



OFFICE OF THE STATE AUDITOR

E-Update

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State Auditor
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1. Pension Update – Pension Reminder

Relief association officers sometimes receive requests from members seeking to use their pension as collateral for a loan. Members entitled to a service pension or other benefit from a relief association special fund are specifically precluded under state law from assigning any pension or benefit payments. Relief associations are also precluded from recognizing any assignment or paying over any sum which has been assigned. This means that pensions or other benefits that a member may be entitled to can not be used as collateral.

2. Revised Statement of Position

A revised Statement of Position (Deposits of Public Funds, # 2007-1012) has been posted to the Office of the State Auditor's website. The Statement of Position discusses state law limits on where and how public funds may be deposited. The revision adds detail to the discussion of the use of collateral to protect securities deposited with a bank or credit union for securities not fully covered by deposit insurance. The Statement of Position can be found at

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

3. Avoiding Pitfalls – Tax Identification Numbers

We sometimes find organizations that use a public entity's tax identification number when the organization is not part of the public entity. For example, some entities have employee "Sunshine" clubs where employees chip in money for flowers or cards for other employees. Similarly, employees in a particular department may donate their own funds for parties or banquets.

The public entity's tax identification number should only be used for the public entity's financial accounts. Financial accounts containing employee funds should not use the public entity's tax identification number. Public entities should check with their financial institutions to be sure no one else is using the public entity's tax identification number on an account.
