

**Wisconsin Government Finance Officers
Association
Spring Conference**

**Best Practices –
Understanding your Analysis
Statement**

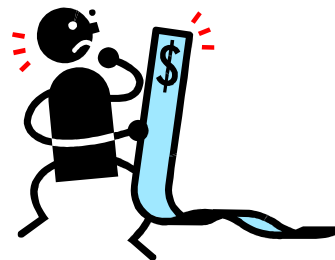
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Agenda

- Review Account Analysis Statement
- Recognize sections of the statement and their purpose
- Understand how the analysis charge is derived
- Understand how earnings credit works
- Recommendations





Non Interest Bearing Accounts

- Checking accounts that earn credits are typically non interest bearing accounts
- Non interest bearing accounts are 100% FDIC insured through 12/31/2012
- The extension of this part of the Dodd-Frank legislation is being discussed by Congress



What is Account Analysis Statement?

- Document showing service activity detail, account information and how service charges are derived.
- List of bank services used, the volume and the calculated service charge
- Charges are compiled monthly



What is Account Analysis Statement?

- Single service charge assessed after settlement date. Can be monthly, quarterly or annually
- Monthly service charge posts to DDA bank statement
- Payment typically is a direct debit to your account
- Analysis statements do not replace DDA statements



What is Earnings Credit?


- An analyzed account can earn a service charge credit or “Earnings Credit”
- Earnings Credit is calculated from the collected balance available
- At end of settlement period total charges are reduced by the Earnings Credit



Sample of the Analysis Statement

Settlement Analysis

Average Positive Collected Balance	\$183,280.60
Reserve Adjustment @ 10%	<u>- 18,328.07</u>
Collected Balance Available For Earnings Credit Services	=164,952.53
Earnings Credit @ 1.48000%	207.34
Earnings Credit Based Service Charges	481.82
Current Month Surplus (Deficit) Position	(274.48)
Net Service Charges	(274.48)



Account Analysis and Billing
200 S. 8th St., 17th Floor, Tower
Minneapolis, MN 55402

Customer Analysis Statement
Statement Period: January 200X
Page 1 of 2

Account Number: 1-234-5678-9012
TOTAL CHARGE: \$274.48

The Total Charge will be assessed to account 1-234-5678-9012 in the month of February.

Direct inquires to: Commercial Customer Service at 1-888-715-XXXX.

SAMPLE COMPANY A

To help ensure the accuracy of your service activity, please review this statement promptly and compare it to your records. You must report any discrepancies within 60 days of the date this analysis statement is mailed or made available to you. After 60 days your service activity and billing will be deemed correct.

News For You

We are very excited about the changes taking place at U.S. Bank. As a valued business customer, we hope that you will take this opportunity to stop in at your local U.S. Bank branch and find out what new and exciting products are available to make your business the best it can be.

Consolidated Analysis Summary

SAMPLE COMPANY A	<ul style="list-style-type: none"> 1 Lead Account Number 2 Earnings Credit Rate 3 Negative Collected Rate 4 Reserve Adjustment Rate † 5 Current Month Multiplier 6 Settlement Frequency 7 Settlement Period 	<p>1-234-5678-9012</p> <p>1.48%</p> <p>12.25%</p> <p>10.00%</p> <p>893.94</p> <p>Monthly</p> <p>January 200X</p>
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Balance Summary

1 Average Ledger Balance	\$	157,819.35	Average Negative Collected 14	\$	(25,451.25)
2 Average Float	-	0.00	Average Positive Collected 15	\$	183,280.60
3 Average Collected Balance	=	157,819.35			

Settlement Analysis

12 Average Positive Collected Balance	\$	183,280.60			
13 Reserve Adjustment @ 10%	-	18,328.07			
14 Collected Balance Available for Earnings Credit Services	=	164,952.53			
16 Earnings Credit @ 1.48000%		207.34			
17 Earnings Credit Based Service Charges	-	481.82			
18 Current Month Surplus/(Deficit) Position	=	(274.48)			
19 Net Service Charges	\$	(274.48)			

† The Reserve Adjustment deduction on your analyzed account statement may not necessarily reflect the actual reserves incurred by U.S. Bank.

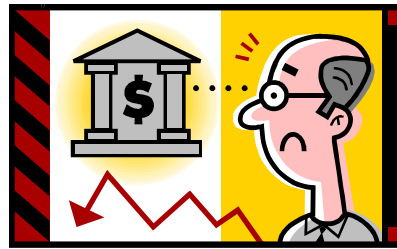


Sample of the Analysis Statement

usbank		Customer Analysis Statement		
Account Analysis and Billing 300 S 2nd St, P.O. Box 1188 Minneapolis, MN 55402		Statement Period: January 200X Page 2 of 2		
Service Activity Detail - Summary				
Service	Volume	Avg Unit Price*	Total Charge	Collected Balance Required
Depository Services				
Account Maintenance	4	14.50000	58.00	51.289
Electronic Credits	1	0.24000	0.24	212
Charge For Neg Coll Balance	25,461.25	0.01054	268.58	237.411
Subtotal: Depository Services			<u>326.82</u>	
Zero Balance Accounts				
ZBA Lead	1	25.00000	25.00	22.099
ZBA Subsidiary	1	20.00000	20.00	17.679
Subtotal: Zero Balance Accounts			<u>45.00</u>	
Sweep				
Business Money Fund Sweep	1	85.00000	85.00	75.196
Subtotal: Sweep			<u>85.00</u>	
ACH Service				
ACH Monthly Maintenance	5	Maximum	25.00	22.099
Subtotal: ACH Service			<u>25.00</u>	
Earnings Credit Based Service Charges			481.82	425.900
Total Service Charges			<u>481.82</u>	
* For statements with more than one account, the per-unit pricing can vary from account to account. For detailed pricing information, refer to account level statements.				
Accounts Included in This Rollup (4)				
1-234-5678-9012	2-345-6789-0123	3-456-7890-1234	4-567-8901-2345	
Calculations and Definitions				
Collected Balance Required: Earnings Credit Based Service Charges OR Total Charge + Earnings Credit Rate + (1-Reserve Adjustment Rate) + Actual Days in Month x Actual Days in Year				
Current Month Multiplier: 1.00 + Earnings Credit Rate + (1-Reserve Adjustment Rate) + Actual Days in Month x Actual Days in Year				
Charge for Negative Collected Balance: Average Negative Collected Balance x Negative Collected Balance Rate x Actual Days in Month + 360				
Earnings Credit: Collected Balance Available for Earnings Credit Services x Earnings Credit Rate x Actual Days in Month + Actual Days in Year				
Average Negative Collected Balance: On a daily basis, your ending collected balance is either positive or negative. If the ending ledger balance minus any uncollected funds (float) is less than zero, then your daily ending collected balance position is negative. At the end of the month, the daily negative collected balances are combined and divided by the number of days in the statement period.				
Average Positive Collected Balance: If the ending ledger balance minus any uncollected funds (float) is greater than zero, then your daily ending collected balance is positive. At the end of the month, the daily positive collected balances are combined and divided by the number of days in the statement period.				

How to use Earnings Credit

- If Earnings Credit is higher than the service charges then no fee is charged
- Maximize the rate offered
- Note: Excess Earnings Credit is not refunded – it is a non-cash asset used to offset service charges incurred





Compensating Balances

Formula for balances needed to cover banking fees

- 365 divided by the number of days in the month divided by the earnings credit rate = compensating balance to support \$1 of fees
- Example: $365/31 = 11.7741935$
 $11.7741935/0.25\% = \$4,709.68$
- If fees are \$350.00 the compensating balance would be \$1,648,387.09 ($\$350.00 \times \$4,709.68 = \$1,648,387.09$)



Account Analysis Benefits

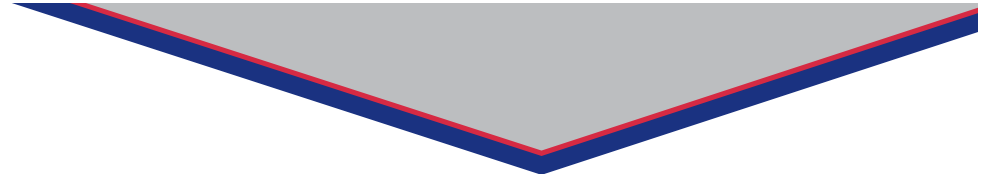
- ECR can be applied to offset some or all of the monthly fees
- A detail Analysis Statement allows you to monitor your cash position and the services you use
- Earnings Credit Rates are normally higher than interest rates



Recommendations

- Review your Analysis Statement every month
- Understand all the services detailed in your analysis statement
- Understand how to maximize compensating balances
- Review you Analysis Statement with your banker at least once a year





Questions?