

Board of Deposit

Senate Finance and Financial Institutions Committee

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Legislative Service Commission*

May 23, 2007

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LSC Redbook
for the
Board of Deposit

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May 23, 2007

Board of Deposit

- The Board is required to hold a regular monthly meeting to provide oversight and implement the Uniform Depository Act
- The Board of Deposit designates which financial institutions serve as public depositories
- The Board of Deposit uses no GRF moneys

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 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.

The Board's major functions are to designate qualified financial institutions and banks to function as public depositories, to regulate the deposits of state money into these institutions, to approve bank service charges, and to confirm the designation and investment of interim moneys of the state.

The Board is also required to hold a regular monthly meeting to monitor compliance of the designated public depositories with its contracts, to ensure efficient and prudent management of state cash, and to review the state's investment portfolio. The Monthly Portfolio Review reports are prepared by the staff of the Treasurer of State's investment department. The investment information included in the report and reviewed by the Board includes summaries of current portfolio holdings, market value of portfolio assets, securities purchased and sold, and yield analyses.

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.

Recommended funding for FY 2008 is \$1,676,000. This amount is the same as the FY 2007 appropriation. Recommended funding for FY 2009 is the same as in FY 2008.

Summary of FYs 2008-2009 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

Single Program Series

State Treasury Account Management

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 item used to fund State Treasury Account Management, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
GSF	974-601	Board of Deposit	\$1,676,000	\$1,676,000
General Services Fund Subtotal			\$1,676,000	\$1,676,000
Total Funding: State Treasury Account Management			\$1,676,000	\$1,676,000

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.

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General Services Fund Group

4M2 974-601 Board of Deposit

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$1,200,314	\$1,151,820	\$718,406	\$1,676,000	\$1,676,000	\$1,676,000
	-4.0%	-37.6%	133.3%	0.0%	0.0%

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 203.96 of Am. Sub. H.B. 66 of the 126th 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 2008 - FY 2009

<i>Fund ALI ALI Title</i>	<i>Estimated 2007</i>	<i>As Introduced 2008</i>	<i>House Passed 2008</i>	<i>% Change Est. 2007 to House 2008</i>	<i>As Introduced 2009</i>	<i>House Passed 2009</i>	<i>% Change House 2008 to House 2009</i>
<i>BDP Board of Deposit</i>							
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%
General Services Fund Group Total	\$ 1,676,000	\$ 1,676,000	\$ 1,676,000	0.0%	\$ 1,676,000	\$ 1,676,000	0.0%
<hr/>							
Total All Budget Fund Groups	\$ 1,676,000	\$ 1,676,000	\$ 1,676,000	0.0%	\$ 1,676,000	\$ 1,676,000	0.0%

As Introduced (Executive)

As Passed by the House

1 (CD-360-BDP) Board of Deposit Expense Fund

Section: 261.10

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

Section: 261.10

Same as the Executive.

Fiscal effect: Same as the Executive.