

CHAPTER 69

FIRE AND POLICE DEPARTMENT AID; FIRE-FIGHTER'S AND POLICEMEN'S RELIEF

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69.011 QUALIFYING FOR STATE AID.

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms shall for the purposes of this chapter and chapters 423, 424 and 424A have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner or director of insurance.
- (b) "Municipality" means any home rule charter or statutory city, organized town or park district subject to chapter 398.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters relief association.
- (e) "Assessed Property Valuation" means latest available assessed value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the state board of equalization.
- (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto liability-bodily injury, auto liability-property damage, and auto physical damage as reported in the Minnesota business schedule of the fire and casualty insurance companies annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or regulations less return premiums and dividends.
- (g) "Peace officer" means any person:
 - (1) Whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full time basis of not less than 30 hours per week;
 - (2) Who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification pursuant to subdivision 2, clause (b);
 - (3) Who is sworn to enforce the general criminal laws of the state and local ordinances;
 - (4) Who is licensed by the peace officers standards and training board and is authorized to arrest with a warrant; and

(5) Who is a member of a local police relief association to which section 69.77 applies or the public employees police and fire fund.

(h) "Full time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized pursuant to section 424.05, subdivision 3, clauses (2), (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district the clerk is the secretary of the board of park district commissioners.

Subd. 2. Qualification for fire or police state aid. (a) In order to qualify to receive fire state aid, on or before June 1, annually, in conjunction with the financial report required pursuant to section 69.051, subdivision 1 or 3, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighter's relief association whichever is applicable, and the secretary and the treasurer of the firefighter's relief association, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31. Certification shall be made to the commissioner on a form prescribed by the commissioner and shall include any other facts the commissioner may require. The certification shall be made to the commissioner in duplicate. Each copy of the certificate shall be duly executed and deemed an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and retain one copy.

(b) On or before June 1 annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by him together with the other facts the commissioner or auditor may require.

On or before June 1 annually, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, clause (h), shall certify the number of such peace officers to the commissioner on forms prescribed by him. Credit for officers employed less than a full year shall be apportioned. Each full month of employment of a qualifying officer during the calendar year shall entitle the employing municipality or county to credit for one-twelfth of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer shall commence when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer shall be included in the certification of the number of peace officers by more than one municipality or county for the same month.

[For text of subs 3 to 5, see M.S.1982]

History: 1983 c 101 s 1; 1983 c 113 s 1

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subdivision 1. **Financial report of association.** The secretary and the treasurer of each firefighters relief association or police relief association shall, in conjunction with the fire department personnel and equipment certificate required pursuant to section 69.011, subdivision 2, clause (a), or the police department and qualified peace officers certificate required pursuant to section 69.011, subdivision 2, clause (b), whichever is applicable, annually prepare and sign jointly a detailed financial report of the receipts of, disbursements from and balances in the special and general funds of the relief association for the preceding calendar year ending December 31, on a form prescribed by the commissioner. The financial report shall contain any information which the commissioner deems necessary to reveal the true financial condition of the relief association and the compliance of the relief association with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report shall 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 relief association is a subsidiary of an independent nonprofit firefighting corporation. The financial report shall be filed by the municipal clerk or clerk-treasurer with the commissioner on or before June 1 annually. The commissioner shall forward one copy to the county auditor of the county wherein the municipality is located.

The relief association financial report shall 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 audit 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 shall have at least five years of public accounting, auditing or similar experience, and shall not be an active, inactive or retired member of the relief association or the fire or police department.

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.

[For text of subd 2, see M.S.1982]

Subd. 3. **Report by certain municipalities.** Each municipality which has an organized fire department but which does not have a firefighter's 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 commissioner. The financial report shall contain any information which the commissioner 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 commissioner on or before June 1 annually. The commis-

sioner 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.

[For text of subd 4, see M.S.1982]

History: 1983 c 113 s 2,3

69.77 POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION GUIDELINES ACT.

[For text of subds 1 and 1a, see M.S.1982]

Subd. 2. The penalty provided for in subdivision 1 shall not apply to a relief association enumerated in subdivision 1a if the following requirements are met:

(1) Each member of the relief association pays into the special fund of the association during a year of covered service, a contribution for retirement coverage including survivorship benefits of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions shall be made by payroll deduction from the salary of the member by the municipality, and shall be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association. The member contribution requirement specified in this clause shall not apply to any members who are volunteer firefighters.

(2) The officers of the relief association determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this clause. The financial requirements of the relief association and the minimum obligation of the municipality shall be determined on or before the submission date established by the municipality pursuant to clause (3).

The financial requirements of the relief association for the following calendar year shall be based on the most recent actuarial valuation or survey prepared in accordance with sections 356.215, subdivision 4 and 356.216, as required pursuant to clause (8). In the event that an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the actuarial estimate shall be used in calculating the financial requirements of the relief association.

If the relief association has an unfunded accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded accrued liability as reported in the most recent actuarial valuation or survey the amount calculated pursuant to subclause (a) shall constitute the financial requirements of the relief association for the following year.

(a) The normal level cost requirement for the following year, expressed as a dollar amount, which shall be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected increase in the active membership, for the following year.

(b) To the dollar amount of normal cost thus determined shall be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4). The amortization date specified in this subclause shall apply to all local police or salaried firefighters relief associations and shall supersede any amortization date specified in any applicable special law.

The minimum obligation of the municipality shall be an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts from the applicable state aid program established pursuant to sections 69.011 to 69.051 anticipated as receivable by the relief association after any allocation pursuant to section 69.031, subdivision 5, clause (2), subclause (c) or 423A.01, subdivision 2, clause (6), and from the local police and salaried firefighters' relief association amortization aid program established pursuant to section 423A.02 anticipated for the following calendar year.

(3) The officers of the relief association shall submit determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality which shall not be earlier than August 1 and shall not be later than September 1 of each year. The governing body of the municipality shall ascertain whether or not the determinations were prepared in accordance with law.

(4) The municipality shall provide for and shall pay each year at least the amount of the minimum obligation of the municipality to the relief association. If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency shall be added to the minimum obligation of the municipality for the following year calculated pursuant to clause (2) and shall include interest at the rate of six percent per annum compounded from the date that the municipality was required to make payment pursuant to this clause until the date that the municipality actually makes the required payment.

(5) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated pursuant to clause (2). The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied pursuant to this section shall not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced. If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

(6) Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year shall be used to amortize any unfunded liabilities of the relief association.

(7) The funds of the association shall be invested in securities which are proper investments pursuant to section 11A.24, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation specified in section 11A.24, subdivision 5 would necessitate a lesser investment. The association may also invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust, provided that the amount of all investments in real property shall not exceed ten percent of the market value of the association's fund. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17, provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed-return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.

(8) The association shall procure an actuarial valuation showing the condition of the special fund of the relief association pursuant to sections 356.215 and 356.216 as of December 31 of every year. A copy of the actuarial survey shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

[For text of subds 2a and 3, see M.S.1982]

History: 1983 c 71 s 1; 1983 c 291 s 2

69.772 RELIEF ASSOCIATIONS PAYING LUMP SUM SERVICE PENSIONS.

Subdivision 1. Application. This section shall apply to any firefighter's relief association specified in section 69.771, subdivision 1, which pays a lump sum service pension, but which does not pay a monthly service pension, to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, or any applicable special legislation and the articles of incorporation or bylaws of the relief association have been met. Each firefighter's relief association to which this section applies shall determine the accrued liability of the special fund of the relief association in accordance with the accrued liability table set forth in subdivision 2 and the financial requirements of the relief association and the minimum obligation of the municipality in accordance with the procedure set forth in subdivision 3.

Subd. 2. Determination of accrued liability. Each firefighters' relief association which pays a service pension when a retiring firefighter meets the minimum requirements for entitlement to a service pension specified in section 424A.02 and which in its articles of incorporation or bylaws requires service credit for a period of service of at least 20 years of active service for a totally nonforfeitable service pension shall determine the accrued liability of the special fund of the firefighters' relief association relative to each active or deferred member of the relief association, calculated individually using the following table:

Cumulative Year	Accrued Liability
.....
1	\$ 60
2	124
3	190
4	260
5	334
6	410
7	492
8	576
9	666
10	760
11	858
12	962
13	1070
14	1184
15	1304
16	1428
17	1560
18	1698
19	1844
20	2000
21 and thereafter	100 additional per year

As set forth in the table the accrued liability for each member or deferred member of the relief association corresponds to the cumulative years of active service to the credit of the member. The accrued liability of the special fund for each active or deferred member is determined by multiplying the accrued liability from the chart by the ratio of the lump sum service pension amount currently provided for in the bylaws of the relief association to a service pension of \$100 per year of service. If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded to the nearest full year of service credit. The total accrued liability of the special fund as of December 31 shall be the sum of the accrued liability attributable to each active or deferred member of the relief association.

[For text of subd 2a, see M.S.1982]

Subd. 3. Financial requirements of the relief association; minimum obligation of the municipality. During the month of July, the officers of the relief association shall determine the overall funding balance of the special fund for the current calendar year, the financial requirements of the special fund for the following calendar year and the minimum obligation of the municipality with respect to the special fund for the following calendar year in accordance with the requirements of this subdivision.

(1) The overall funding balance of the special fund for the current calendar year shall be determined in the following manner:

(a) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the current year shall be calculated pursuant to subdivisions 2 and 2a, if applicable.

(b) The total present assets of the special fund projected to December 31 of the current year, including receipts by and disbursements from the special fund anticipated to occur on or before December 31 shall be calculated.

(c) The amount of the total present assets of the special fund calculated pursuant to clause (b) shall be subtracted from the amount of the total accrued liability of the special fund calculated pursuant to clause (a). If the amount of total present assets exceeds the amount of the total accrued liability, then the special fund shall be considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the special fund shall be considered to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund shall be considered to be fully funded.

(2) The financial requirements of the special fund for the following calendar year shall be determined in the following manner:

(a) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the calendar year next following the current calendar year shall be calculated pursuant to subdivisions 2 and 2a, if applicable.

(b) The increase in the total accrued liability of the special fund for the following calendar year over the total accrued liability of the special fund for the current year shall be calculated.

(c) If the special fund is fully funded, the financial requirement of the special fund for the following calendar year shall be the figure which represents the increase in the total accrued liability of the special fund as calculated pursuant to subclause (b).

(d) If the special fund has a deficit from full funding, the financial requirements of the special fund for the following calendar year shall be the financial requirements of the special fund calculated as though the special fund were fully funded pursuant to subclause (c) plus an amount equal to one-tenth of the amount of the deficit from full funding of the special fund as determined pursuant to this section for the calendar year 1971 until that deficit is fully retired, and plus an amount equal to one-tenth of the increase in the deficit from full funding of the special fund resulting from an increase in the amount of the service pension accruing subsequent to December 31, 1971 until each increase in the deficit is fully retired.

(e) If the special fund has a surplus over full funding, the financial requirements of the special fund for the following calendar year shall be the financial requirements of the special fund calculated as though the special fund were fully funded pursuant to subclause (c) reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

(3) The minimum obligation of the municipality with respect to the special fund shall be the financial requirements of the special fund reduced by the amount of any fire state aid payable pursuant to sections 69.011 to 69.051 anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, and the amount of any anticipated contributions to the special fund by the members of the relief association during the following calendar year.

[For text of subds 4 to 6, see M.S.1982]

History: 1983 c 219 s 1-3