota Statutes, Section 471.59, which allows governmental units to enter into cooperative agreements, is revised by expanding the definition of “governmental unit,” for purposes of this section, to include independent nonprofit firefighting corporations. *Laws 2007, Ch.43, Sec. 1. Source: H.F. 465 (Kranz); S.F. 321 (Betzold)*
7. Open Meeting Law Revision Regarding Medical Records. The open meeting law is revised by explicitly authorizing meetings to be closed when medical records are discussed. *Laws 2007, Ch. 110, Sec. 2. Source: H.F. 1303 (Welti); S.F. 1165 (Olseen)*



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[Minnesota Statutes Table of Chapters](#) [Chapter 69 Table of Contents](#)

69.051, Minnesota Statutes 2006

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69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subdivision 1. **Financial report and audit.** The board of each salaried firefighters relief association, police relief association, and volunteer firefighters relief association as defined in section [424A.001, subdivision 4](#), with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior year or in any previous year, according to the applicable actuarial valuation or financial report if no valuation is required, shall:

- (1) prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year on a form prescribed by the state auditor. The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department or is a police relief association, or countersigned by the secretary of the independent nonprofit firefighting corporation and by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation;
- (2) file the financial report in its office for public inspection and present it to the city council after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year; and
- (3) submit to the state auditor audited financial statements which have been attested to by a certified public accountant, public accountant, or the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in clause (2).

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief association, as defined in section [424A.001, subdivision 4](#), that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show the sources and amounts of all money received; all disbursements, accounts payable and accounts receivable; the amount of money remaining in the treasury; total assets including a listing of all investments; the accrued liabilities; and all items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement required under paragraph (a) must be certified by an independent public accountant or auditor or by the auditor or accountant who regularly

examines or audits the financial transactions of the municipality. In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report. The independent accountant or auditor must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire or police department.

(c) The detailed statement required under paragraph (a) must be countersigned by the municipal clerk or clerk-treasurer of the municipality, or, where applicable, by the secretary of the independent nonprofit firefighting corporation and by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation.

(d) The volunteer firefighters' relief association board must file the detailed statement required under paragraph (a) in the relief association office for public inspection and present it to the city council within 45 days after the close of the fiscal year, and must submit a copy of the detailed statement to the state auditor within 90 days of the close of the fiscal year.

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association will forfeit its current year state aid, and until the state auditor receives the required information, the relief or municipality will be ineligible to receive any future state aid. A municipality or police or firefighters' relief association shall not qualify initially to receive, or be entitled subsequently to retain, state aid pursuant to this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 1c. **Notification of secretary of state.** The state auditor annually shall provide the secretary of state with a list of the names of the volunteer firefighter relief associations that comply with the requirements of subdivision 1 or 1a. The information provided must also include, for each volunteer firefighter relief association, the office address and the name of the person functioning as president.

Subd. 2. **Treasurers bond.** No treasurer of a relief association governed by section [69.77](#) shall enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law. No treasurer of a relief association governed by sections [69.771](#) to [69.776](#) shall enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Subd. 3. **Report by certain municipalities.** Each municipality which has an organized fire department but which does not have a firefighters' relief association shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year, on a form prescribed by the state auditor. The financial report shall contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report shall be signed by the municipal clerk or clerk-treasurer of the municipality. The financial

report shall be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The state auditor shall forward one copy to the county auditor of the county wherein the municipality is located. The municipality shall not qualify initially to receive, or be entitled subsequently to retain, state aid pursuant to this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 4. **Notification by commissioner and state auditor.** The state auditor in performing an audit or examination shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office. The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

History: 1969 c 1001 s 5; 1971 c 695 s 6; Ex1971 c 6 s 9; 1973 c 492 s 7; 1977 c 429 s 63; 1981 c 224 s 22,274; 1982 c 460 s 3,4; 1983 c 113 s 2,3; 1986 c 359 s 9; 1986 c 444; 1993 c 86 s 1; 1997 c 241 art 10 s 1-3; 1Sp2005 c 8 art 9 s 1,2

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609.456, Minnesota Statutes 2006

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609.456 REPORTING TO STATE AUDITOR AND LEGISLATIVE AUDITOR REQUIRED.

Subdivision 1. **State auditor.** Whenever a public employee or public officer of a political subdivision or charter commission discovers evidence of theft, embezzlement, unlawful use of public funds or property, or misuse of public funds by a charter commission or any person authorized to expend public funds, the employee or officer shall promptly report to law enforcement and shall promptly report in writing to the state auditor a detailed description of the alleged incident or incidents. Notwithstanding chapter 13 or any other statute related to the classification of government data, the public employee or public officer shall provide data or information related to the alleged incident or incidents to the state auditor and law enforcement, including data classified as not public.

Subd. 2. **Legislative auditor.** Whenever an employee or officer of the state, University of Minnesota, or other organization listed in section 3.971, subdivision 6, discovers evidence of theft, embezzlement, or unlawful use of public funds or property, the employee or officer shall, except when to do so would knowingly impede or otherwise interfere with an ongoing criminal investigation, promptly report in writing to the legislative auditor a detailed description of the alleged incident or incidents.

History: 1992 c 592 s 17; 1999 c 99 s 21,23; 2002 c 352 s 14

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