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# DAVID CULLEN

Milwaukee County Treasurer

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DATE: March 10, 2016

TO: Theodore Lipscomb, Sr., Chairman Milwaukee County Board of Supervisors

FROM: David Cullen, Milwaukee County Treasurer *DXC*

RE: 2015 Annual Report on Public Funds  
(Informational Item reviewed by Finance and Audit Committee)

Milwaukee County Ordinance 56.31 requires departmental officers who deposit public funds with any depository other than the County Treasurer to report annually to the County Board of Supervisors the status of such accounts. These accounts are typically "petty cash" or Imprest fund accounts and are established for many different reasons. Some accounts, such as those held by the Department of Aging, are required by the federal government as a way to segregate the funds from other county money for accounting purposes.

On page two of the attachment, you will note there is an item near the bottom of the page called "Total Exposure." This concerns the total reported amounts deposited at that institution by various county departments. Each exposure is measured against whether these amounts are insured or collateralized.

During the 2015 calendar year, the amount insured by Federal Deposit Insurance totals \$250,000. The Office of the Treasurer has taken several steps to safeguard the deposits reported to this office. We have recommended that those departments that hold deposits in non-securitized accounts: (1) transfer those deposits to US Bank - which was awarded our county banking contract; or (2) transfer those deposits to banks that have signed collateral agreements with the Treasurer's Office and keep the Treasurer informed as to any changes in the deposited amounts. At the end of the year, one account was found to have exceeded the \$250,000 FDIC limit. The account is at Park Bank and held by the Parks Department. Unlike other financial institutions, Milwaukee County has not secured a collateralization agreement with Park Bank. According to the Parks Department Director the proceeds of this account are used for maintenance and repairs in Lake Park. Due to large projects to be undertaken later this year, Director John Dargle expects that the balance in this account will be below the FDIC insured amount of \$250,000 by October 1, 2016. For your information, this office has secured collateralization agreements with US Bank, Tri City National Bank, Associated Bank, and BMO Harris Bank.

One question that arises each year has to do with the Non-Interest Bearing (NIB) accounts. There are a variety of reported reasons for these accounts. For example, some NIB accounts are checking accounts for authorized departmental disbursements. Another example is the House of Correction NIB account that holds the total amount of individual inmate holdings. If interest earnings would have to be broken out, calculated and applied to each small and variable inmate holding, additional HOC staff accounting costs would accrue with no balancing revenue.

Finally, the Community Reinvestment Act (CRA) ratings of all banks that hold County funds are listed at the bottom of the second page of the attachment. The CRA ratings are issued every five years. County funds are only deposited with those financial institutions that have a rating of "satisfactory" or above. Four of the reported Banks have an "outstanding" rating and four have a "satisfactory" rating.

If you have any questions or concerns, regarding this report, please contact me or Senior Treasury Accountant, Cathleen Hollers at 414-278-4036.