



Pension Division Newsletter

April 2021

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New OSA Website

The Office of the State Auditor (OSA) has updated its [website](#)! A few helpful resources for relief association trustees, members, and consultants are highlighted below.

Reporting Forms

A link to SAFES, the State Auditor's Form Entry System, is now posted at the top of the OSA homepage for quick and easy access. Relief associations use SAFES to download, submit, and electronically sign their annual financial and investment reporting forms.

Under the "Forms + Deadlines" menu option, select "Pension Forms" to access other annual reporting forms, such as the Broker Certification Form. Form instructions and resources to help with proper completion of the forms can also be found on this page.

Newsletters and Topics

The monthly Pension Division Newsletter can be found under the "News" menu option. Articles from the monthly Newsletter, published over the years, can be accessed by topic on the "Pension Topics" page under the "Training + Guidance" menu option. Topics include: benefit levels, board of trustees and membership, internal controls, and pension and benefit payments.

Bylaw Guides and Pension Documents

The OSA provides sample bylaw guides that relief associations can use as a reference when making bylaw changes. The bylaw guides are provided in both Word and PDF formats, and are customized for defined contribution plans and defined-benefit lump-sum plans. The bylaw guides can be found on the "Pension Documents" page under the "Training + Guidance" menu option. Additional resources on the "Pension Documents" page include annual lists of state aid and supplemental benefit reimbursement amounts.

Reports

The annual Financial and Investment Report of Volunteer Fire Relief Associations can be accessed by going to the "Reports + Data Analysis" menu option and then choosing "Pension Reports." The reports are a summary of data reported to the OSA from the annual reporting forms, including benefit levels, rates of return, state aid, and municipal contribution amounts.

Office of the State Auditor
Pension Division
525 Park Street, Suite 500
Saint Paul, MN 55103
(651) 282-6110
Fax: (651) 282-5298
pension@osa.state.mn.us

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 2021 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation

September 15:

First certification deadline for 2021 fire state aid. To be certified as eligible, all 2020 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

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 year’s reports.

For example, if a relief association exceeds the threshold during 2020, an audit is first required with the 2021 reports that are submitted to the OSA during 2022. 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.

Auditors are required to follow the Legal Compliance Audit Guide for Relief Associations, which prescribes the minimum procedures and audit scope for legal compliance audits. Click [here](#) to access the Guide.

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

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.

How to Sign Forms in SAFES

Forms submitted through the State Auditor’s Form Entry System (SAFES) are usually available for viewing and signing immediately after they have been successfully uploaded.

To sign forms electronically, begin by logging into [SAFES](#). Select the “Forms” tab and choose the appropriate reporting year. Forms that are available for signing electronically will have a blue “View Form” link next to the form name.

Click on the blue link to view the form. If the information in the form is accurate, sign the form by clicking the “Sign” button. After you click the button, a 32-character unique identifier is displayed on the form, which represents your electronic signature.

Fiduciary Investment Reminders

Statements of Position:

All nine trustees on a relief association’s board of trustees are fiduciaries. State law defines activities of a fiduciary, which include the investment of plan assets and the selection of financial institutions and investment products.

Board Governance

When presented with investment proposals, trustees should keep in mind the old adage: “If it sounds too good to be true, it probably is.” Relief association trustees should ask questions of investment professionals and monitor investment performance.

Management of Records

As fiduciaries, each trustee on a relief association’s board owes a duty to the members that investments are made in accordance with state law and with the plan documents (i.e., bylaws, articles of incorporation, and investment policy). Hiring a broker or investment advisor does not relieve a relief association’s board members of their fiduciary duties and responsibilities.

Investment Authority

State law requires that fiduciaries act in good faith and exercise the degree of judgment and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, considering the probable safety of the plan capital as well as the probable investment return to be derived from the assets.

Investment Policies

In addition to having a fiduciary duty to the relief association members, trustees also owe a fiduciary duty to the taxpayers, who help finance the plan, and to the State of Minnesota.

When markets are volatile some investors can be more easily persuaded to make choices that are not in the investor’s best interest. “Churning”, the practice of excessive trading by a broker seeking to maximize commissions regardless of the client’s best interest, may also be harder to detect when markets are fluctuating.

Pension Division Staff

If you have questions, please contact us:

Michael Johnson, Pension Analyst
(651) 282-5430

Molly Resch, Pension Analyst
(651) 297-2765

Maia Dabney-Miller, Pension Analyst
(651) 284-3423

michael.johnson@osa.state.mn.us

molly.resch@osa.state.mn.us

maia.dabney-miller@osa.state.mn.us

Robin Paulsen, Administrative Specialist
(651) 296-6267

Rose Hennessy Allen, Pension Director
(651) 296-5985

robin.paulsen@osa.state.mn.us

rose.hennessy-allen@osa.state.mn.us