



State Auditor  
Rebecca Otto

## OFFICE OF THE STATE AUDITOR

# *E-Update*

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1. Deadline: Fire and Police State Aid Certification
2. Revised: Statement of Position
3. Avoiding Pitfalls: Cashing Personal or Third-Party Checks

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### **1. Pension Update: Fire and Police State Aid Certification**

The first certification deadline for fire and police state aid is Monday, September 15. On that date the Pension Division will certify to the Department of Revenue those relief associations which are eligible for state aid in the first round of aid disbursements.

The Department of Revenue is in the process of calculating the state aid amounts for 2008, and a listing of the amounts should be available in about a week. Preliminary information received from the Department of Revenue indicates that the 2008 fire and police state aid decreased from the 2007 amounts. It currently appears that fire state aid decreased by about 5 ½ percent and police state aid decreased by about 13 ½ percent (these amounts may change slightly.)

Additional information will be provided once the state aid amounts have been finalized. Notices in the E-Update and the Pension Newsletter will be provided once the 2008 list has been posted. The list will be available on our website at:

<http://www.auditor.state.mn.us/list.aspx?type=frm&div=pen>.

If you have questions please contact Rose Hennessy Allen at [Rose.Hennessy-Allen@state.mn.us](mailto:Rose.Hennessy-Allen@state.mn.us) or (651) 296-5985.

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### **2. Revised: Statement of Position**

The Statement of Position on Alternative Approach to OPEB Liability Calculation has been revised for clarity. The revised Statement can be found at:

[http://www.auditor.state.mn.us/other/Statements/implicitratesubsidy\\_0709\\_statement.pdf](http://www.auditor.state.mn.us/other/Statements/implicitratesubsidy_0709_statement.pdf).

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### **3. Avoiding Pitfalls: Cashing Personal or Third-Party Checks**

Some government entities will cash personal or third-party checks from employees or the public. We recommend that government entities prohibit this practice.

Government entities should not function as banks for their employees or for third parties. Cashing personal or third-party checks increases the entity's risk of losses due to insufficient funds.

In addition, it increases an entity's exposure to fraud. All funds collected by the entity should be deposited exactly as collected. The composition of the funds to be deposited, in terms of the amount of cash and checks, should reflect the actual receipts. Reviewing the deposit's composition is one way to prevent and detect thefts involving "lapping" -- an employee taking cash before it's deposited and replacing it with a check that should be in a different deposit. The cashing of personal or third-party checks out of funds to be deposited defeats that safeguard.

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The Office of the State Auditor is located at 525 Park Street, Suite 500, Saint Paul, MN 55103. Phone: 651-296-2551 Fax: 651-296-4755 Web: [www.auditor.state.mn.us](http://www.auditor.state.mn.us)