



OFFICE OF THE STATE AUDITOR

E-Update

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**State Auditor
Julie Blaha**

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1. Released: Financial and Investment Report of Volunteer Fire Relief Associations
2. Reminder: Update Your Small City and Town Accounting System (CTAS)
3. Avoiding Pitfalls: Examine Bank Statements Promptly to Preserve Potential Claims

1. Released: Financial and Investment Report of Volunteer Fire Relief Associations

State Auditor Blaha released the 2017 Financial and Investment Report of Volunteer Fire Relief Associations this week. The report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations for the year ended December 31, 2017. Rates of return, state aid amounts, benefit levels, and funding ratios for each relief association are included in the report.

The press release can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20190308.001>

The complete report can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20190308.000>

2. Reminder: Update Your Small City and Town Accounting System (CTAS)

The 2018 cash basis financial information for local governments is due to the OSA by April 1, 2019. You must use one of the most current versions of CTAS (2018 or 2019) to submit the State Auditor Data File and financial statements. If you are using CTAS to prepare your payroll, you must also be using CTAS 2018 or 2019 to ensure that the payroll calculates correctly.

To identify the version of CTAS you are using, open the CTAS program, click on the Admin module, and click on the Support tab.

The information for the most current CTAS Version is:

- Application Name: CTAS 2019
- Application Version: 8.7.1.26

- Database Version: 8.7.1

Local governments who are registered users of CTAS 8 or newer can download the latest version of CTAS from the State Auditor's Form Entry System (SAFES) for free at:

<https://www.auditor.state.mn.us/SAFES>

Additional information about CTAS such as Known Issues, CTAS Manual, and other reference material is available at:

<https://www.auditor.state.mn.us/default.aspx?page=ctas>

3. Avoiding Pitfalls: Examine Bank Statements Promptly to Preserve Potential Claims

Under Minnesota law, it is important that local governments preserve their legal rights against banks regarding unauthorized payments made from local government accounts. Under [Minn. Stat. § 336.4-406](#), once a bank (defined to include savings banks, credit unions, etc. "engaged in the business of banking") sends an account statement to a customer, the customer has a duty to "exercise reasonable promptness" in examining the statement for unauthorized payments. If the statement discloses an unauthorized payment, it is the customer's duty to "promptly notify the bank." A customer that fails to fulfil this duty "is precluded from asserting" claims against the bank.

The number of days that constitute "reasonable promptness" often is specified in the depository agreement with the bank, and it may be less than 30 days. For example, in one case decided by the Minnesota Supreme Court, an account holder was barred from recovering from his bank \$22,000 that the bank paid on forged checks, because the account holder did not notify the bank within the 20-day notification period provided in the agreement with the bank. See *Stowell v. Cloquet Co-Op Credit Union*, 557 N.W.2d 567 (Minn. 1997).

To preserve possible legal claims, know the time-period specified in the agreement with your bank and review bank statements accordingly.

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