

# Board of Deposit

**Senate Finance and Financial Institutions Committee**

*Ruhaiza Ridzwan, Economist  
Legislative Service Commission*

*May 3, 2005*

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**LSC Redbook**  
**for the**  
**Board of Deposit**

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*May 3, 2005*

# Board of Deposit

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- The Board of Deposit uses no GRF moneys
- The Board of Deposit designates which financial institutions serve as public depositories

## OVERVIEW

The State Board of Deposit was created in 1904 and operates under the authority of Ohio Revised Code Chapter 135., the Uniform Depository Act. The Board's major functions are to designate financial institutions and banks to function as public depositories and to regulate the deposits of state money into these institutions. The Board also approves bank service charges and confirms the designation and investment of interim moneys of the state.

The Board of Deposit uses no GRF moneys. The Board of Deposit Expenses Fund receives transfers of cash from the Investment Earnings Distribution Fund (Fund 608) after certification of the Board's expenses by the Director of Budget and Management. The Board's funding is used to pay for banking charges and fees required for the operation of the state treasurer's regular bank account and two auxiliary accounts: the Consolidated Check Clearing Account and the Treasurer's Custodial Contingency Account.

The Board is composed of three elected officials or designees of these officials: the Treasurer of State, the Auditor of State, and the Attorney General. The Treasurer serves as the Board's chairperson. The cashier of the state treasury serves as the secretary of the Board.

Recommended funding for FY 2006 is \$1,676,000. This amount is the same as the FY 2005 appropriation. Recommended funding for FY 2007 is the same as in FY 2006.

### **Summary of FYs 2006-2007 Budget Issues**

The Executive recommendation provides the funding necessary to maintain the Board of Deposit's banking charges and fees at current levels. This will enable the Board to continue to carry out its major functions. These functions are to designate financial institutions to serve as public depositories and to regulate the deposits of state funds in designated financial institutions.

## **ANALYSIS OF EXECUTIVE PROPOSAL**

### **State Treasury Account Management**

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**Purpose:** The Board of Deposit designates which financial institutions serve as public depositories and implements the Uniform Depository Act as it applies to the state.

The following table shows the line items that are used to fund State Treasury Account Management, as well as the Governor’s recommended funding levels.

<b>Fund</b>	<b>ALI</b>	<b>Title</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>General Services Fund</b>				
GSF	974-601	Board of Deposit	\$1,676,000	\$1,676,000
<b>General Services Fund Subtotal</b>			<b>\$1,676,000</b>	<b>\$1,676,000</b>
<b>Total Funding: State Treasury Account Management</b>			<b>\$1,676,000</b>	<b>\$1,676,000</b>

This analysis focuses on the following specific program within the State Treasury Account Management program series:

■ **Program 1: State Treasury Account Management**

**State Treasury Account Management**

**Program Description:** The Board of Deposit designates which financial institutions serve as public depositories and implements the Uniform Depository Act as it applies to the state. The Board also approves bank service charges and confirms the designation and investment of interim moneys of the state.

**Funding Source:** The Board of Deposit Expenses Fund receives transfers of cash from the Investment Earnings Distribution Fund (Fund 608) after certification of the Board’s expenses by the Director of Budget and Management.

**Line Items:** 974-601

**Implication of Executive Recommendation:** The Board’s funding is used to pay for banking charges and fees required for the operation of the state treasurer’s regular bank account and two auxiliary accounts: the Consolidated Check Clearing Account and the Treasurer’s Custodial Contingency Account.

**Temporary Law Provisions:** Requires that after receiving certification of expenses from the Treasurer of State, the Director of Budget and Management shall transfer cash from the Investment Earnings Redistribution Fund (Fund 608) to the Board of Deposit Expense Fund (Fund 4M2) to pay for banking charges and fees required for the operation of the State of Ohio Regular Account.

## General Services Fund Group

### 4M2 974-601 Board of Deposit

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
\$679,382	\$1,056,298	\$1,200,314	\$1,676,000	<b>\$1,676,000</b>	<b>\$1,676,000</b>
	55.5%	13.6%	39.6%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GSF: Transfers of cash from the Interest Holding Distribution Fund (Fund 608) after certification of the Board's expenses by the Director of Budget and Management

**Legal Basis:** Section 37 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

**Purpose:** Funds are used to pay for banking charges and fees required for the operation of the state treasury accounts.

**LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007**

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated 2005</i>	<i>As Introduced 2006</i>	<i>House Passed 2006</i>	<i>% Change Est. 2005 to House 2006</i>	<i>As Introduced 2007</i>	<i>House Passed 2007</i>	<i>% Change House 2006 to House 2007</i>
<b>BDP Board of Deposit</b>									
4M2	974-601	Board of Deposit	\$1,676,000	\$ 1,676,000	\$ 1,676,000	0.0%	\$ 1,676,000	\$ 1,676,000	0.0%
<b>General Services Fund Group Total</b>			<b>\$ 1,676,000</b>	<b>\$ 1,676,000</b>	<b>\$ 1,676,000</b>	<b>0.0%</b>	<b>\$ 1,676,000</b>	<b>\$ 1,676,000</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 1,676,000</b>	<b>\$ 1,676,000</b>	<b>\$ 1,676,000</b>	<b>0.0%</b>	<b>\$ 1,676,000</b>	<b>\$ 1,676,000</b>	<b>0.0%</b>

## As Introduced (Executive)

(CD-668-BDP) Board of Deposit Expense Fund

## Section: 203.96

Requires that after receiving certification of expenses from the Treasurer of State, the Director of Budget and Management shall transfer cash from the Investment Earnings Redistribution Fund (4M2) to pay for banking charges and fees required for the operation of the State of Ohio Regular Account.

Fiscal effect: None.

## As Passed by the House

## Section: 203.96

Same as the Executive.