


Daniel J. Diliberti
Milwaukee County Treasurer

DATE: January 29, 2013

TO: Marina Dimitrijevic, Chairwoman Milwaukee County Board of Supervisors

FROM: Daniel Diliberti, Milwaukee County Treasurer 

RE: 2012 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 2012 calendar year, the amount covered by Federal Deposit Insurance totals \$250,000 and unlimited on Non-Interest Bearing (NIB) accounts which expired December 31, 2012. Given the current instability of the banking sector, 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 to: (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. This office has secured collateralization agreements with US Bank and Tri City National Bank.

One question that arises each year has to do with the NIB accounts. There are a variety of reported reasons for these accounts. For example, some NIB accounts are non-interest bearing 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. Two of the reported Banks have an "outstanding" rating and four have a "satisfactory" rating.

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