

RELIEF ASSOCIATIONS

LEGAL COMPLIANCE AUDIT GUIDE

RELIEF ASSOCIATIONS

Introduction

For each of the different types of relief associations, the following checklist cites the primary statutory provisions applicable to relief associations:

Police Relief Associations

- Generally - Minn. Stat. §§ 423A.01-.22
- Minneapolis - Minn. Stat. §§ 69.77, .80 and § 423B.01-.23*
- Fairmont - Minn. Stat. §§ 423.41-.62 (2000); see 2002 Minn. Laws, ch. 392, art. 1, § 8

Salaried Firefighters' Relief Associations

- Generally - Minn. Stat. §§ 423A.01-.22
Minn. Stat. §§ 69.77, .80
- Minneapolis - Minn. Stat. ch. 423C.01-.16*
- Bloomington - Minn. Stat. ch. 424 (2000) (to the extent applicable); see 2002 Minn. Laws, ch. 392, art. 1, § 7; 1965 Minn. Laws, ch. 446.

Volunteer Firefighters' Relief Associations

- Minn. Stat. §§ 69.771-.776; Minn. Stat. § 69.80
Minn. Stat. §§ 424A.001-.10; Minn. Stat. §§ 424B.01-.21

*Provisions of Minn. Stat. § 69.77 and Minn. Stat. chs. 423B and 423C related to the Minneapolis Police Relief Association and the Minneapolis Fire Relief Association were repealed, effective December 30, 2011. 2011 Minn. Laws, 1st Spec. Sess., chs. 7 and 8.

Relief associations are also subject to the depository designation and collateralization requirements of Chapter 1 (Minn. Stat. §§ 356A.06, subd. 8a, and 118A.02-.03) and the Conflict of Interest provisions of Chapter 2 herein. Minn. Stat. § 6.495 requires the audit of both the special and general funds.

Relief associations are subject to their own bylaws and articles of incorporation, subject to statutory provisions. Therefore, a review of the bylaws and articles of incorporation, as well as applicable special laws, is essential to the legal compliance audit of the relief association. Special laws are found in Table 1 of Minnesota statutes.

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
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Part I. Special Fund/General Fund (For All Relief Associations)

§§ 424A.05, 424.15 (2000), & 423.50 (2000) <i>See 423C.04 & 423B.06</i>	A. Were amounts paid to the relief association from the city and state (and for volunteer firefighters' relief associations' donations specified for support of the special fund) set aside and deposited in the special fund?			
§§ 424A.06, 424.15 (2000), & 423.50 (2000) <i>See 423C.04</i>	B. Were all other funds deposited in the association's general fund, if established?			
§§ 349.12, subd. 25(b)(3), & 471.6151	C. Were gambling proceeds <u>not</u> placed in the special fund?			
§§ 424A.05, 423.51 (2000), & 423C.04 <i>See 423B.07</i>	D. Were <u>benefits</u> paid from the special fund only for:			
	1. In the case of volunteers firefighters' relief associations, the payment of disability and service pensions to members of the relief association;			
	2. for the purchase of an annuity for the transfer of benefit amounts to the applicable person's individual retirement account or Minnesota deferred compensation plan under Minn. Stat. § 424A.015;			
	3. payment of survivor's benefits or death benefits to the estate of a deceased active or deferred firefighter as allowed by Minn. Stat. § 424A.05, subd. 4;			
	4. for volunteer firefighters' relief associations, fees, dues, and assessments allowed by Minn. Stat. § 424A.05, subd. 3(7); <u>or</u>			
	5. in the case of a volunteer relief association, for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the state of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization; <u>and</u>			
	6. were disbursements authorized by the bylaws?			
	Note: For relief associations other than volunteer firefighters' relief associations, check the specific law that applies. For example: Minn. Stat. § 423.51 (2000) (Fairmont Police); § 423C (Minneapolis Fire); § 423B.07 (Minneapolis Police).			
§ 69.80	E. Were <u>administrative expenses</u> from the special fund paid only as follows:			
	1. <u>office expenses</u> , including (but not limited to) rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, and fixtures;			
	2. salaries and itemized expenses of the president, secretary, and treasurer, or their designees, and any other official of the relief association to whom a salary is payable under bylaws or articles of incorporation in effect on January 1, 1986;			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	3. tuition, registration fees, organizational dues, and other authorized expenses of officers or members of the board of trustees incurred attending educational conferences, seminars, or classes that relate to the administration of the relief association;			
	4. audit, actuarial, medical, legal, investment expenses, and performance evaluation expenses;			
	5. reasonable and necessary expenses of officers, board of trustees, or their designees, actually paid and incurred;			
	6. <u>premiums</u> on fiduciary liability <u>insurance</u> and official bonds for officers, members of the board of trustees, and employees of the relief association;			
	7. salaries of administrative personnel; and			
	8. for the Minneapolis Police Relief Association, disbursements authorized by Minn. Stat. § 423B.07?			
§ 424A.06	F. Were all other expenses paid from the general fund?			
	1. In the case of a volunteer firefighters' relief association, were disbursements from the general fund made for a purpose authorized by the association's articles of incorporation or bylaws?			
§ 69.80	G. If an expense is related to purposes of both funds, were the expenses properly allocated to each fund based on the benefits derived by such fund?			

§ 356A.06 Part II. Investments (Short List)					
§ 356A.06, subd. 6	The following securities are proper investments for relief associations with assets with a book value of \$1,000,000 or less and which do not use:				
	- a registered investment advisor to invest at least 60 percent of its assets (book value);				
	- the State Board of Investment (SBI) to invest at least 60 percent of its assets (book value); or				
	- a combination of a registered investment advisor and the SBI for at least 75 percent of its assets (book value). For relief associations that meet the above criteria, the following investments are permitted. For relief associations that do not meet the above criteria, go to Part III, <u>infra</u> .				
	A. Certificates of Deposit				
	If the fund invested in certificates of deposit, were they issued by financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation (FSLIC), the National Credit Union Administration (NCUA), or are fully collateralized by pledged marketable securities pursuant to Minn. Stat. § 118A.03?				
	B. Savings Accounts				

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	1. If the fund placed money in a savings account with a financial institution, was it fully insured by FDIC/FSLIC/NCUA?			
§ 356A.06, subd. 6	C. Government Obligations			
	1. If the fund is invested in federal governmental obligations, were the obligations issued by the United States, its agencies, or instrumentalities, or by an organization established and regulated by an act of Congress?			
	2. If the fund is invested in state or local obligations:			
	a. Were the obligations issued by the state, its agencies or instrumentalities, municipalities, or other governmental or political subdivision?			
	3. State or Federal Obligation Requirements			
	a. Does the obligation's investment yield equal or exceed the stated investment yield of debt securities not exempt from federal income taxation and of comparable quality?			
	b. If the obligation was a revenue bond, was the governmental or political entity issuing it completely self-supporting for the last five years? or			
	c. If the obligation was not a revenue bond:			
	(1) was it backed by the full faith and credit of the applicable taxing jurisdiction; and			
	(2) was the issuing entity not in default on the payment of interest or principal on this or any other nonrevenue bond obligation issued in the past ten years?			
	D. Corporate Obligations			
	1. If the fund invested in corporate obligations, were they:			
	a. issued by a United States corporation;			
	b. with an average annual net pre-tax earnings in the past five years that exceeded annual interest and principal payments on the total issued debt of the corporation by 50 percent; and			
	c. the obligation in question was rated in one of the top three quality categories by Moody's Investors Service, Inc., or Standard and Poor's Corporation?			
	E. Investment Companies			
	1. If the fund invested in an open-end investment company:			
	a. was it registered under the Federal Investment Company Act of 1940; and			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	b. did it only invest in those investments defined in A through D above?			
	F. Were all of the association's investments permitted in A through E above?			

§§ 69.77, subd. 9, 69.775; & 356A.06	Part III. Investments (Long List)			
§ 356A.06, subds. 6 & 7	The following securities are proper investments for:			
	- All relief associations with assets with a book value in excess of \$1,000,000; and			
	- Those relief associations with assets with a book value of \$1,000,000 or less, provided that the association:			
	- uses the services of a registered or licensed investment advisor for the investment of at least 60 percent of its assets (book value);			
	- uses the services of the State Board of Investment (SBI) for the investment of at least 60 percent of its assets (book value); or			
	- uses a combination of services of an investment advisor and the SBI for the investment of at least 75 percent of its assets.			
§ 356A.06, subd. 7	A. Government Obligations			
	1. If the fund invested in government obligations, were they: bonds, notes, bills, mortgages, or other evidences of indebtedness backed by the full faith and credit of the issuer or rated among the top four quality rating categories by a nationally recognized rating agency?			
	2. Were the government obligations guaranteed or insured issues of:			
	a. the United States, its agencies or instrumentalities, or organizations created and regulated by an act of Congress;			
	b. Canada or its provinces; Note: Interest must be payable in United States dollars.			
	c. the states, their municipalities, political subdivisions, agencies or instrumentalities;			
	d. the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other United States government-sponsored organization of which the United States is a member? Note: Interest must be payable in United States dollars.			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	B. Corporate Obligations			
	1. If the association invested in corporate obligations:			
	a. were they bonds, notes, debentures, transportation equipment obligations, or any longer-term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or its states or the Dominion of Canada or its provinces (principal and interest payable in United States dollars)?			
	2. Were the corporate obligations rated among the top four quality categories by a nationally recognized rating agency?			
	C. Other Obligations			
	1. If the association invested in bankers' acceptances or deposit notes of United States banks, were they issued by banks rated in the highest four quality categories by a nationally recognized rating agency?			
	2. If the association invested in certificates of deposit (CDs), were the CDs:			
	a. issued by United States banks or savings institutions rated in the highest four quality categories by a nationally recognized rating agency, <u>or</u> whose certificates of deposit were fully insured by federal agencies; or			
	b. issued by credit unions in amounts up to the limit of insurance coverage provided by the National Credit Union Administration?			
	3. If the association invested in commercial paper, was it issued by a United States corporation or its Canadian subsidiary and was it rated in the highest two quality categories by a nationally recognized rating agency?			
	4. If the association invested in mortgage participation or pass-through certificates evidencing interest in pools of first mortgages or trust deeds, were they:			
	a. on improved real estate located in the United States;			
	b. with a loan to value ratio of 80 percent or less as calculated under Minn. Stat. § 61A.28, subd. 3; <u>and</u>			
	c. in all other respects, in conformance with the requirements of Minn. Stat. § 61A.28, subd. 3?			
	5. Minnesota Housing Finance Agency			
	a. If the association purchased from the Minnesota Housing Finance Agency all or part of any pool of residential mortgages, were they:			
	(1) not in default; and			
	(2) previously financed by the issuance of bonds or notes of the agency?			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	b. If the association entered into a commitment with the agency, at the time of an issue of bonds or notes, to purchase at a specified future date, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes:			
	(1) was the specified future date not more than 12 years from the date of the issue?			
	c. If the association entered into agreements with the agency for the investment of any portion of the funds of the agency:			
	(1) did the agreement cover the period of the investment, withdrawal privileges, and any guaranteed rate of return?			
	6. If the association entered into any repurchase or reverse repurchase agreements, was the subject matter/collateral for them:			
	a. letters of credit; or			
	b. securities that the relief association could have directly invested in?			
	7. If the association invested in any guaranteed investment contracts:			
	a. were they issued by an insurance company or bank rated in the top four quality categories by a nationally recognized rating agency; or			
	b. were they alternative guaranteed investment contracts where the underlying assets complied with the requirements of Minn. Stat. § 56A.06, subd. 7?			
	8. If the fund put assets in a savings account, was the account fully insured by federal agencies?			
	9. If the fund invested in asset-backed securities, were they rated in the top four quality categories by a nationally recognized rating agency?			
	D. Corporate Stocks			
	If the association invested in the stock or convertible issues of a corporation,			
	1. Was the corporation at least one of the following:			
	a. organized under the laws of the United States or its states;			
	b. organized under the laws of the Dominion of Canada or its provinces; or			
	c. listed on an exchange regulated by an agency of the United States or of the Canadian national government?			

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	2. Did the total value of corporate stock investments (D), developed market foreign stocks investments (E), other investments (I), equity investments in commingled or mutual investments (F), real estate investment trust and related investments (G), and exchange traded funds (H), as adjusted for realized gains and losses, <u>not</u> exceed 85 percent of the lesser of:			
	a. the market or book value of the fund; <u>and</u>			
	b. did the investments never exceed five percent of the total outstanding shares of any one corporation?			
	E. Developed Market Foreign Stocks Investments			
	If the association invested in foreign stock, was the foreign stock sold on an exchange in a developed market country that is included in the Europe, Australia, and Far East Index?			
	F. Commingled or Mutual Investments			
	If the association invested in index funds or mutual funds, including index mutual funds,			
	1. Did it do so through bank-sponsored collective funds and shares of open-end investment companies registered under the Federal Investment Company Act of 1940; <u>and</u>			
	2. Did the investments of the index or of the mutual fund comply with A. Government Obligations to H. Exchange Traded Funds?			
	G. Real Estate Investment Trust; Related Investments			
	1. If the association invested in real estate investment trusts, were they secured by mortgages or deeds of trust <u>and</u> sold on an exchange?			
	2. Did the association invest only in insurance company commingled accounts, including separate accounts, of a debt or equity nature?			
	H. Exchange Traded Funds			
	If the covered pension plan invested in exchange traded funds, did all investments meet the maximums, requirements and limitations in Minn. Stat. § 356A.06, subd. 7, (c) (Government Obligations, A, above); (d) (Corporate Obligations, B, above); (e) (Other Obligations, C, above); (f) (Corporate Stocks, D, above); (g) (Developed Market Foreign Stocks Investments, E, above); (h) (Commingled or Mutual Investments, F, above); or (i) (Real Estate Investment Trust; Related Investments, G, above) as applicable?			
	I. Other Investments			
	1. The association may invest in the following investments, subject to the restrictions below:			
	a. <u>Venture Capital</u> investment businesses through participation in <u>limited partnerships</u> and corporations;			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	b. <u>Real estate ownership interests or loans</u> secured by mortgages or deeds of trust through investment in <u>limited partnerships</u> or <u>bank sponsored collective funds</u> ;			
	c. <u>Regional</u> and <u>mutual funds</u> through bank sponsored <u>collective funds</u> and open-end <u>investment companies</u> registered under the Federal Investment Company Act of 1940 [which do not qualify under F (Commingled or Mutual Investments)];			
	d. <u>Resource</u> investments through <u>limited partnerships</u> , <u>private placements</u> , and <u>corporations</u> ; and			
	e. International debt securities and emerging market equity securities.			
	2. If the association invested in any of the above enumerated investments:			
	a. did the total value of the investments equal 20 percent or less of market value of the fund?			
	b. were there <u>at least</u> four unrelated owners of the investment (other than the covered pension plan) made under I.1.(a), (b), (c), and (d) above?			
	c. did the association's participation equal 20 percent or less of the total value of the investment for investments made under I.1.(a), (b), (c), and (d) above?			
	d. did the association's limited partnership participation and activity <u>not</u> create general liability on the part of the association?			
§ 356A.06, subd. 7a	J. Options and Future Contracts			
	If the association invested in any put and call options or future contracts, were they:			
	1. related to those securities that are proper direct investments for the association;			
§ 356A.06, subd. 7(b)	2. traded on a contract market regulated by a federal agency or by a financial institution regulated by a governmental agency;			
	3. was the agreement entered into with a fully offsetting amount of cash or securities; and			
	4. were only securities authorized by Minn. Stat. § 356A.06, <u>excluding</u> those under Minn. Stat. § 356A.06, subd. 7(g)(1)(i) - (iv), accepted as collateral or offsetting securities?			
	K. If the relief association entered into an agreement to lend securities:			
	1. was the agreement concurrently collateralized with cash or securities with a market value of at least 100 percent of the market value of the loaned securities; and			
	2. were only securities authorized by Minn. Stat. § 356A.06, <u>excluding</u> those under Minn. Stat. § 356A.06, subd. 7(g)(1)(i) - (iv), accepted as collateral?			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
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	L. Were each of the association's investments permitted in sections A through K above?			
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Part IV. Investments - All Reliefs				
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§§ 69.77, subd. 9; 69.775; & 11A.17	A. If the relief association used the State Board of Investment (SBI) to manage all or part of its investments, did the governing board of the association certify funds turned over to the SBI?			
§ 356.64	B. If the relief association invested in ownership interests or loans secured by mortgages or deeds of trust, were they on non-farm real estate located in Minnesota?			
§§ 69.775 & 69.77, subd. 9	C. Mutual funds and debt obligations			
	1. For the Bloomington Firefighters Relief Association, the Fairmont Police Relief Association, the Minneapolis Firefighters Relief Association, the Minneapolis Police Relief Association, and the Virginia Fire Department Relief Association:			
	a. If the association invested in open-end investment companies registered under the Federal Investment Company Act of 1940:			
§ 356A.06, subd. 7	(1) did the portfolio investments of the investment companies comply with the type of securities authorized for investment listed above in Part III? <u>and</u>			
	(2) did this investment not exceed 75 percent of the market value of the special fund?			
	b. If the association invested in domestic government and corporate debt obligations that are not rated in the top four quality categories by a nationally recognized rating agency or comparable unrated securities:			
	(1) did the percentage of these assets not exceed the lesser of five percent of the total assets of the special fund or 15 percent of the special fund's nonequity assets; <u>and</u>			
	(2) was the special fund's participation limited to 50 percent of a single offering of the debt obligations; <u>and</u>			
	(3) was the special fund's participation limited to 25 percent of the issuer's debt obligations that are not rated in the top four quality categories?			
	2. For other relief associations:			
	Did the association's investment in open-end investment companies registered under the Federal Investment Company Act of 1940, with investments that consist of securities listed above in Part III, not exceed 75 percent of the value of the assets of the special fund, not including any money market mutual funds?			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
§ 356A.06, subd. 8b	D. Before the relief association completed an investment transaction with or in accord with the advice of a broker:			
	1. did the relief association provide annually to the broker a written statement of investment restrictions applicable to the relief association under state law or the relief association's investment policy;			
	2. did the broker acknowledge in writing annually the receipt of the statement of investment restrictions and agree to handle the relief association's investments and assets in accordance with the provided investment restrictions; <u>and</u>			
	3. did the broker provide this written acknowledgment to the chief administrative officer of the relief association?			
	4. If any portion of the plan's assets are held by a security broker or its agent, did the security broker or its agent acknowledge in writing annually that sufficient insurance has been obtained from the Securities Investor Protection Corporation, supplemented by additional insurance, if necessary, to cover the full amount of covered pension plan assets held by the security broker or its agent; <u>and</u> did the plan and brokers use forms prepared by the state auditor to meet the requirements of Minn. Stat. § 356A.06, subd. 8b?			
§ 356A.06, subds. 6 & 7	E. Investment in annuities is not permitted by the short list or the long list.			
	Did the relief association <u>not</u> invest in annuities?			

Part V. Investment Reporting				
§ 356.219	- Minn. Stat. § 356.219 requires local relief associations that are not "fully invested" with the Minnesota State Board of Investment (SBI) to file certain information about their investments with the Office of the State Auditor (OSA).			
	- A local relief association is "fully invested" with the SBI if all of the association's assets "beyond sufficient cash equivalent investments to cover six months expected expenses" are invested through the SBI. Such associations may file a waiver form with the OSA.			
	- A relief association not fully invested with the SBI, with a market value of \$25,000,000 or more at the beginning of the calendar year, must report specified information, broken down into accounts, portfolios, or asset classes, on the appropriate form prescribed by the OSA. The specific requirements are based on criteria set forth in Minn. Stat. § 356.219.			
	- A relief association not fully invested with the SBI, which has a total market value that does not equal or exceed \$ 25,000,000, must report information about its total portfolio, broken down on a quarterly basis. It must also collect and retain additional information.			
	- All relief associations must submit investment policy statements and subsequent revisions to the OSA.			
§ 356.219	A. For all relief associations:			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	1. Has the relief association submitted the investment policy statement and subsequent revisions?			
	B. For a relief association that had a total market value of \$25,000,000 or more at the beginning of the calendar year:			
	1. Has the relief association filed all of the required investment information on the appropriate form prescribed by the OSA; or			
	2. Is the association excluded from the reporting requirement because all of its assets "beyond sufficient cash equivalent investments to cover six months expected expenses" are invested in the SBI, and has the relief association filed Form ID/Waiver SBI with the OSA?			
	C. For a relief association that does not have a total market value of \$25,000,000 or more:			
	1. Has the relief association filed all of the required investment information with the OSA on the appropriate form prescribed by the OSA; or			
	2. Is the association excluded from the reporting requirement because all of its assets "beyond sufficient cash equivalent investments to cover six months expected expenses" are invested in the SBI, and has the relief association filed Form ID Waiver with the OSA?			
	3. Has the relief association retained: (1) information specifying the date and amount of each injection and withdrawal to each investment account and investment portfolio, and (2) the market value of each investment account and investment portfolio at the beginning of each calendar year and for each quarter?			

Part VI. Economic Interest Statement

§ 356A.06, subd. 4	A. For volunteer firefighter relief associations, nonprofit firefighting corporations, and paid firefighter and police relief associations with assets under \$8,000,000:			
	1. Did each member of the governing board and chief administrative officer file with the relief association or firefighting corporation a statement of economic interest indicating:			
	a. the person's principal occupation and principal place of business;			
	b. whether or not the person has an ownership of or interest of ten percent or greater in an investment security brokerage business, a real estate sales business, an insurance agency, a bank, a savings and loan, or another financial institution; and			
	c. any relationship or financial arrangement that can reasonably be expected to give rise to a conflict of interest?			
	B. For the Bloomington Firefighters Relief Association and paid firefighter and police relief associations with assets of \$8,000,000 or more:			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	1. Did each member of the governing board and chief administrative officer file with the relief association a statement of economic interest containing the information required in Minn. Stat. § 10A.09, subd. 5, and any other information requested by the fiduciary or governing board to disclose reasonably foreseeable potential and actual conflicts of interest?			
	C. For all relief associations and firefighting corporations mentioned in A or B above:			
	1. Did the chief administrative officer, by January 15, annually transmit a certified listing of all individuals who have filed statements of economic interest with the relief association or firefighting corporation during the preceding 12 months and the address of the office of the pension plan to the Campaign Finance and Public Disclosure Board?			

Part VII. Other Requirements for Relief Associations				
§ 69.77, subd. 10	A. For the Fairmont Police Relief Association, the Minneapolis Firefighters Relief Association or Police Relief Association, the Virginia Fire Department Relief Association, or the Bloomington Firefighter's Relief Association:			
	1. Did the association prepare an actuarial valuation showing the condition of the special fund as of December 31 every year?			
	2. Was the actuarial valuation prepared pursuant to the guidelines of Minn. Stat. §§ 356.215, 356.216, and any applicable standards established by the Legislative Commission on Pensions and Retirement?			
	3. Was a copy of the actuarial valuation sent on or before July 1 of the following year to:			
	a. the Executive Director of the Legislative Commission on Pensions and Retirement;			
	b. the Director of the Legislative Reference Library;			
	c. the municipal governing body; and			
	d. the State Auditor?			
§ 69.773, subd. 2 <u>See GASB 25,</u> para. 35	B. If the relief association was a volunteer firefighter relief association paying or allowing monthly service pensions:			
	1. Did the association prepare an actuarial valuation showing the condition of the special fund at least every two years as required by Generally Accepted Accounting Principles (GAAP)?			
	2. Was the valuation prepared pursuant to Minn. Stat. § 69.773, subd. 2, and the guidelines of Minn. Stat. §§ 356.215, subd. 8, 356.216, and any applicable standards established by the Legislative Commission on Pensions and Retirement?			
	3. Was a copy of the actuarial valuation sent to:			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	a. the municipal governing body; and			
	b. the State Auditor?			
§ 69.773, subd. 1	C. If the relief association previously provided a monthly benefit service pension, but discontinued that practice and either replaced the monthly benefit amount with a lump sum benefit amount consistent with Minn. Stat. § 424A.02, subd. 3, or purchased an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in Minnesota, were the actuarial, financial, and minimum obligation requirements of Minn. Stat. § 69.772 complied with?			
§ 69.051, subd. 2	D. Did the relief association obtain from its treasurer a faithful performance surety bond as follows:			
	1. for salaried relief associations, in a reasonable amount acceptable to the municipality; or			
	2. for volunteer fire relief associations, in an amount equal to at least ten percent of the relief association's assets (except that it need not exceed \$500,000)?			
	E. Was the municipal contribution to the special fund determined as follows:			
	1. for police relief associations and paid firefighter relief associations, pursuant to Minn. Stat. § 69.77, subd. 4;			
	2. for volunteer firefighter relief associations paying lump sum service pensions, pursuant to Minn. Stat. § 69.772, subd. 3; or			
	3. for volunteer firefighter relief associations paying monthly service pensions, pursuant to Minn. Stat. § 69.773, subd. 5?			
	F. Did the association certify the financial requirements of the special fund and the minimum obligation of the municipality:			
§ 69.77, subd. 5	1. between August 1 and September 1 in the case of police and paid firefighter relief associations; and			
§§ 69.772, subd. 4, & 69.773, subd. 5	2. prior to August 1 in the case of volunteer firefighter associations?			
§§ 69.77, subd. 6; 69.771, subd. 2; 69.772, subd. 4; & 69.773, subd. 5	G. Did the municipality pay the minimum obligation as certified by the relief association?			
§§ 69.77, subd. 7; 69.772, subd. 4; & 69.773, subd. 5	H. If the municipality did not pay the minimum obligation as certified, did the officers of the relief association certify the unpaid amount to the county auditor?			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
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Part VIII. Requirements for Salaried Relief Associations (Police and Firefighters)				
§ 423A.22, subd. 2	A. Did the municipality designate an official to receive and deposit all money received for the special fund?			
§ 423A.22, subd. 2	B. Did the designated official countersign all disbursements of \$5,000 or more?			
	C. If the association hired an institution to administer its financial affairs, did the official designated by the municipality:			
	1. approve the trustee agreement; and			
	2. countersign authorizations of all disbursements for \$5,000 or more?			
§ 423A.22, subd. 1	D. Did the board report to the municipality at least once in the preceding year, regarding:			
	1. the required municipal support under Minn. Stat. § 69.77;			
	2. the financial condition of the relief association under Minn. Stat. § 69.051;			
	3. the association's investment objectives and performance;			
	4. surety bond amounts for the secretary and treasurer pursuant to Minn. Stat. § 69.051, subd. 4; and			
	5. the annual administrative budget?			
	E. Did the board of trustees include at least two members appointed by the municipality?			
§ 423A.21, subd. 2	1. Did the municipal representatives have full rights and privileges of board membership, including full voting powers?			
	2. Was at least one municipal representative on any investment subcommittee formed by the board?			

Part IX. Requirements of Volunteer Relief Associations				
§ 424A.02, subd. 3	A. Defined Benefit Plans			
	1. For defined benefit relief associations, on or before August 1, did the secretary or some other officer of the volunteer firefighters' relief association calculate and certify to the municipality's governing body the "average amount of available financing per active covered firefighter for the most recent three-year period," pursuant to Minn. Stat. § 424A.02, subd. 3?			
	2. For defined benefit relief associations, did the service pension amounts paid by the relief association not exceed the maximum service pension as calculated pursuant to Minn. Stat. § 424A.02, subd. 3?			
§ 424A.016, subd. 4	B. Defined Contribution Plans			
	1. For defined contribution relief associations, was an equal share of the amounts to be credited under Minn. Stat. § 424A.016, subd. 4 credited to the individual account of each firefighter?			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	2. For defined contribution relief associations, were service pensions paid based on that portion of the assets of the special fund to the credit of the member in the individual account that is nonforfeitable under Minn. Stat. § 424A.016, subd. 3 and the bylaws, based on the retiring members' years of service?			
§ 424A.04	C. If the relief association was directly associated with a municipal fire department, did it have a board of trustees consisting of nine members?			
	1. Does the board consist of:			
	a. six members elected from the membership of the relief association; and			
	b. three members, consisting of:			
	(1) one elected municipal official designated by the municipal governing board,			
	(2) one elected or appointed municipal official designated by the municipal board, and			
	(3) the chief of the municipal fire department?			
	D. For a relief association that is a subsidiary of an independent non-profit firefighting corporation, did it have a nine-member board of trustees, with six members elected by the association, two elected or appointed officials designated by the municipality's governing board that year, and the fire chief serving with the independent non-profit firefighting corporation?			
	1. If two or more municipalities contracted with the firefighting corporation, was there one municipal trustee from each of the two largest municipalities?			
	2. If the relief association is directly associated with a fire department operated as or by a joint powers entity, were the municipal trustees the fire chief of the fire department and two trustees designated by the joint powers board that year?			
	3. If the relief association is directly associated with a fire department service area township, were the municipal trustees the fire chief of the fire department and two trustees designated by the township board?			
	E. If a member of the board of trustees was a retired member of the relief, did the bylaws of the association specifically allow such membership? [Note: Allowed only for associations that offer a monthly service pension.]			
	F. If the relief association lacks municipal members provided for in Minn. Stat. § 424A.04, subd. 1(a), (b), or (c), because the fire department is not located in or associated with an organized municipality, joint powers entity, or township, were the municipal members the fire chief of the fire department and two board members appointed from the fire department service area by the board of commissioners of the applicable county?			
§ 424A.015, subd. 1	G. If a relief association paid a service pension or disability benefit to a former member who has not separated from active service with the fire department to which the relief association is directly associated:			
	1. Was the person employed subsequent to retirement by the municipality or firefighting corporation to perform duties within the fire department or corporation on a full-time basis?			
	2. Had the governing body of the municipality or of the corporation filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace?			
	3. Were the bylaws of the relief association amended to provide for the payment of a service pension or disability benefit for such full-time employees?			
§ 424A.04, subd. 3	H. Conditions on Relief Association Consultants			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
	<p>For the purposes of this question, a consultant is any person employed under contract to provide legal or financial advice and who is or represents to the volunteer firefighter relief association that the person is an actuary, a licensed public accountant or a certified public accountant, an attorney, an investment advisor or manager, an investment counselor, an investment advisor or manager selection consultant, a pension benefit design advisor or consultant, or any other financial consultant.</p> <p>If the relief association employed or contracted with a consultant to provide legal or financial advice, did the secretary of the relief association obtain and did the consultant provide to the secretary of the relief association a copy of the consultant's certificate of insurance?</p>			
Part X. Appropriation of State Aid (Police and Firefighters' Relief Associations)				
§ 69.031	A. If all police officers are members of a relief association, or if a duly incorporated firefighters' relief association is organized and the municipality or nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan:			
	1. Did the municipal treasurer transmit the state aid from the Commissioner of Mgmt. and Budget to the relief association treasurer:			
	a. within 30 days of receipt for police and paid firefighters' relief associations; or			
	b. for a fire relief association which had not filed a financial report with the municipality, at a later date upon the relief association's filing a financial report?			
	2. Did the relief association treasurer immediately deposit the warrant in the association's special fund?			
	B. If all police officers are members of the Public Employees Police and Fire Fund (PEPFF), was the total state aid applied toward the municipal contribution under Minn. Stat. §§ 353.65, subd. 3, and 353.665, subd. 8(b), if applicable?			
§§ 69.031, subd. 5(b)(3), & 423A.01, subd. 2(6)	C. If retirement coverage is provided by both a police relief association or firefighter relief association (other than one in a first class city with a population over 300,000) and PEPFF due to consolidation, did the municipality:			
	1. transmit the total state aid (aid) to the relief association treasurer for deposit in the special fund;			
	2. use the aid to apply toward the municipality employer contribution to the PEPFF pursuant to Minn. Stat. §§ 353.65, subd. 3, and 353.665, subd. 8(b), if applicable; <u>or</u>			
	3. allocate the aid proportionally to the relief association and PEPFF based on each organization's respective number of active full-time peace officers (as defined by Minn. Stat. § 69.011, subd. (1)(g)) or full-time salaried firefighters receiving retirement coverage from each?			

Minn. Stat. Section	RELIEF ASSOCIATIONS	Yes	No	Workpaper Reference
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Part XI. Municipalities Without Fire Relief Associations

§§ 69.031, subd. 5(a), & 424A.08	A. If the municipality (1) received fire state aid, (2) is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under Minn. Stat., ch. 353G, and (3) had no firefighters' relief association, or the association has dissolved or has been removed as trustee of state aid:			
	1. were the funds placed in a special account in the municipal treasury?			
	2. were the funds only used for:			
	a. payment of fees, dues, and assessments to the Minnesota State Fire Department Association and to the State Volunteer Firefighters Benefit Association;			
	b. payment of the cost of purchasing and maintaining fire department equipment; or			
	c. payment of the cost of construction, acquisition, repair, or maintenance of buildings or other places housing the equipment of the fire department; or			
	d. If it has full-time firefighters covered by the public employees police and fire retirement plan, to pay the employer contribution requirement with respect to firefighters covered by the public employee police and fire retirement plan under Minn. Stat. § 353.65?			
424A.08 (c)	B. If the municipality has no volunteer firefighters' relief association directly associated with it and participates in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, did it transmit any fire state aid that it received to the voluntary statewide lump-sum volunteer firefighter retirement fund?			

Part XII. Police or Salaried Firefighters' Relief Association Consolidating into the Public Employees Retirement Association (PERA)
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§ 353A.07, subd. 3	A. Were all assets of the relief association transferred to PERA?			
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Part XIII. Non-Profit Corporation
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§ 424A.07	A. If a non-profit firefighting corporation is being examined, did it establish a relief association pursuant to Minn. Stat. § 424A prior to receiving state aid and prior to paying service pensions or retirement benefits?			
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