

LSC Redbook

Analysis of the Executive Budget Proposal

Board of Deposit

Ruhaiza Ridzwan, Economist
Legislative Service Commission

March 2011

Table of Contents

| | |
|---|----------|
| OVERVIEW | 1 |
| Agency Overview..... | 1 |
| Appropriation Overview | 2 |
| ANALYSIS OF EXECUTIVE PROPOSAL | 3 |
| Introduction | 3 |
| Board of Deposit (974601)..... | 3 |

ATTACHMENTS:

- Catalog of Budget Line Items
- Budget Spreadsheet by Line Item

Board of Deposit

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

OVERVIEW

Agency 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. As of February 2011, 128 financial institutions throughout the state have been designated by the Board as public depositories for state funds. Am. Sub. H.B. 1 of the 128th General Assembly, revised public depository eligibility requirements to include savings banks and savings and loan associations that are located in Ohio and doing business under authority granted by another state, and removed eligibility from any bank doing business under authority granted by the regulatory authority of another country.

The Board of Deposit uses no GRF moneys. The Board of Deposit Expense Fund receives transfers of cash from the Investment Earnings Redistribution Fund (Fund 6080) after certification of the Board's expenses by the Treasurer of State. 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 employs no staff, but the staff of the Treasurer of State provides some support for the Board. Each month, the staff of the Treasurer of State's investment department prepares and presents a Monthly Portfolio Review report to the Board. 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. In the next biennium, the Board of Deposit will continue to monitor compliance of the designated public depositories with its contracts, and to ensure efficient and prudent management of state cash. The Board of Deposit will also continue its oversight responsibility over the state's investment portfolios.

The executive recommends funding of \$1.9 million for FY 2012. This amount is the same as the FY 2011 estimated expenditures, but 15.6% higher than expenditures in FY 2010. Actual expenditures in FY 2010 were \$1.6 million. Recommended funding for FY 2013 is the same as for FY 2012.

Appropriation Overview

The following table presents the executive recommendations by fund group for the Board of Deposit for the FY 2012-FY 2013 biennium.

| Table 1. Executive Budget Recommendations by Fund Group, FY 2012-FY 2013 | | | | | |
|---|--------------------|--------------------|--------------------------------------|--------------------|--------------------------------------|
| Fund Group | FY 2011* | FY 2012 | % change, FY 2011-FY 2012 | FY 2013 | % change, FY 2012-FY 2013 |
| General Services Fund | \$1,876,000 | \$1,876,000 | 0.0% | \$1,876,000 | 0.0% |
| TOTAL | \$1,876,000 | \$1,876,000 | 0.0% | \$1,876,000 | 0.0% |

*FY 2011 figures represent estimates.

ANALYSIS OF EXECUTIVE PROPOSAL

Introduction

This section shows the line item that is used to fund the activities of the Board, as well as the Governor's recommended funding levels.

| Fund | ALI and Name | FY 2012 | FY 2013 |
|--|-------------------------|--------------------|--------------------|
| General Services Fund Group | | | |
| 4M20 | 974601 Board of Deposit | \$1,876,000 | \$1,876,000 |
| Total Funding: Board of Deposit | | \$1,876,000 | \$1,876,000 |

Board of Deposit (974601)

This line item provides funding 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 executive recommends \$1.9 million for FY 2012 and FY 2013. This amount is the same as the estimated expenditures in FY 2011, but 15.6% higher than expenditures in FY 2010. Actual expenditures in FY 2010 were \$1.6 million. Funding for the line item has historically come from transfers from Fund 6080, the Investment Earnings Redistribution Fund.

BDP.docx / rs

Board of Deposit

General Services Fund Group

4M20 974601 Board of Deposit

| FY 2008 | FY 2009 | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | Introduced FY 2013 |
|-----------|-------------|-------------|---------------------|-----------------------|-----------------------|
| \$927,892 | \$1,394,978 | \$1,622,711 | \$1,876,000 | \$1,876,000 | \$1,876,000 |
| | 50.3% | 16.3% | 15.6% | 0.0% | 0.0% |

Source: General Services Fund Group: Transfers of cash from the Investment Earnings Redistribution Fund (Fund 6080) after certification of the Board's expenses by the Treasurer of State

Legal Basis: Section 257.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: Funds are used to pay for any and all necessary expenses of the Board of Deposit or for banking charges and fees required for the operation of the state treasury accounts.

FY 2012 - FY 2013 Introduced Appropriation Amounts

All Fund Groups

| Line Item Detail by Agency | | | FY 2010 | Estimate FY 2011 | Introduced FY 2012 | FY 2011 to FY 2012 % Change | Introduced FY 2013 | FY 2012 to FY 2013 % Change |
|--|--------|------------------|-------------------------------|---------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|
| Report For Main Operating Appropriations Bill | | | Version: As Introduced | | | | | |
| BDP Board of Deposit | | | | | | | | |
| 4M20 | 974601 | Board of Deposit | \$ 1,622,711 | \$ 1,876,000 | \$ 1,876,000 | 0.00% | \$ 1,876,000 | 0.00% |
| General Services Fund Group Total | | | \$ 1,622,711 | \$ 1,876,000 | \$ 1,876,000 | 0.00% | \$ 1,876,000 | 0.00% |
| Board of Deposit Total | | | \$ 1,622,711 | \$ 1,876,000 | \$ 1,876,000 | 0.00% | \$ 1,876,000 | 0.00% |