



# Pension Division Newsletter

May 2021

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## Legislative Update

The [2021 Pension and Retirement Bill](#), which includes the State Auditor's Volunteer Fire Relief Association Working Group proposals, was passed by both the House and Senate during the regular legislative session. The bill is awaiting action by Governor Walz, who is expected to sign it into law.

If the bill is signed, we will release a legislative update this summer that provides information about the relief association changes and provisions 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 input.

## Financial and Investment Report

The State Auditor's [Financial and Investment Report](#) of Volunteer Fire Relief Associations for the year ended December 31, 2019, was released. The Report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations. Annual benefit levels, municipal contribution amounts, fire state aid amounts, and rates of return for each relief association are included in the Report.

State Auditor Blaha's [press release](#) announcing the report's publication can also be viewed on our website.

## Selected Relevant Statutes Booklet

An updated version of the [Selected Relevant Statutes booklet](#) for volunteer fire relief associations is now available. The Selected Relevant Statutes booklet contains many of the State statutes relevant to relief associations.

Relief association trustees and consultants are encouraged to download the booklet for reference when updating bylaws, making investment decisions, and calculating benefit payments.

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**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.

## Resources for Auditors

Resources are available on the OSA website for auditors working with volunteer fire relief associations. The 2020 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 [2021 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.

## Investment Policies

### Statements of Position:

[Differences Between Municipal Departments and Independent Nonprofit Firefighting Corporations](#)

[Maintaining a General Fund after Joining the PERA Statewide Plan](#)

[Joint Powers Fire Departments and Fire Districts](#)

State law requires that each relief association have an investment policy on file with the OSA.

An investment policy is an important tool to help relief association trustees fulfill their roles as fiduciaries. Investment policies should define and assign investment decision-making and oversight roles, provide for review of investment transactions and strategies, encourage effective communication and reporting, identify the risk tolerance of the relief association members and trustees, and provide continuity to the investment program. Investment policies may be crafted to apply to all investments made by the relief association, or only to the investment of special fund assets.

The following items should be included in a relief association investment policy:

- Statement of Objectives (including benchmarks and target asset allocations);
- Internal Controls;
- Standards of Conduct;
- Investment Reporting;
- Ethics and Conflicts of Interest; and
- Investment Restrictions.

Additional detail and suggestions for each of these items is provided in our [Statement of Position on Investment Policies](#).

A [Statement of Position on Investment Authority](#) for relief associations is also provided on our website.

A relief association should review its investment policy annually to ensure that it accurately reflects the relief association’s investment goals and objectives. Any changes to the investment policy must be filed with the OSA.

## Pension Division Staff

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