



Pension Division Newsletter

November 2023

Inside this issue:

<i>State Aid and Forfeiture Deadline</i>	2
<i>Information for Accountants</i>	2
<i>Fire Department Grants</i>	3
<i>Multiple Signatures on Checks</i>	3
<i>Pension Division Staff</i>	3

Supplemental Benefit Reimbursements

The form to seek reimbursement of any supplemental benefits paid during 2023 is now available on the [Minnesota Department of Revenue \(DOR\)'s website](#). Instructions for completing the form and answers to frequently asked questions are also provided on this DOR webpage.

The online form requires that a relief association provide its Minnesota ID number. If you do not know the relief association's ID number, you can obtain it by calling Business Registration within the DOR at (651) 282-5225.

A relief association seeking reimbursement of supplemental benefits paid during 2023 must submit the Supplemental Benefit Reimbursement form to the DOR by **February 15, 2024**, to receive reimbursement in March 2024. If the relief association misses this filing deadline, the reimbursement request cannot be submitted again until the filing period begins the following November.

Relief associations that pay service pensions as a one-time lump-sum payment (rather than monthly payments) must also pay a supplemental benefit. The supplemental benefit is paid at the same time as the service pension and is intended to help offset taxes which must be paid on the service pension or benefit distribution. No supplemental benefit is paid for monthly service pension recipients.

For service pensions and disability benefits, the amount of the supplemental benefit is equal to ten percent of the lump-sum distribution, up to a maximum of \$1,000. For survivor benefits, the amount of the supplemental benefit is equal to 20 percent of the survivor benefit distribution, up to a maximum of \$2,000. A 2019 law change allows a supplemental survivor benefit to be paid to a designated beneficiary or to an estate if the deceased firefighter had no surviving spouse or surviving children. The new law applies to supplemental benefits paid in 2019 and, thereafter, for the death of an active or deferred firefighter that occurred on or after January 1, 2019.

Supplemental benefits should be calculated on the pre-tax pension or benefit amount *before* any deferred interest is credited. In addition, deferred interest should not accrue on the supplemental benefit. Supplemental benefits are payable to members who are fully vested, as well as those who are partially vested.

Additional information about supplemental benefits is provided in the Office of the State Auditor (OSA)'s [Statement of Position](#) on this topic.

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What’s Ahead:

November 30:

Final deadline for submitting 2022 reporting-year forms to avoid forfeiture of fire state aid.

January 15:

Certified Listing of Individuals Who Filed a Statement of Economic Interest due to the Campaign Finance and Public Disclosure Board.

February 15:

Final deadline for submitting 2023 Supplemental Benefit Reimbursement Forms to the Department of Revenue.

State Aid and Forfeiture Deadline

The OSA is pleased to announce that 121 relief associations and other reporting entities met all reporting requirements to be certified to the Department of Revenue as eligible for receipt of their 2023 fire state aid and supplemental state aid in the second round of aid payments. State aid was disbursed on or about November 15 for those plans that met the reporting requirements.

In total, nearly 80 percent of relief associations have now been certified as eligible for their 2023 state aid. A listing from the DOR of the 2023 fire state aid and supplemental state aid amounts can be found on the [OSA website](#).

Minnesota law requires forfeiture of fire state aid for relief associations that do not submit all required reporting information to the OSA by **November 30, 2023**. If 2022 reporting forms are not received by November 30, 2023, a relief association’s 2023 state aid will be forfeited. The OSA does not have authority to grant filing extensions past the November 30 deadline.

Information for Accountants

The Agreed-Upon Procedures Guide, Sample Independent Accountant's Report, and sample client representation letter for 2023 calendar year reports are now available on the [OSA website](#).

Note that legislation passed into law earlier this year 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.**

Notices are being sent by email to those relief associations for whom we’ve completed our review of 2022 reporting forms, to confirm whether an audit or agreed-upon procedures engagement is required for 2023 reports filed with the OSA next year. If you have questions about how this law change may impact your relief association, please contact the OSA’s [Pension Division](#).

A relief association with special fund assets of less than \$750,000 and special fund liabilities of less than \$750,000 and that has not exceeded this threshold in a prior year, is required to have its annual financial reporting form attested to by a certified public accountant in accordance with agreed-upon procedures prescribed by the OSA.

Access to reporting forms for accountants, auditors, and other consultants who work with relief associations expires at the end of each calendar year. Relief associations will need to complete the [2024 User Authorization Form](#) to provide these individuals with access to reporting forms during the 2024 calendar year.

Statements of Position:

[Management of Records](#)

[Checking Accounts for Fire Departments and Relief Associations](#)

[Special and General Funds, and Charitable Gambling Funds](#)

[Supplemental Benefits](#)

Fire Department Grants

Occasionally, the OSA sees grant revenue deposited into a relief association’s general fund. Relief associations that receive grant funds should be sure that the terms of the grant are followed. The grant may require that the funds be given directly to the fire department. If the fire department is a city or town fire department, the funds need to be given directly to the municipality.

Minnesota law requires city councils and town boards to have full control over their municipality’s financial matters. Any money intended for use by a municipal fire department must be controlled by the city council or town board.

In addition, a relief association should not purchase or install fire department equipment without the governing body’s approval. The disbursement of city and town funds, including fire department funds, must comply with a process set forth in law.

Multiple Signatures on Checks

Minnesota law requires special fund disbursements paid by check to be signed by the relief association treasurer and by at least one other trustee who is designated as a signer by the board of trustees. In addition to being required by statute, multiple signatures are an important part of a relief association’s system of internal controls. When more than one person signs a check, each person is verifying that the relief association’s board of trustees has approved the check for payment.

Electronic or wire funds transfers are also permitted if internal control policies and procedures are established and approved by the board of trustees. The policies and procedures must provide for authentication of the electronic disbursements by the relief association treasurer and at least one other trustee.

The OSA’s sample [Bylaw Guides](#) include language referencing these signature and approval requirements (see the bylaw Article entitled “Funds.”)

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