



# OFFICE OF THE STATE AUDITOR

## *E-Update*

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State Auditor  
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December 14, 2007

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### **1. Reminder: Survey Deadline is December 21<sup>st</sup>**

The Office of the State Auditor is conducting a survey on the use of administrative penalty programs by local governments. The survey was sent to all cities and counties by either mail or email in late November. If you did not receive the survey, please call Julie Wroblewski at 651-297-3681 or email her at [Julie.Wroblewski@state.mn.us](mailto:Julie.Wroblewski@state.mn.us) as soon as possible to ensure you are able to complete it by the December 21st deadline.

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### **2. Reminder: Special Districts Reporting Deadline**

The deadline for Special Districts to submit the Special District Financial Reporting Form and Audited Financial Statements has passed. Thank you to those of you who met the deadline. Special Districts who have not yet submitted their audited financial statements should email them as soon as possible in an Adobe Acrobat Format (PDF) to the Office of the State Auditor at [specialdistrict@auditor.state.mn.us](mailto:specialdistrict@auditor.state.mn.us).

In an effort to make reporting easier and more convenient, the Office of the State Auditor has developed a spreadsheet for completing the Special District Financial Reporting Form. You can download the spreadsheet by visiting the Office of the State Auditor's website at

<http://www.auditor.state.mn.us>. *CAUTION: Before beginning, please be sure to save your reporting form to your local computer.*

The file can either be emailed or mailed to our office, but email is preferred. If you choose the option of emailing the file to our office, the email address is [specialdistrict@auditor.state.mn.us](mailto:specialdistrict@auditor.state.mn.us). When emailing the reporting form to our office, include the name of your local government, and your name and title in the body of the email. In addition, include the name of your local government on the subject line of the email.

If you have questions or require assistance, please call David Kazeck, director of the Government Information Division, at (651) 297-3682 or email at [Dave.Kazeck@state.mn.us](mailto:Dave.Kazeck@state.mn.us).

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### **3. Training Opportunities**

#### **1 Spot Left in CTAS Training on Dec. 20**

One spot remains for the CTAS training session scheduled for December 20, 2007. The training session begins at 9:00 a.m. and will end at approximately 1:00 p.m. Lunch is on your own after the training session. Please call Dave Kazeck at (651) 297-3682 to reserve the last spot. The training session will be held at the Office of the State Auditor, Suite 500, 525 Park Street, St. Paul, MN. Directions to our office may be obtained from our website at <http://www.auditor.state.mn.us>.

#### **Registration Information Now Available for OSA Seminar**

Information on the January 31, 2008, Office of the State Auditor Seminar, including a registration form, is now available on our website at [www.auditor.state.mn.us](http://www.auditor.state.mn.us). The training will include discussion on internal controls, updates on legal compliance, new accounting issues, including OPEB reporting, and audit issues affecting local governments.

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### **4. Pension: Provide Updated Contact Information**

The Office of the State Auditor is in the process of updating volunteer fire relief association reporting forms for the 2007 reporting year. Once the forms are available, an email and letter that contains detailed instructions

and login information for accessing the reporting forms will be sent to the primary contact person of each relief association. In preparation for this important reporting correspondence, we would like to confirm that our contact records are up-to-date. An email was sent this week to the primary contact person of each relief association to confirm that the individual is still serving as an officer of the association and to ensure that any changes to his or her contact information have been forwarded to our Office. If the primary contact person of your relief association did not receive our email, please promptly notify Gail Richie with the Pension Division at (651) 282-6110 or [Gail.Richie@state.mn.us](mailto:Gail.Richie@state.mn.us).

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## **5. Avoiding Pitfalls: Check Security**

Public entities need to provide for the physical security of their blank checks. Check stock should be secured on a daily basis. For entities that print their own checks, this includes removing blank check forms from the printers and securely locking up all blank check stock. For entities using check books, all blank checks and the check book itself, when not in use, should be locked in a secure location. Security precautions should also be taken for all signature stamps, signature plates, and signature software.

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## **6. Reminder: Forfeiture Incident Reporting Form**

A Forfeiture Incident Reporting Form is due by December 20<sup>th</sup> for forfeitures where the final disposition of the seized property was completed in November. The form is available on our website at <http://www.auditor.state.mn.us/default.aspx?page=frmgidforfeiture>.

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## **7. National School Fitness Foundation Update**

The chief executive and the board chairman of the non-profit organization National School Fitness Foundation (NSFF) were sentenced in federal court last week. Cameron Lewis was sentenced to 17 years in prison. His father, J. Tyron Lewis, was sentenced to 5 years, 8 months in prison. They were also ordered to pay \$39 million in restitution.

The two men were convicted in December 2006 for operating what prosecutors called a classic Ponzi scheme. In the scheme, more than 600 schools nationwide acquired fitness equipment and programs, with the hope of being repaid from government grants and private donations. In reality, the schools that got in early were repaid with payments made by schools that signed up later. At least 18 Minnesota school districts were involved with the scheme.

In March 2004, the Office of the State Auditor first issued a warning to Minnesota schools about entering into contracts with NSFF. NSFF filed for bankruptcy in June 2004. Federal criminal charges were filed later in 2004.

All public entities need to watch out for potential scams. If it sounds too good to be true, it probably is. For information on pyramid schemes and other scams, see the consumer section of the Minnesota Attorney General's website: <http://www.ag.state.mn.us/Brochures/pubPyramidSchemes.pdf>.