



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@osa.state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

*****PRESS RELEASE*****

State Auditor Otto Releases Financial and Investment Report of Volunteer Fire Relief Associations

Contact: Jim Levi, Office of the State Auditor, (651) 297-3683, Jim.Levi@osa.state.mn.us

ST. PAUL (4/25/2017) – State Auditor Rebecca Otto today released the 2015 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, 2015.

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

Highlights from the report include:

- A total of \$31.3 million in service pensions was paid out by 354 different relief associations in 2015. The \$31.3 million paid out represents a 2.0 percent increase from the \$30.7 million paid in 2014.
- Relief associations held \$538.1 million in net assets at the end of 2015, representing accrued benefits for 18,773 firefighters.
- In 2015, relief associations received \$25.4 million in state aid, a 4.5 percent increase from the amount received in 2014.
- Relief associations received \$6.4 million in municipal contributions in 2015, a 19.0 percent decrease from the \$7.9 million received in 2014. Of the \$6.4 million received in municipal contributions, \$1.5 million was required to be contributed by statute and \$4.9 million was made voluntarily. It is interesting to note that this is the second time since 2009 that the amount of voluntary municipal contributions exceeded the amount of required municipal contributions.
- Investment losses totaled \$8.8 million in 2015, a change of 131.4 percent from the \$28.0 million in investment earnings during 2014.

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- In 2015, relief associations had an average rate of return of negative 1.3 percent. The average rate of return for relief associations that held at least one-half of their assets with the State Board of Investment (SBI) was 0.2 percent. Investment returns decreased from the 4.7 percent average rate of return in 2014.
- The average rate of return for relief associations over the past ten years was 5.0 percent, equal to the statutory interest rate assumption of five percent. About a quarter, or 26.8 percent, of relief associations had average rates of return of at least five percent over the last ten years.

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=20170424.000>.

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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>.