WISCONSIN ACCOUNTING MANUAL
Department of Administration – State Controller's Office

Section	09	TREASURY	Effective Date	10/1/2015
Sub-section	07	Local Depository Accounts	Revision Date	8/10/2015
SAM Ref	8-5			

BACKGROUND

Some state agencies have locations in areas of the State where there is not a nearby Enterprise Bank branch location. In those cases, and with prior SCO approval, the agency may establish a depository account at a local financial institution.

POLICIES

A NEW Local depository accounts will only be allowed if <u>all</u> of the following conditions are met:

1. There is not an Enterprise Bank branch location or a branch location with another financial institution that the agency already does business with within 10 miles of the agency location.

2. The agency location does not receive cash, and it is not cost effective to utilize a remote deposit solution (i.e. electronic deposit via scanning of checks), and deposit checks to the Enterprise bank.

3. It is not cost effective to use an armored courier to transport check/cash deposits from the agency location to an Enterprise Bank branch location.

4. There is at least one nearby financial institution that received a score of 75 or higher on the most recent IDC Financial Publishing bank ratings.

PROCEDURES

The agency should submit DOA Form 2571 to the SCO – Treasury Services Supervisor to establish the new bank account. Once the agency has received preliminary SCO approval to establish a local depository account, they may contact one or more local banks to determine the amount of the monthly banking fees. Upon receiving that information, they should forward it to the SCO along with their desired financial institution. The SCO will then issue final approval to establish a local depository account at the specific financial institution.

Maximum Balances in Local Depository Accounts
The total average daily balance maintained by an agency at any local depository (all accounts combined) should be minimized, and should never exceed $100,000. The total balance maintained by an agency at any local depository (all accounts combined) should never exceed $250,000 (the FDIC Insurance Limit) on any given day. Balances should be transferred (via checks or electronic funds transfers) from the local depository

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account to the State's Enterprise Bank at least weekly (or more often, if the maximum balances would be exceeded).

Paying the Banking Fees for a Local Depository Account
Typically, banks will debit the local depository account monthly for the amount of the banking fees that exceed the amount of compensating balance earnings credits (i.e. the "net banking fees"). Agencies must record the amount of any compensating balance earnings credits to revenue source code 8852 – Compensating Balance Earnings. And, the agency must also record the banking fees to object code 2741– Banking Fees.

Reconciliation
A staff that is not part of the cash receipt operations should reconcile the local depository account with the monthly cash receipts and disbursements.