

Yellow Medicine County
Cash & Investment
Narrative
FYE 12-31-11

Completed/updated by: Michelle May, County Finance Manager, November 20, 2015

Yellow Medicine County has three checking accounts and ten savings/trust accounts.

Checking

1. Our main checking account is the General account held at Citizens Alliance Bank of Clara City. All federal and state payments (ACH) are receipted into this account and auditor/commissioner warrants and payroll are paid out of this account. The County Finance Manager is the check signer for this account. The Property & Administration Deputy responsible and the Finance & Administration (F&A) Deputy in charge of accounts payable are also authorized to sign checks.
2. All daily deposits are put into this main checking account. The checks written from this account are for the Revenue, Road & Bridge, Ditch, Bond fund, investments, direct deposit payroll, and transfer of funds to the Granite Falls Bank as needed for the Human Services (Welfare) checking account.
3. A second checking account is located at the Granite Falls Bank. This account is used to pay all Human Service (Welfare) claims. The only deposits made into this account are checks from Citizens Alliance Bank for the payment of Human Services Warrants. The County Finance Manager is the authorized check signer. The Property & Administration Deputy and the F&A Deputy in charge of accounts payable are also authorized to sign checks.
4. The third checking account is the Treasurers Cash account which is the refund account. This account is used to refund overpayments on Real Estate, Personal Property and Mobile Home Taxes. When someone over pays their taxes by \$5.00 or more the overage is deposited into this account and refunded to the taxpayer. If the overage is under \$5.00 it is deposited into the General Fund as miscellaneous revenue and not refunded. The County Finance Manager is the authorized check signer. The Property & Administration Deputy and the F&A Deputy in charge of accounts payable are also authorized to sign checks.

Savings/Trust Accounts

The county has seven separate passbook savings accounts at Citizens Alliance Bank. These are for the Revenue 911, Revenue Election Equipment, Bonded Debt, Ditch, Sheriff, Jail, Flex Plan, and Treasurer's cash. On December 31, 2007 all non-restricted Revenue Fund, Welfare Fund and Road & Bridge Fund accounts and the Revenue Computer account were closed and the balances are now pooled as Treasurer's Cash Accounts. The Magic Fund is also available for additional savings/investment accounts. Transfers can be made on-line for all accounts. The above mentioned banks do not charge fees for transfers. Beginning in 2015, an additional savings account was added for the bond proceeds used to finance the construction of the Justice Center. This savings account is temporary until the depletion of available funds.

Cash Receipting Process for IFS

This process was reviewed in the revenues and receivables portion of the audit.

Cash Disbursing Process for IFS

This process was reviewed in the expenditures and payables portion of the audit.

End of Day Cash Process

Any money collected on any given day by a County department is deposited with the F&A Office. The F&A Office prepares the collections for the daily deposit each morning. The cash is counted by one staff

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member; the receipts are added by a second staff member; and the deposit is made by a third staff member. The person who writes up the deposit is not the person that delivers the deposit to the bank. The amount of \$500 is left in the drawer as a change fund with an additional \$700 held in the safe for extra coin & bill denomination change. All cash and checks must balance to the receipts. The Property & Administration Deputy takes the deposit to the bank each day about noon. A “turnover” is performed every Monday morning for the previous week’s business. All receipts are entered into the collection register and the register is totaled. Expenditures are verified by checking that the total warrants for the week by fund in the warrant register of the Property & Administration Deputy agree with the total warrants for the week by fund in the warrant register of the F&A Deputy in charge of accounts payable. All collections and expenditures are recorded in the mini-trial balance each week. All journal and investment entries are also recorded for the week. The treasurer’s cash book is then prepared using all of the above information to show the balance in the checking accounts and the treasurer’s cash money market passbook accounts—Citizens Alliance Bank and Magic Fund.

Collateral

Citizens Alliance Bank of Clara City, Granite Falls Bank, and State Bank of Taunton send the county a statement of collateral at the end of every month. These pledge statements are reviewed monthly for changes and to verify that the County deposits are covered by at least 110%. As of December 31, each year all of the county deposits need to be covered by at least 110%.

Bank Reconciliations

Bank reconciliations are completed on all three of the checking accounts by the Property & Administration Deputy. The bank sends a statement of the cancelled checks and the reconciliation is done on the computer. When completed, it is printed off. The Finance Manager reviews the reconciliations, stamps the statement with her dater and initials that she has reviewed the reconciliations. They are then placed in a file in the primary vault.

Change Funds

During the year there were four (4) change funds, petty cash funds and/or minimum balances in checking account funds. They are at the following offices: County Finance, County Jail, County Human Services, and County Highway. The County Highway maintains a \$50 petty cash fund. Only two employees have a key to the petty cash and the County Human Services maintains a \$100 change fund. The funds are replenished as needed by attaching sales receipts to a claim form and cutting a check for the exact amount spent. The check is then cashed at the F&A Office when cash is available.

Investments

The County updated its investment policy on May 2, 2006 and as amended thereafter. A copy of the most current investment policy is added to the Accounting Policies & Procedures Manual. The county has investments as listed on the Investment Report

The County Finance Manager has discretion within the investment policy to determine where to invest the county funds. Typically, the Finance Manager consults with the County Administrator regarding cash flow needs and investment strategy when making investment decisions. The Finance Manager checks with local banks and investment brokers to determine where and how much funds to invest. An investment report is available on a daily basis. This report includes the type of investment, the purchase date, the maturity date, cost, and net interest rate. New entries are made as investments are purchased or as they mature. The F&A Deputy in charge of finance ties the report to the IFS system balances on a

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monthly basis. The Property & Administration Deputy also ties the investment balance to the Trial Balance report on a monthly basis.

Transfers

Investments are made by writing a check to the bank for purchase of a Certificate of Deposit locally, or for a wire transfer to the investment companies or banks listed above. The bank then wires the money to the noted account. When investments mature the investment company or bank (except for MAGIC Fund) wires the money back to the local bank for deposit in the general checking account. MAGIC Fund deposits the matured investment in the MAGIC money market account. Wire transfers are made for purchasing & selling investments. Transfers are also made between MAGIC Fund money market and Citizens Alliance Bank. Transfers can occur between funds also. For example, if the ditch fund account has a negative balance prior to tax settlement, the Ditch Fund can borrow money from the General fund to cover the negative balance, but then must pay the General fund back after sufficient funds have been received.