

Report on the

Office of Treasurer

Mobile County, Alabama

October 1, 2017 through September 30, 2018

Filed: October 18, 2019



Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner



State of Alabama
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Examiners of Public Accounts

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Rachel Laurie Riddle
Chief Examiner

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, as added by Act Number 2018-129, I submit this report on the results of the examination of the Office of Treasurer, Mobile County, Alabama, for the period October 1, 2017 through September 30, 2018.

Sworn to and subscribed before me this
the 11th day of September, 2019.

Vanorath Norvang
Notary Public

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VANORATH NORVANG
Notary Public, Alabama State at Large
My Commission Expires March 28, 2022

Respectfully submitted,

John Geary
John Geary
Examiner of Public Accounts

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Contains items pertaining to state and local legal compliance, office operations and other matters.	
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Department of
Examiners of Public Accounts

SUMMARY

**Office of Treasurer
Mobile County, Alabama
October 1, 2017 through September 30, 2018**

The Office of Treasurer, Mobile County, Alabama, operates under the authority of Act Number 336, Acts of Alabama 1880-81, and the *Code of Alabama 1975*, Sections 11-4-1 through 11-4-30. The Treasurer is custodian of funds for the Mobile County Commission, and acts in a fiduciary capacity for funds of the Probate Court, Sheriff, District Attorney, Law Libraries, Racing Commission, Revenue Commissioner, License Commissioner, and others.

According to an Attorney General's Opinion dated August 14, 2001, the Mobile County Commission is authorized to invest county funds pursuant to the *Code of Alabama 1975*, Sections 11-3-11(a), 11-8-11, 11-81-19 and 11-81-21. Amendment Number 500 to the *Constitution of Alabama 1901* provides for additional investment options for Mobile County funds, but does not address by whom the funds may be invested. The Attorney General contends that the Treasurer, while serving as depository, is not vested with the authority to determine how to expend county funds and does not have the legal authority to enter into agreements for investment vehicles. The Mobile County Treasurer has been investing county funds with the knowledge of the County Commission. However, the Treasurer was not officially given the authority to invest on behalf of the County Commission. The County Commission adopted an Investment Policy on May 22, 2006, which gave the County Treasurer (or his/her designee) and the County Commission's Director of Finance, the authority to "establish and implement a management program and coordinate the purchase of investment vehicles".

Honorable Philip R. Benson served as Treasurer of Mobile County during the examination period.

Exhibits 1 through 3 include financial information for the Office of Treasurer, Mobile County.

This report presents the results of an examination of the Office of Treasurer and a review of compliance by the Office of Treasurer with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, 41-5A-12, as added by Act Number 2018-129.

Tests performed during the examination did not disclose any significant instances of noncompliance with applicable state or local laws and regulations.

The Official was invited to and attended an exit conference to discuss the results of the examination. Representing the Department of Examiners of Public Accounts was John Geary, Examiner.

Financial Information

Analysis of Balances
September 30, 2018

Account Name	Cash (*)	Certificates of Deposit
<u>Mobile County Commission Funds</u>		
General Fund	\$ 10,903,740.47	\$ 5,707,128.14
Health Insurance Fund	373,583.08	
Mobile County Commission Petty Cash	6,036.00	
Cigarette Tax Fund	670,959.79	
Gasoline Tax Fund	1,516,812.09	
Public Building Road and Bridge	1,154,641.40	
Public Highway and Traffic Fund		
County Improvement Fund - ATF	2,265,160.21	
RRR Gasoline Tax	832,608.73	
Reappraisal Warrant	169,623.22	514,883.44
Indigent Care		
Senior Companion Program	18,185.35	
Retired/Senior Volunteer Program	4,905.74	
Foster Grandparent Program	23,661.46	
Animal Control Special Fund	12,768.43	
Neighborhood Stabilization Program	100,000.00	
Gulf of Mexico Energy Security Act	3,122,201.41	
Jeremiah Denton Dauphin Island Airport	127,638.25	
Hazard Mitigation Grant	509,019.02	
Alabama Department of Environmental Management, Tire and Scrap Recycling	6,746.07	
HUD Urban County Consortium 2002	10,000.00	
Home Program	15,000.00	
Home Program Income	694,541.51	
Emergency Shelter Grant	13,000.00	
Capital Improvements Fund 2004	11,978.18	
2012 Capital Improvement Fund	176,740.18	
2015 Capital Improvement Fund	210,088.71	
2017 Capital Improvement Fund	365,937.41	
2000 Pay As You Go	37,881.80	
2004 Pay As You Go	268,158.26	
2006 Pay As You Go	2,290,531.11	
2008 Pay As You Go	128,304.01	2,166,560.59
2010 Pay As You Go	219,005.60	
2012 Pay As You Go	573,948.81	
2014 Pay As You Go	168,056.20	3,680,445.04
2016 Pay As You Go	356,954.90	981,693.52
Sub-Total County Commission	27,358,417.40	13,050,710.73
Sub-Total Forward	\$ 27,358,417.40	\$ 13,050,710.73

Brokerage Account/ Money Market	Bonds and Notes	Totals
\$ 9,604,851.52	\$ 28,950,777.64	\$ 55,166,497.77
		373,583.08
		6,036.00
		670,959.79
		1,516,812.09
16,220.20	4,978,240.00	6,149,101.60
324,207.89		324,207.89
		2,265,160.21
778,598.82		1,611,207.55
1,910,365.72	997,400.00	3,592,272.38
258,276.67		258,276.67
		18,185.35
		4,905.74
		23,661.46
		12,768.43
		100,000.00
		3,122,201.41
		127,638.25
		509,019.02
		6,746.07
		10,000.00
		15,000.00
		694,541.51
		13,000.00
40,987.68		52,965.86
150,802.92		327,543.10
7,044,321.41		7,254,410.12
25,918,677.65		26,284,615.06
1,004,834.13		1,042,715.93
24,558.69	1,563,531.26	1,856,248.21
		2,290,531.11
996,692.60	2,996,087.50	6,287,644.70
1,815,077.12	1,994,916.94	4,028,999.66
1,393,507.53	6,993,694.73	8,961,151.07
2,854,805.75	10,595,595.75	17,298,902.74
2,075,977.12	15,922,764.62	19,337,390.16
<hr/>	<hr/>	<hr/>
56,212,763.42	74,993,008.44	171,614,899.99
<hr/>	<hr/>	<hr/>
\$ 56,212,763.42	\$ 74,993,008.44	\$ 171,614,899.99

Analysis of Balances
September 30, 2018

Account Name	Cash (*)	Certificates of Deposit
Sub-Total Brought Forward	\$ 27,358,417.40	\$ 13,050,710.73
Sub-Total County Commission Brought Forward	27,358,417.40	13,050,710.73
2014B Warrant Fund		
Special Highway Tax	1,827,751.87	12,787,799.85
Special Events Fund	25,263.35	
Motor Vehicle Registration/Titling Technology	13,381.08	
Severed Material Severance Tax	499,278.70	
Total County Commission	<u>29,724,092.40</u>	<u>25,838,510.58</u>
Treasurer's Petty Cash	200.00	
Building Inspection Account	28,009.78	
Worker's Compensation Escrow	98,898.04	
Payroll Account	933,963.12	
Retirement Fund	272,127.23	
State Income Tax	210,252.89	
Garnishment Account	34,794.10	
Elective Insurance	47,945.11	
Individual Redemption Fund/Excess Tax	9,389,924.49	
License Commissioner Miscellaneous Account	516,684.41	
Law Library	152,339.04	
Sheriff's Requisition		117,144.54
Court Administration	60,910.28	
Juvenile Court Supervisory Fee	4,929.57	
State of Alabama - Judicial Administration Fund	116,176.89	
Racing Commission	20,809.59	
Racing Commission Contingency Fund	19,972.83	
Fiduciary Account		
Manufactured Home Law Fund	15,175.50	
License Commission's Special Training	1,769.77	
Treasurer Tax Refund Escrow Account	9,157.03	
Poll Workers Fund	4,772.56	
Revenue Commissioner's Fund	1,584.21	
Treasurer's Fee Account	2,589.14	
Animal Shelter	5,335.00	
Grand Total	<u>\$ 41,672,412.98</u>	<u>\$ 25,955,655.12</u>

(*) Cash includes amounts in demand deposits.

Brokerage Account/ Money Market	Bonds and Notes	Totals
\$ 56,212,763.42	\$ 74,993,008.44	\$ 171,614,899.99
56,212,763.42	74,993,008.44	171,614,899.99
26,236.65		26,236.65
1,157,480.71	37,236,638.46	53,009,670.89
		25,263.35
		13,381.08
		499,278.70
<u>57,396,480.78</u>	<u>112,229,646.90</u>	<u>225,188,730.66</u>
		200.00
		28,009.78
		98,898.04
		933,963.12
		272,127.23
		210,252.89
		34,794.10
		47,945.11
528,508.38	997,280.00	10,915,712.87
		516,684.41
		152,339.04
677,561.19		794,705.73
		60,910.28
		4,929.57
		116,176.89
100,000.85		120,810.44
		19,972.83
482,679.57	1,464,931.16	1,947,610.73
		15,175.50
		1,769.77
		9,157.03
		4,772.56
		1,584.21
		2,589.14
		5,335.00
<u>\$ 59,185,230.77</u>	<u>\$ 114,691,858.06</u>	<u>\$ 241,505,156.93</u>

Trust Funds on Hand
September 30, 2018

Account Designation	Fiduciary Funds Under 10 Years	Fiduciary Funds Over 10 Years	Total
Circuit Court Clerk	\$ 57,125.28	\$ 1,807.94	\$ 58,933.22
Circuit Court Register	89,871.15		89,871.15
District Court	426,434.75		426,434.75
Domestic Relations	241.96		241.96
Juvenile Court	63,960.65		63,960.65
License Commissioner	115,282.54	3,956.47	119,239.01
Probate Court	738,403.46	48,303.52	786,706.98
Revenue Commissioner	269,908.63		269,908.63
Sheriff's Department	98,260.54	10,113.70	108,374.24
Treasurer's Department	542.68	11,160.44	11,703.12
Excess Tax Bids	9,798,495.16	897,195.06	10,695,690.22
Individual Redemption	172,019.03	43,056.21	215,075.24
Totals	\$ 11,830,545.83	\$ 1,015,593.34	\$ 12,846,139.17

Authority for Investments
For the Year Ended September 30, 2018

Statutes authorize the County Commission to invest in any obligations in which sinking funds are authorized to be invested, pursuant to the *Code of Alabama 1975*, Section 11-81-19, and in addition in any of the following:

- ◆ Direct obligations of the U. S. Treasury and
- ◆ Obligations of federal agencies which are backed by the full faith and credit of the U. S. Government;
- ◆ Deposit accounts and certificates of deposit with Qualified Public Depositories as described in the *Code of Alabama 1975*, Section 41-14A-3;
- ◆ Secured pre-funded public obligations rated in the highest rating category of Standard and Poor's Corporation and Moody's Investment Service, Inc.; and
- ◆ Any common trust fund or collective investment fund maintained by a national or state chartered bank, trust company or savings and loan association, or any open-end or closed-end investment company or investment trust so long as the portfolio of such common trust fund, collective investment fund or investment company or investment trust consists only of investments of the U. S. Treasury or repurchase agreements with respect to such investments

Amendment 500 to the *Constitution of Alabama 1901*, further authorizes funds to be invested in secured repurchase agreements, secured commercial paper and secured banker's acceptances.