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# LOCAL GOVERNMENT NEWS REPORT

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February 2007

## INTEREST RATES

The average annualized yield for January was 5.1468%. The rates for January were as follows:

January 1 <sup>st</sup> – 24 <sup>th</sup>	5.14%
January 25 <sup>th</sup> – 31 <sup>st</sup>	5.17%

## UPCOMING HOLIDAY

Due to the Presidents' Day holiday, the State Treasurer's Office, Fed wire service and Oregon banks will be closed Monday, February 19<sup>th</sup>. Any ACH transfers called prior to 1:00 pm on Friday, February 16<sup>th</sup>, will settle at your bank on Tuesday, February 20<sup>th</sup>. Any ACH transfers called between 1:00 pm Friday, February 16<sup>th</sup>, and 1:00 pm Tuesday, February 20<sup>th</sup>, will settle at your bank on Wednesday, February 21<sup>st</sup>. In addition, local government account statements will not be produced for February 19<sup>th</sup>, due to the closures.

## LOCAL GOVERNMENT NEWS LIST

Do you have new staff or other co-workers that have not yet subscribed to the Local Government News List? The process to subscribe is simple and insures that your staff will receive information that may impact your local government in the quickest method possible. In addition, subscribers will also receive the monthly Local Government News Report.

Subscription to Local Government News is easy to complete and only requires a valid e-mail address.

- Go to <http://listsmart.osl.state.or.us/mailman/listinfo/local-gov-news>
- Enter your email address, pick a password, re-enter the password and click the subscribe button.

Please contact Local Government Customer Service at 1-800-452-0345 or [lgip@mail.ost.state.or.us](mailto:lgip@mail.ost.state.or.us) if you have any questions about the subscription process.

## OREGON SHORT TERM FUND BOARD MEETING

The next Oregon Short-Term Fund Board meeting will take place on Tuesday, March 13, 2007 from 1:30 – 3:00pm, in conjunction with the OMFOA/OACTFO Spring Conference. The location for this meeting will be the Valley River Inn at 1000 Valley River Way, Eugene, Oregon 97401

If you have any questions regarding this meeting, please contact Heidi Rawe at (503) 378-4552.

## TYPES OF CHECK FRAUD

Check fraud affects every financial institution, every business, every government agency and every individual throughout the United States and around the world. Industry sources estimate that check fraud and counterfeiting costs our nation between \$10 and \$14 billion per year. You and others in your organization may have come in contact with a number of types of check fraud. Here are some of the more common forms encountered today.

**Forged Signatures** usually involve the use of legitimate blank checks, with a false imitation of the payor signature on the signature line. In many cases, forged signatures are perpetrated by a person known to the valid payor. In other cases, it is the theft of blank check stock stolen from the mail or from within your own office.

**Forged Endorsements** often involve the theft of valid checks which are then endorsed and cashed or deposited by someone other than the payee. Forged endorsements can appear on checks made payable to more than one party when one party endorses the check for all parties.

**Counterfeit Checks** are the fastest growing source of fraudulent checks. Today's sophisticated color copiers make it easy for criminals to make exact imitations of genuine checks through desktop publishing capabilities. Almost any kind of check can be counterfeited including government checks that are issued from your organization.

**Altered Checks** are defined as valid check stock with certain fields changed. When a payee name is changed, payment is made to the wrong person. Some checks can have the MICR line altered with bogus information to slow down the clearing and return process.

## **How to Lower Your Risk of Check Fraud**

### **External Fraud:**

A vital first step in limiting losses from check fraud is thorough training of staff in your office. Many fraudulent items can be detected at your front desk, with your cashiers and in your back office during a cursory review. Recognizing a fraudulent check is easier when you are familiar with the components that make up a good check. All parties that participate in check transactions should be aware of valid elements of a check. How to recognize potentially bad checks was discussed last month in our the newsletter and may be accessed at [http://www.ost.state.or.us/divisions/finance/newsletters/2007/LG\\_2007\\_01.pdf](http://www.ost.state.or.us/divisions/finance/newsletters/2007/LG_2007_01.pdf)

### **Internal Fraud:**

Educate staff about the importance of procedures and controls to deter dishonest employees from committing fraud. Secure check stock in access controlled environments, change keys and combinations periodically and inventory stock on a regular and spot check basis.

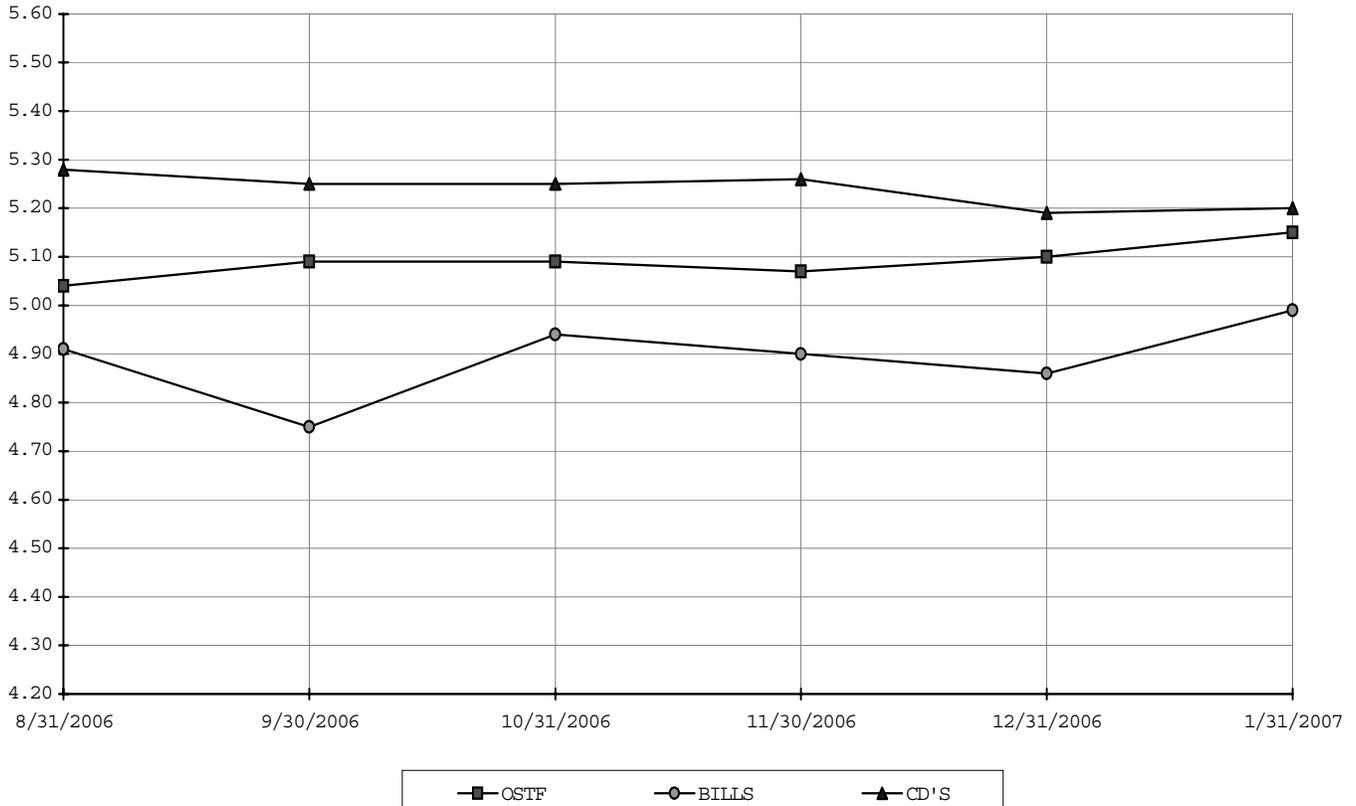
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Local Government News List: <http://www.webhost.osl.state.or.us/mailman/listinfo/local-gov-news>

**OREGON SHORT-TERM FUND ANALYSIS**



**Oregon Short-Term Fund Analysis as of January 31, 2007**

	8/31/2006	9/30/2006	10/31/2006	11/30/2006	12/31/2006	1/31/2007
LGIP AV DOLLARS INVESTED (MM)	3,477	3,391	3,295	4,146	4,566	4,523
STATE AGENCY AV DOLLARS INVESTED (MM)	4,692	4,584	4,651	4,616	4,443	4,916
TOTAL OSTF AV DOLLARS INVESTED (MM)	8,169	7,975	7,946	8,762	9,009	9,439
OST ANNUAL YIELD (ACT/ACT)	5.04	5.09	5.09	5.07	5.10	5.15
3-MO UST BILLS (BOND EQ YLD)	4.91	4.75	4.94	4.90	4.86	4.99
3-MO JUMBO CDS (ACT/360)	5.28	5.25	5.25	5.26	5.19	5.20

NOTE: The OST ANNUAL YIELD represents the average annualized yield paid to account holders during the month. Since interest accrues to accounts on a daily basis and the rate paid changes during the month, this average rate is not the exact rate earned by each account.

3-MO UST BILLS yield is the yield for the Treasury Bill Issue maturing closest to 3 months from monthend. 3-MO JUMBO CDS is the highest posted rate received by the Treasury from Oregon banks as of monthend. Consequently, whereas the yield on UST Bills should normally be lower than CD rates, the fact that the quotes are up to a week different in time may result in an apparent reversal of this situation.

This material is available in alternative format and media upon request.