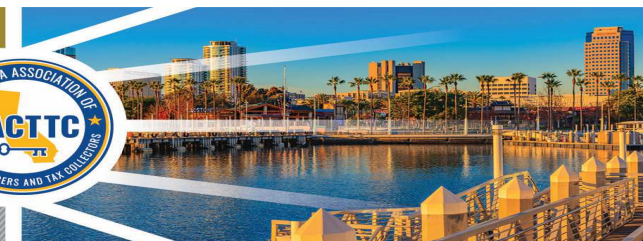


CACTTC

Annual June Conference & Vendor Show

JUNE 11-14, 2019
Hyatt Regency Long Beach



Banking Services from A to ZBA

Thursday, June 13
Long Beach, California

RC Kinzly

County of San Diego – Investment Officer

Suzanne Bermudez

County of Imperial – Assistant Treasurer-Tax Collector

Lynn Love

Wells Fargo Bank – Government & Institutional Banking

Sean Devine

Bank of the West – Treasury Services



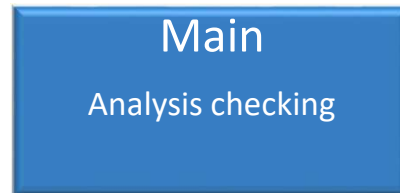
Agenda

- Account Structure Fundamentals
- County of Imperial – Case Study
- County of San Diego – Case Study
- Maintaining Your Services
- Enhancing Your Banking Services

Account Structures 101

Account Type	Definition
Demand Deposit Accounts (DDAs)	A standard account required to support cash management products and services.
Zero Balance Accounts (ZBAs)	A Zero Balance Account (ZBA) is a Business/Commercial Demand Deposit Account that maintains a ledger balance of zero or a pre-determined target balance through daily, automatic funds transfers to/from a Parent account. Credits and debits that to the ZBA are netted at the close of each business day.
Subaccount (Location Identifiers)	Subaccounting simplifies complex depository reconciliation by reducing it to a single account to balance with accurate location reporting on all transactions, including deposits, returned items, adjustments, and Automated Clearing House (ACH) debits and credits. Subaccounts are tied to a DDA Parent account. Transactions use the Subaccount number, but they post to the designated Parent, where balances are maintained.
Controlled Disbursement Account	A Controlled Disbursement Account (CDA) allows customers to optimize their disbursement cash flow by writing checks drawn on a unique routing transit number (RTN). With Controlled Disbursement, the bank provides early morning notification of the dollar amount of checks that will clear against the customer's Controlled Disbursement account that night. One of the principal advantages of a Controlled Disbursement account is it allows a company to calculate its daily cash position early enough to take advantage of better market rates for investing or borrowing.
Sweep Account	Sweep accounts provide treasury management customers with an automated solution for optimizing their funds and earning competitive rates on balances invested overnight, while also providing these same customers with daily access to their funds. Once a pre-determined target amount is set (can be zero), excess collected balances over that target amount are automatically swept from a checking account to an investment account.
Petty Cash Account	A Petty Cash Account is typically used to facilitate smaller local disbursements within a customer's designated internal policy limits for disbursement.

Account Structures



Standard Account Required to Support Cash Management Products & Services

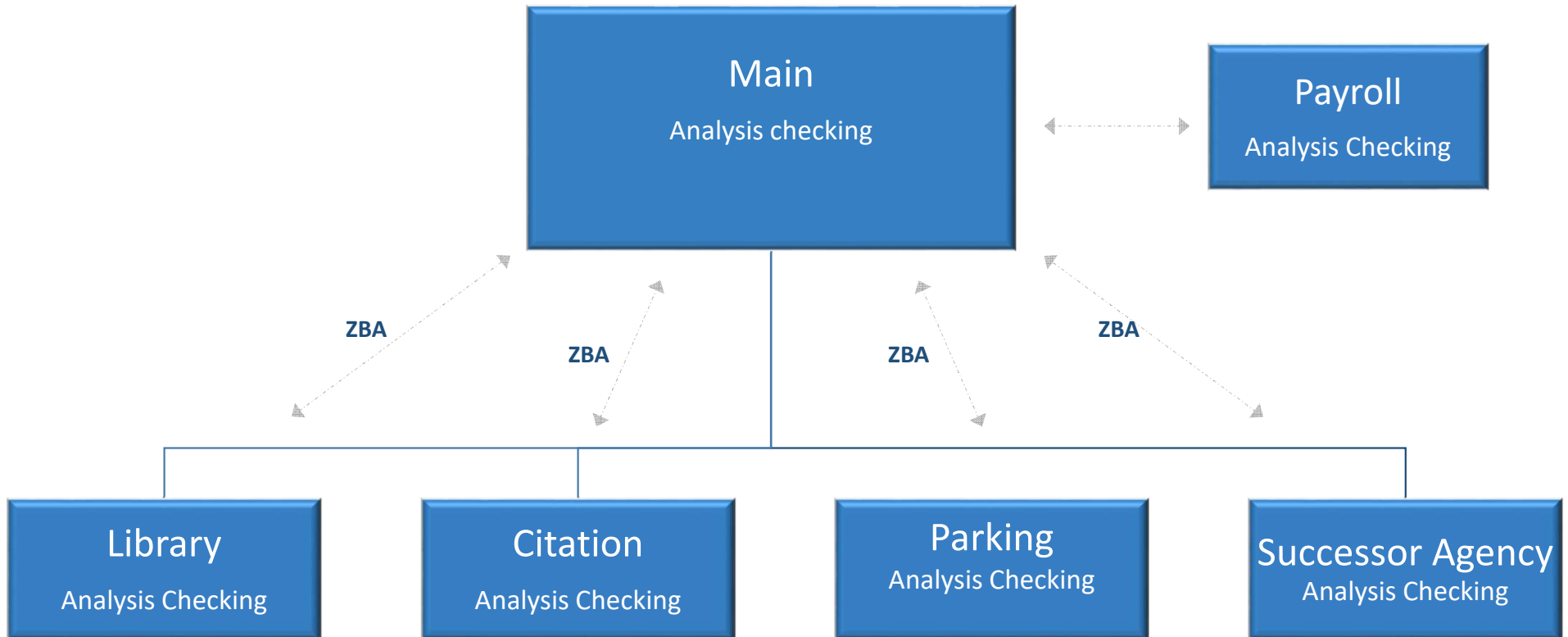
- **Business Analyzed Checking (DDA)**

- *This account earns an “earnings credit”. An earnings credit is calculated the same way interest is on a savings account. The key difference is the sole purpose of an earnings credit is to offset service charges for bank services. The details of which are outlined in what’s called an “Analysis Statement”. This statement breaks down each service that was provide, the cost at which said service was provided, the volume of items that leveraged the service being provided and the total costs contributed by that billable service. This is all summarized and titled “Total Service Charges” against which an earnings credit is applied. If there is a difference which results in a negative number, a service charge is billed to the analyzed account. If there is an excess, the account is nor billed for any services or paid interest or dividends.*

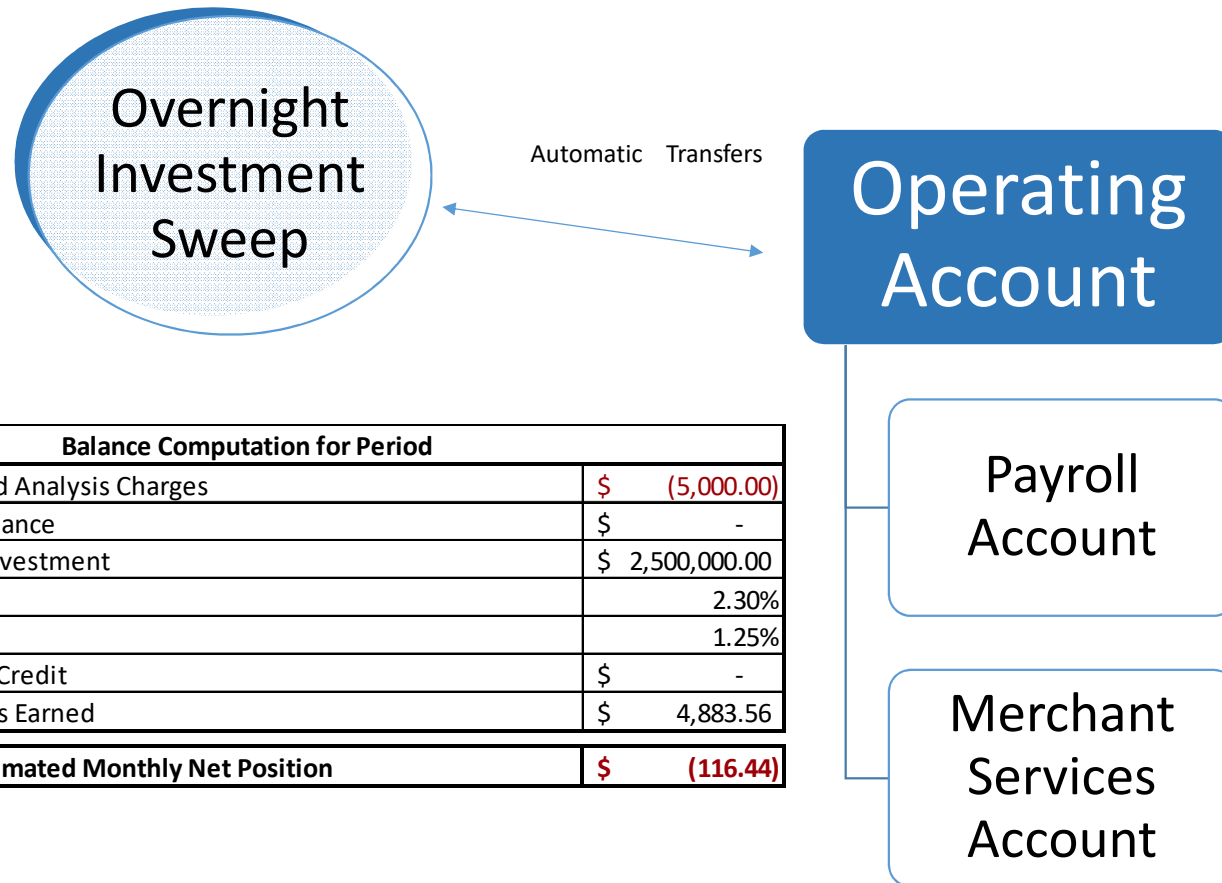
Example of Summary Analysis

Balance Computation for Period	
Estimated Current Period Analysis Charges	\$ (5,000.00)
Average Daily Ledger Balance	\$ 2,500,000.00
Earnings Credit Rate	0.40%
Current Period Earnings Credit	\$ 849.32
Estimated Monthly Net Position	\$ (4,150.68)

Zero Balance Account (ZBA)

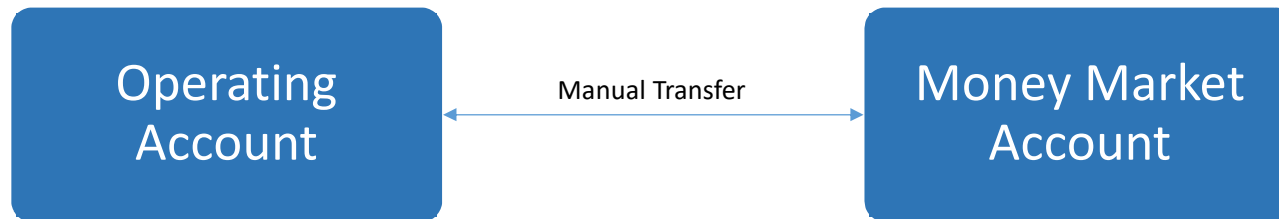


Overnight Investment Sweep



Balance Computation for Period	
Estimated Current Period Analysis Charges	\$ (5,000.00)
Average Daily Ledger Balance	\$ -
Balances Available for Investment	\$ 2,500,000.00
Current Sweep Rate	2.30%
Earnings Credit Rate	1.25%
Current Period Earnings Credit	\$ -
Current Period Dividends Earned	\$ 4,883.56
Estimated Monthly Net Position	\$ (116.44)

Money Market Account



Balance Computation for Period	
Estimated Current Period Analysis Charges	\$ (5,000.00)
Average Daily Ledger Balance	\$ 100,000.00
Balances Available for Investment	\$ 2,400,000.00
Current *MMA Rate	2.40%
Earnings Credit Rate	1.25%
Current Period Earnings Credit	\$ 106.16
Current Period Dividends Earned	\$ 4,892.05
Estimated Monthly Net Position	\$ (1.78)

**Rate based on Money Market Account (manual transfer of funds required for debiting & crediting)*

Interest Bearing Checking Account

Interest Bearing
Checking Account

Balance Computation for Period	
Estimated Current Period Analysis Charges	\$ (5,000.00)
Average Daily Ledger Balance	\$ 2,500,000.00
Balances Available for Investment	\$ 2,500,000.00
Interest Rate	0.45%
Current Interest Earned Interested	\$ 955.48
Estimated Monthly Net Position	\$ (4,044.52)



Imperial County





Imperial County – Banking Structure

Treasurer-Tax Collector
Banking Structure with Services
39 Bank Accounts

Treasurer
Main



17 ZBA Accounts

Retirement Payroll
Community College¹
County Auditor's Payroll
etc.

Unique Location
Identifiers (ULID)



8 Accounts

Warrant
Payments



9 Accounts

Full Reconciliation
Payee Positive Pay
ACH Block

County Medical
Payments



5 Accounts²

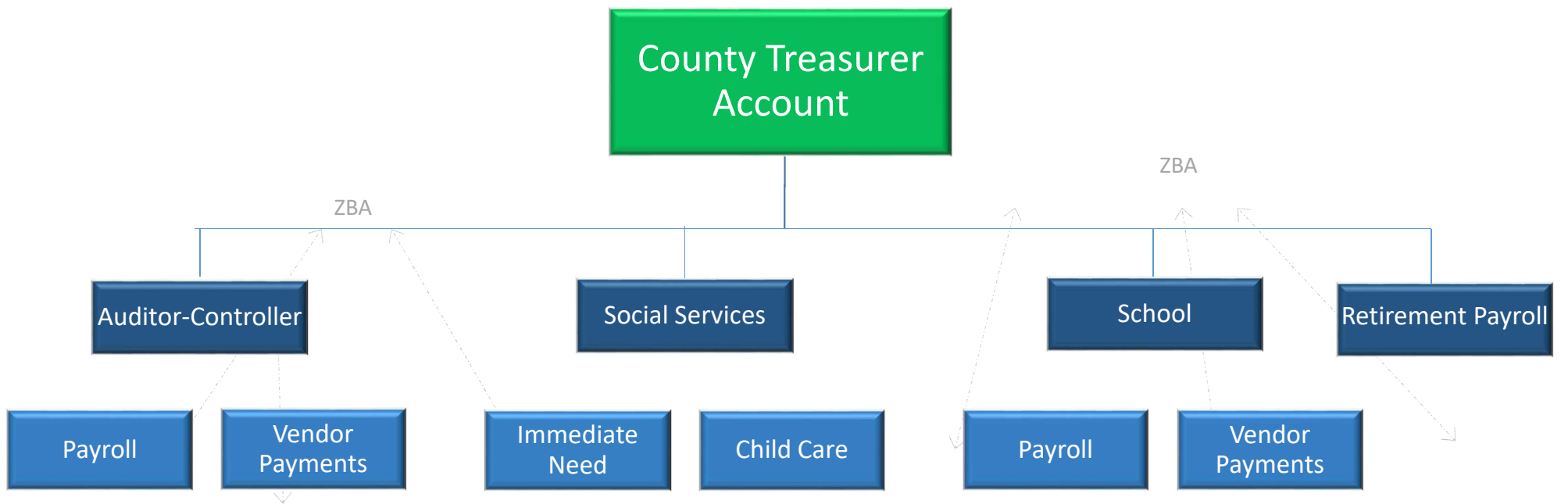
General Liability Insurance
Worker's Compensation
Health Benefits
Dental and Vision Benefit
Flexible Spending/
HRA/Dependent Care
Reimbursement

¹ For purposes of check accounting. ² ACH Payments



Imperial County - Banking Structure

Treasurer Account



Public Funds DDA-Master Account
Zero Balance Account
Zero Balance Account – 2nd Tier



Imperial County - Banking Structure

Treasurer Account

RECEIPTS

- Cash Deposits / Change Orders– Armored Courier
 - Cash Deposits by Location Codes
 - Deposit Permit Updates
- Image Lockbox
- ICL - Remote Deposit Service
- Desktop Deposit Scanning
- Merchant Credit Card
- Incoming ACH and EFT payments
- Incoming wires
- Intra Company transfers
- State Warrant Payments

PAYMENTS

- ACH and EFT Payments
 - Social Services Direct Deposit
 - ACH Payroll
 - ACH Vendor payments
- Insurance/Benefit payments
- Check Disbursements
 - Positive Pay Account Reconciliation
 - Payee Validation
- Credit Card Fees
- NSF's-Automated NSF Check processing via: ChecXchange
- Outgoing Wires

INFORMATION

- Online Bank Statements
- Previous and Current Day Reporting
- Paid Check Transmission Files
- Paid Check Image CD-Rom



Imperial County - Banking Structure Tax Collector Account

County Tax
Collector Account

Public Funds DDA-Standalone



Imperial County - Banking Structure Tax Collector Account

RECEIPTS

- Image Cash Letter
- Merchant Credit Card Deposits
- Cash Deposits / Change Orders– Armored Courier
- Incoming ACH and EFT
- Incoming Wires

PAYMENTS

- Account Transfers
- Credit Card Chargebacks
- NSF's
- No Checks Issued

INFORMATION

- Online Bank Statements
- Previous and Current Day Reporting



Imperial County - Banking Structure

ACCOUNT SECURITY AND FRAUD PREVENTION

- Full Reconciliation
- Positive pay and payee positive pay
- ACH blocks/filters – main and ZBA accounts
- Account reconciliation
- Daily decisioning by Treasurer-Tax Collector staff (Holiday option available)
- 2 factor authentication for TTC staff log in to online portal
- Dual security for Remote Deposit processing
- Dual security for Wires and template input/release
- 2 site administrators for online banking portal access
- Account activity email alerts for staff
- Enhanced information reporting
- Annual review of online portal profiles
- Daily reconciliation (AM/PM)



County of San Diego





Account Structure - County of San Diego

192 Bank Accounts

166 Accounts – Full ACH Debit Block

26 Accounts – ACH Debit Block with allowable ID's

158 Accounts – ZBA Structure

34 Accounts – Standalone Accounts HHSA & Sheriff (immediate check writing needs)

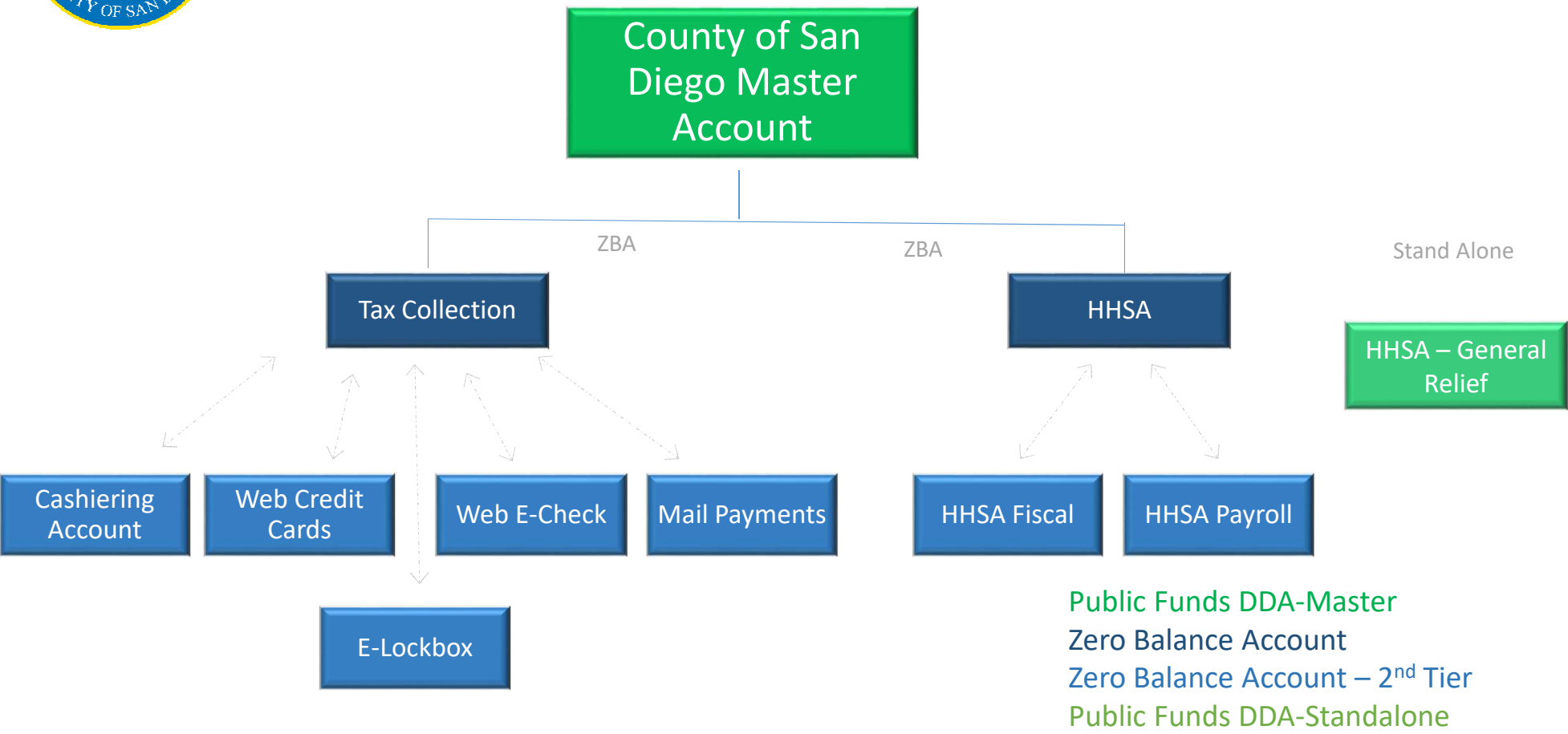
137Accounts – Posts No Checks

18 Accounts – Controlled Disbursements

174 ULID Accounts – Unique Location Identifiers



Chart of Accounts - County of San Diego





Banking Services - County of San Diego

RECEIPTS

- Branch Deposits/Change Orders
- Vault Deposits / Change Orders
- RDC – Remote Deposit Capture
- Deposited Check Returns
- ULIDs
- Incoming ACH and Wires
- State Warrants
- H2H Services
ICL, ACH, eLockbox

PAYMENTS

- Controlled Disbursements
- Virtual Reference Numbers
- Wire Transfers
- ACH Payments
- Account Transfer
- Book Transfers
- Checks
 - Positive Pay
 - Payee Name Verification
- Reconciliation Services

INFORMATION

- Online Bank Statements
- Previous and Current Day Reporting
- Paid Check File
- BAI File to ERP
- Alerts



Investments - County of San Diego

Investment of Funds

- All funds in ZBA are invested into the County of San Diego Investment Pool
 - EOD Cash Balance -> ECR, Sweep or Both
 - Bank Portal has function to invest in MMF's directly
- Stand Alone Accounts
 - ECR, Sweep or Both
 - Treasury Investment Team can assist with determination but department is responsible
- Know your Net ECR Rate -> ECR% - Deposit Insurance (~12.5bps)



Additional Services - County of San Diego

Online Platform

- 4 Security Administrators
 - ~400 users
- Dual factor authentication
 - Based on level of access
- Alerts
 - Email, Text, or at Login
- Mobile Banking
 - Reporting only, Transaction capability



Approach to Maintaining Treasury and Operational Soundness

- Relationship Review

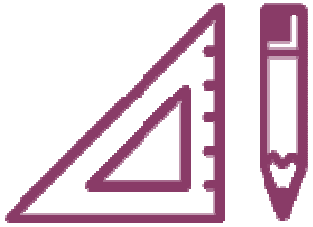
- Service
- Structure
- Fees
- Risk
- Training
- Enhancements
- Projects and Goals
- Market Updates



Approach to Maintaining Treasury and Operational Soundness

Account Analysis: Detailed review of the monthly account analysis statement providing your account services/transactions, volumes and costs

<i>Svc Code</i>	<i>AFP Code</i>	<i>Service Description</i>	<i>Unit Price</i>	<i>Volume</i>	<i>Service Charges</i>
IAMTH	00 0230	Recoupment Monthly	0.12750	393.91	50.22
		Balance & Compensation Information			50.22
22051	01 0000	Acct Maintenance	20.00000	1.00	20.00
		General Account Services			20.00
08052	10 0005	Branch Deposit	1.50000	1.00	1.50
001	10 0220	Deposited Checks - On Us	0.09000	5.00	0.45
002	10 0225	Deposited Check	0.09000	8.00	0.72
		Depository Services			2.67
12907	15 0030	Positive Pay Monthly Base	0.25000	1.00	0.25
22202	15 0100	DDA Checks Paid	0.07000	5.00	0.35



Approach to Maintaining Treasury and Operational Soundness

Account Structure: Updated account structure listing your accounts /services based on account analysis statement

County PA/PG
XXXXX-x1234

- Public Funds DDA
- Account Reconciliation (Full)
- Paid Checks (5)
- Positive Pay (Default Return)
- Previous and Current Day Reporting
- Online Bank Statements
- Image CD-Rom



Approach to Maintaining Treasury and Operational Soundness

- **Tax ID Number (TIN) Review:** A report identifying all bank accounts with your TIN
- **Signature Card Review:** A listing of your accounts with current signors
- **Risk Review:** A report of accounts identifying opportunities where fraud tools may be utilized to mitigate risk

Account #	Account Name	Date Opened	Avg. Ledger Balance	Signors	Fraud Protection
*****1234	PUBLIC GUARDIAN	1/5/2017	\$422,239	<ul style="list-style-type: none">• Taylor Swift• Walt Disney• Bill Gates	<ul style="list-style-type: none">• Positive Pay• ACH Block
*****5678	PUBLIC ADMIN	5/1/1994	\$526,015	<ul style="list-style-type: none">• Taylor Swift• Walt Disney• Bill Gates	<ul style="list-style-type: none">• Positive Pay with Payee Validation• ACH Filter

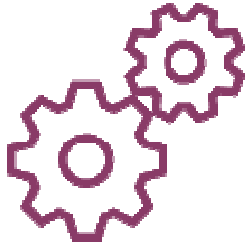


Approach to Maintaining Treasury and Operational Soundness

- **Online Portal User Review**
 - A listing of online users by account/product
- **Book/Wire Transfer Review –Dual Control**
 - A listing of your company/individual limits

Account #	Account Name	Book Transfer Limit	Wire Limit
*****1234	PUBLIC GUARDIAN	\$500,000	\$10,000
*****5678	PUBLIC ADMINISTRATOR	\$10,000	\$10,000

Name	Create/Modify/ Delete		Approve/Reject	
	Individual	Cumulative	Individual	Cumulative
Taylor Swift	\$500,000	\$500,000	\$500,000	\$500,000
Bill Gates	\$10,000	\$10,000	\$10,000	\$10,000



Approach to Maintaining Treasury and Operational Soundness

Third Party Vendors

Worker's Comp	Health Benefits	Payment Collections
Parking Collections	Other Service Providers	Payment Gateways

County of California
XXXXXX1234
Deposit Example

- ACH Fraud Filter - Debit (Stop)
- \$0 - Payment Authorization
- Online Statements and Notices (County and Vendor)
- Information Reporting: -Previous and Current Day File, BAI File
 - ACH Direct Debit File (incoming tax payments)
 - Credit Card Settlements

County of California
XXXXXX1234
Disbursement Example

- ACH Fraud Filter - Debit (Stop)
- Positive Pay with Payee Validation
- Full Account Reconciliation
- Online Statements and Notices (County and Vendor)
- Online Stop Payments
- Information Reporting: -Previous Day File, BAI File
- Image Paid Checks (CD-Rom/Image File)

Enhancing Your Banking Services Payment Trends

- Converting to Electronic Payments
- Real Time Payments – New Payment Rail
- Risk Tools
 - Positive Pay
 - Payee Positive Pay
 - ACH Positive Pay

