

# Pension Division Newsletter

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## Reporting Reminder and Audit Threshold

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are required to be submitted to the Office of the State Auditor (OSA) by June 30. Relief associations with assets or liabilities above this statutory threshold must also submit an annual audit to the OSA.

Whether a relief association has exceeded the statutory threshold is determined using end of year asset and liability amounts, and is based on Special Fund amounts, only. After a relief association exceeds the threshold in either assets or liabilities, an audit is required beginning with the next reporting year’s reports.

For example, if a relief association exceeds the threshold during 2019, an audit is first required with the 2020 reports that are submitted to the OSA during 2021. After a relief association exceeds the \$500,000 threshold, an audit continues to be required even if the relief association’s assets and liabilities subsequently drop below the threshold.

Relief associations with assets and liabilities that are both less than \$500,000 have a March 31 reporting deadline and must submit an agreed-upon procedures report with the reporting forms.



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## Legislative Update

The [2019 Omnibus Retirement Bill](#) includes the State Auditor’s Volunteer Fire Relief Association Working Group proposals. The Bill was passed unanimously by both the House and Senate during the Special Session. The next step is for the Bill to be presented to Governor Walz, who is expected to sign the Bill into law.

We will release a legislative update this summer that provides information about the relief association changes contained in the Bill.

We would like to thank the Working Group members for their work on this legislation and also thank all of those who attended the meetings to provide their input.

**What’s Ahead:**

**June 30:**

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are due to the OSA.

**August 1:**

The 2019 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

**September 15:**

First certification deadline for 2019 fire state aid. To be certified as eligible, all 2018 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

**Resources for Auditors**

Resources are available on the OSA website for auditors working with volunteer fire relief associations. The 2018 Minnesota Legal Compliance Audit Guide for Relief Associations prescribes the minimum procedures and audit scope for legal compliance audits. Click [here](#) to access the Guide.

The OSA has developed minimum procedures and a reporting format for agreed-upon procedures engagements for relief associations. A sample client representation letter is also provided. Click [here](#) to access these agreed-upon procedures documents.

Audit reports prepared by the OSA of local public pension plans are posted on our website and can be used as a reference. The audit reports can be viewed by clicking [here](#).

**Submitting Agreed-Upon Procedures and Audit Reports**

Agreed-upon procedures and audit reports for relief associations should be submitted to the OSA electronically through the State Auditor’s Form Entry System (SAFES). Both types of reports must be saved as PDF documents and be uploaded by the relief association’s accountant or auditor. A relief association must authorize its accountant or auditor to have SAFES access to the association’s reporting information by completing and submitting a [2019 User Authorization Form](#).

To submit a report, choose the “Submit Documents” tab within SAFES. Browse and select the document for submission. When submitting the agreed-upon procedures report, choose “Agreed-Upon Procedures Report” when specifying the document type. To submit an audit report through SAFES, choose “Pension Audit Report” when specifying the document type.

When submitting audit reports, please be sure that the management letter is included in the submission. When submitting PDF documents through SAFES, the financial statements, required supplementary information, and management letter should be saved and submitted as one PDF document.

**Statements of Position:**

**Required Minimum Distributions**

Federal rules prohibit funds from being kept in a retirement account indefinitely. Generally, individuals are required to start taking withdrawals from their retirement account when they reach age 70<sup>1/2</sup>. The beginning date for the first required minimum distribution depends on the pension plan type.

**Supplemental Benefits**

Relief associations with deferred members who are nearing age 70<sup>1/2</sup> or members who have exceeded this age should work with a tax professional to determine if or when any minimum distributions are required.

**Paying a Lump-Sum Service Pension**

**Minnesota Deferred Compensation Plan**

Volunteer firefighters are eligible to participate in the Minnesota Deferred Compensation Plan administered by the Minnesota State Retirement System. This plan offers a tax-deferred savings plan that can help supplement other retirement benefits. Volunteer firefighters may also choose to roll over their relief association service pension to their deferred compensation account. Volunteer firefighters who would like to enroll in the deferred compensation plan must do so before terminating public employment.

**Firefighter Service Credit Determinations**

**Maximum Benefit Levels**

Additional information about the deferred compensation plan is available on the [Minnesota State Retirement System website](#).

**Pension Division Staff**

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