

# Legislative Commission on Pensions and Retirement

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TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Rachel Barth, Deputy Director

DATE: March 5, 2018

RE: S.F. 2622 (Utke); H.F. 2957 (Grossell): Clearbrook Fire Department Relief Association; Extensions for submitting reports for fire state aid eligibility.

## Overview

S.F. 2622 (Utke); H.F. 2957 (Grossell) extends the reporting deadline for the Clearbrook Fire Department Relief Association from November 30, 2017, to May 30, 2018. This extension will provide the relief association more time to get the required reports to the Office of the State Auditor (OSA) in order to qualify for 2017 fire state aid. If the relief association does not get the necessary reports to the OSA by May 30, 2018, the relief association's 2017 fire state aid will be forfeited.

Under Minn. Stat. § 69.051, a relief association must submit required financial reports to the OSA to be certified for the upcoming year's fire state aid. The reports must be submitted shortly after the close of the fiscal year (December 31) of each year. If the report is not submitted, under Section 69.051, Subd.1b, the OSA has the authority to extend the deadline to November 30. If the reports are not submitted by November 30, the relief association does not qualify for, and therefore forfeits, fire state aid.

The Clearbrook relief association did not satisfy the initial reporting requirement, so the OSA provided a deadline extension to November 30. However, the relief association did not meet the November 30 requirement either, despite attempts by various entities to make the relief association aware of the reporting deadlines.

## Reporting Requirement Notices

To date, the following are the attempts to make sure the Clearbrook relief association is aware of the reporting deadlines (as provided by the OSA):

- The OSA made 18 calls to the Clearbrook relief association treasurer, fire chief, and municipal officials prior to the November 30 state aid forfeiture deadline and sent six notices of overdue reports. Five of the notices were via email and the final notice was sent by mail. The notice sent by mail before the deadline was copied to the respective representative and senator.
- Staff with the State Fire Marshal's Division made phone calls on three occasions to the relief association regarding the state aid forfeiture deadline.
- The relief association's outside auditor (a CPA firm) has made numerous calls and emails.

### Precedent

In 2011, the Pension Commission approved a bill extending the financial reporting requirements for certain relief associations. The prior bill extended the deadline for three relief associations who failed to satisfy the extended November 30 deadline. Pension Commission staff materials do not provide a reason for why the three relief associations failed to meet the deadline.

Similarly, the Clearbrook relief association has not satisfied either the regular or the extended reporting deadline. Further, the Pension Commission staff are unaware of any specific reason why the relief association has failed to meet the two deadlines. It would be helpful to understand why a relief association does not file its financial reports and requires special legislation in order to receive its fire state aid.

Based on the similarity between the proposed legislation and the 2011 enacted language, the proposed legislation does not appear to set a new precedent.