

Role and Overview

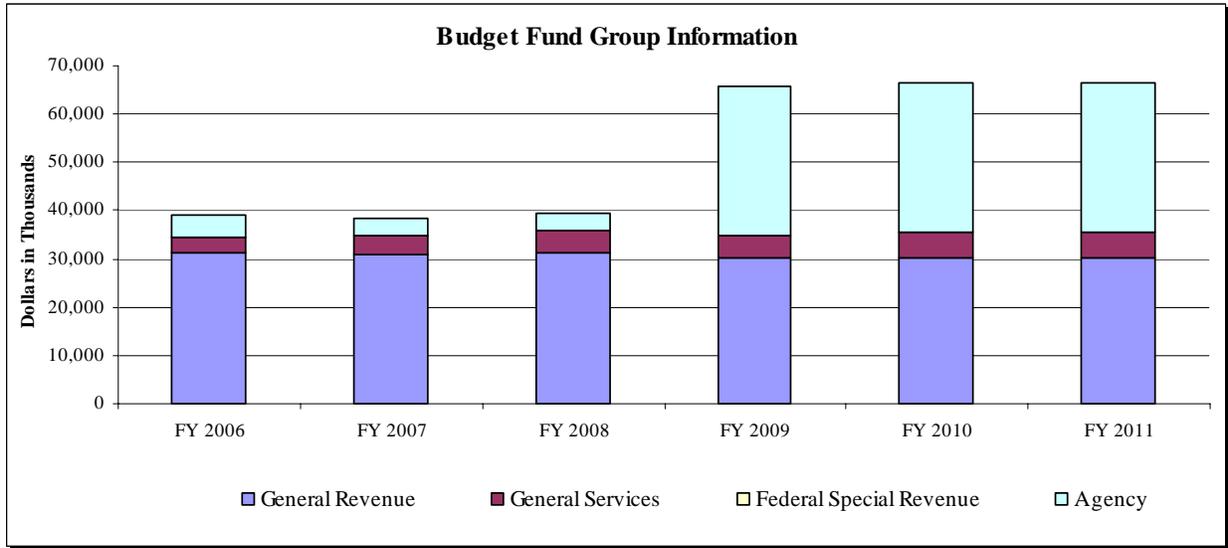
The Treasurer of State (TOS) is a constitutional office holder responsible for collecting, investing and protecting state funds using sound fiscal policy. Serving as the state's banker and chief investments officer, the Treasurer oversees an office of approximately 140 employees. The powers and duties of the Treasurer include, but are not limited to, managing the state's investment portfolios, issuing Ohio debt, and serving as custodian of over \$150 billion of public moneys. Through statutory obligations, the Treasurer's Office works closely with local public funds managers, small businesses, farmers, local governments and banks to promote economic growth and stability. Additionally, the office advances public and personal financial education for all Ohioans. The approximate budget for fiscal year 2009 is \$66.5 million.

More information regarding the Treasurer of State is available at www.ohiotreasurer.gov.

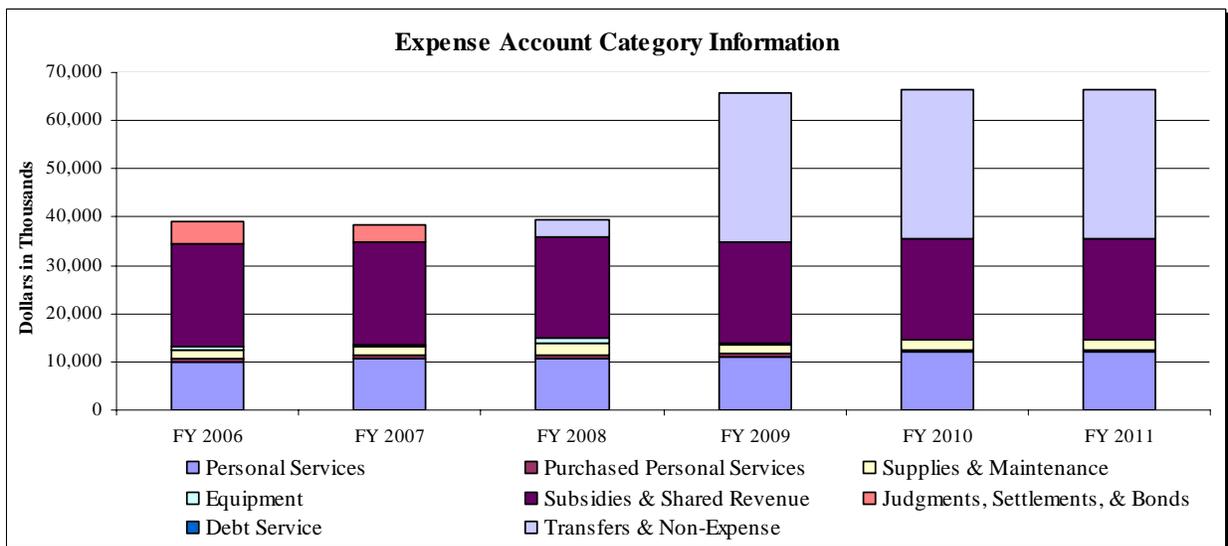
Agency Priorities

- Review and rationalize all contractual commitments.
- Improve and maintain the transparency and accountability of the Treasury's investment and debt activities.
- Improve statewide cash management processes and the collection and concentration of funds to maximize investment returns.
- Improve efficiency and reduce costs of all financial transactions.
- Maximize investment returns by utilizing better cash-flow forecasts without increased risk.
- Review existing programs (namely, Linked Deposit, Bid Ohio, and STAR Ohio) to find strategic investment opportunities to help stimulate economic activity in Ohio in general and target these resources to the most vulnerable sectors of the economy.
- Develop a Linked Deposit program to promote the use of Ohio-made products.
- Partner with others to find immediate statewide foreclosure prevention and intervention solutions.
- Work with local officials and the legislature to improve land banking programs and other frameworks for revitalizing vacant and abandoned properties.
- Continue work with Ohio high school teachers to best implement the personal finance education component of Ohio CORE.
- Expand Teachers Academy training program to equip more teachers with the skills necessary to teach financial literacy.
- Expand the existing Women & Money program to broader demographics.
- Review and update the CPIM training for local financial officials in order to help these officials to provide the best funds management possible to their local jurisdictions.

Summary of Budget History and Recommendations



(In Thousands)	ACTUAL			EST.	%	RECOMMENDED			
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	CHANGE	FY 2011	CHANGE
BUDGET FUND GROUP									
General Revenue	31,279	30,882	31,425	30,277	-3.7	30,146	-0.4	30,101	-0.2
General Services	3,211	3,875	4,397	4,560	3.7	5,378	17.9	5,378	0.0
Federal Special Revenue	0	59	0	0	0.0	0	0.0	0	0.0
Agency	4,769	3,702	3,700	31,000	737.8	31,000	0.0	31,000	0.0
TOTAL	39,258	38,517	39,522	65,837	66.6	66,524	1.0	66,478	-0.1



State of Ohio
Treasurer of State

(In Thousands) EXPENSE ACCOUNT CATEGORY	ACTUAL			% EST. CHANGE		RECOMMENDED			
	FY 2006	FY 2007	FY 2008	FY 2009	FY 08-09	FY 2010	% CHANGE	FY 2011	% CHANGE
Personal Services	9,849	10,491	10,793	10,960	1.5	12,009	9.6	12,179	1.4
Purchased Personal Services	840	821	701	601	-14.3	405	-32.7	402	-0.7
Supplies & Maintenance	1,763	1,829	2,522	1,889	-25.1	2,073	9.7	1,974	-4.8
Equipment	795	464	766	355	-53.7	190	-46.5	122	-35.8
Subsidies & Shared Revenue	21,186	21,078	20,968	21,007	0.2	20,823	-0.9	20,778	-0.2
Judgments, Settlements, & Bonds	4,824	3,835	37	24	-34.1	0	-100.0	0	0.0
Debt Service	0	0	33	0	-100.0	25	100.0	25	0.0
Transfers & Non-Expense	0	0	3,701	31,000	737.6	31,000	0.0	31,000	0.0
TOTAL	39,258	38,517	39,522	65,837	66.6	66,524	1.0	66,478	-0.1

PROGRAM SERIES 01: Investment of Assets

This program series provides for the administrative expenses associated with the Treasurer of State's role as custodian, protector, and investor of public moneys.

Program 01.01: Treasury Management

This program provides for the collection, investment, and protection of state funds. The Treasurer's Office functions as the custodian of the public's money, manager of the state's investment portfolio, and collector of taxes and fees. Treasury Management supports office operations, including treasury expenses such as payroll, fringe benefits, maintenance, and equipment.

The Executive Recommendation will fund the following objectives:

- Support approximately 140 staff members working to fulfill the Treasurer's statutory responsibilities to collect, invest, and protect state funds;
- Support investment and management of over \$6 billion in state funds, which requires systems for cash forecasting, investment accounting, pricing of securities, and research; and
- Protect more than \$400 million in deposits in approximately 120 public depositories throughout the state.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	090321	Operating Expenses	8,381,875	8,381,875
GSF	4E90	090603	Securities Lending Income	4,492,622	4,492,622
TOTAL FOR PROGRAM				12,874,497	12,874,497

Program 01.02: Custodial Funds

This program supports the function of the Treasurer of State as the custodian of the public's money. Funding supports the safekeeping, disbursement, and administration of custodial moneys and assets, which are funds held in the custody of the Treasurer but not part of the state's Ohio Administrative Knowledge System (OAKS), and thus subject to different and lesser rules. This includes retirement system and various other agency funds.

This program also manages the Securities Lending Program, which generates income by loaning securities on a short-term basis to selected brokerage firms and financial institutions for a fee.

The Executive Recommendation will fund the following objectives:

- Fund the contracts with eight financial institutions for custody and monitoring services for the over \$150 billion in custodial assets;
- Process approximately 7 million state and custodial warrants from the state’s five retirement systems, the Ohio Bureau of Workers’ Compensation, the Ohio Department of Job and Family Services, and the Auditor of State; and
- Support the securities lending program for the state’s regular and lottery portfolios, including the development of securities lending policies, the selection of agents, and monitoring the performance of those agents.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GSF	6050	090609	TOS Administrative Fund	185,000	185,000
TOTAL FOR PROGRAM				185,000	185,000

Program 01.03: STAR Ohio Investment and Management

This program provides for expenses associated with the Ohio Subdivisions Fund, commonly referred to as STAR Ohio. STAR Ohio is an AAA-rated investment alternative created for eligible governmental subdivisions. This local government investment pool, which consists of local subdivisions’ deposits of interim moneys, is invested in high-quality, short-term securities to provide shareholders with safety, return, and liquidity. The TOS is reimbursed for administrative expenses, which are initially paid out of the pool’s investment earnings.

The Executive Recommendation will fund the following objectives:

- Compensate the Treasurer’s Office for its portion of the services provided to approximately 3,200 accounts participating in the STAR Ohio program; and
- Support daily portfolio management, management of the STAR Ohio securities lending program, compliance monitoring, and trade reconciliation.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GSF	5770	090605	Investment Pool Reimbursement	550,000	550,000
TOTAL FOR PROGRAM				550,000	550,000

PROGRAM SERIES 02: Office of Debt Management

This program series provides funding for costs incurred with respect to the issuance and ongoing administration of State of Ohio general obligation debt and Treasurer of State issued revenue and special obligation debt.

Program 02.01: Debt Administration

This program supports the debt issuance and administration activities associated with the Office of Debt Management. This includes paying the debt service on general obligation bonds that are authorized by the state constitution and the legislature for specific purposes, although actual debt service payments are appropriated to other state agencies and not to TOS. This program provides funding for costs incurred by order of, or on behalf of, the Commissioners of the Sinking Fund, the Ohio Public Facilities Commission, or TOS with respect to State of Ohio general obligation bonds. It also provides funding for costs incurred by the Office of Debt Management with respect to the issuance and ongoing administration of Treasurer of State issued revenue and special obligation debt. The General Revenue Fund will be reimbursed from the Highway Capital Improvement Bond Retirement Fund for financing costs incurred involving Highway Capital Improvement obligations.

The Executive Recommendation will fund the following objectives:

- Provide wages and benefits to five employees associated with debt administration;
- Support administrative expenses associated with the issuance, reporting, and ongoing debt service for the state's general obligation bonds;
- Administer nine general obligation bond retirement funds, and make 48 debt service payments totaling \$1.4 billion; and
- Service seven credit enhancement facilities and make the associated payments annually.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	090401	Commissioners of the Sinking Fund	537,223	537,223
TOTAL FOR PROGRAM				537,223	537,223

PROGRAM SERIES 03: Refunds and Subsidies Oversight

This program series provides for the payment of certain tax refunds, permissive tax distributions, and state contributions to the Ohio Police and Fire Pension Fund.

Program 03.01: Police and Fire Subsidies

This program provides for supplemental moneys to specified members of the Ohio Police and Fire Pension Fund and to surviving spouses and children of law enforcement officers, firefighters, and correction officers who die in the line of duty or from injuries sustained in the line of duty. This is subsidized in part to cover payments to officers who retired prior to the consolidation of the local pension funds into the current entity and in part due to the special service these employees provide to the general population of Ohio.

The Executive Recommendation will fund the following objectives:

- Provide disability pensions, supplemental cost-of-living payments, and survivor benefits for beneficiaries who received these payments prior to the consolidation that created the current Ohio Police and Fire Pension Fund;
- Support death benefit payments to the families of law enforcement officers, firefighters, and correction officers who die in the line of duty; and
- Serve approximately 800 families annually.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	090524	Police And Fire Disability Pension	8,000	7,500
GRF	GRF	090534	Police & Fire Ad Hoc Cost of Living	95,000	90,000
GRF	GRF	090554	Police And Fire Survivor Benefits	720,000	680,000
GRF	GRF	090575	Police And Fire Death Benefits	20,000,000	20,000,000
TOTAL FOR PROGRAM				20,823,000	20,777,500

Program 03.02: Tax Refunds

This program provides moneys to pay certain tax refunds to Ohio taxpayers.

The Executive Recommendation will fund the following objectives:

- This program provides moneys to pay certain tax refunds to Ohio taxpayers.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
AGY	4250	090635	Tax Refunds	31,000,000	31,000,000
TOTAL FOR PROGRAM				31,000,000	31,000,000

PROGRAM SERIES 04: Public Funds Managers Education

This program series supports continuing education programming for county treasurers to ensure the proper handling of moneys.

Program 04.01: Continuing Education

This program provides for the administration of the Center for Public Investment Management (CPIM) that conducts education programs for county treasurers and other public funds managers. CPIM enhances the background and working knowledge of local finance officers in areas of public finance, investments, cash management, and compliance and reporting.

The Executive Recommendation will fund the following objectives:

- Provide wages and benefits for four employees associated with the continuing education program; and
- Provide resources for approximately nine conferences around the state to provide training to 2, 780 local public fund managers.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2010	FY 2011
GRF	GRF	090402	Continuing Education	403,959	403,959
GSF	5C50	090602	County Treasurer Education	150,000	150,000
TOTAL FOR PROGRAM				553,959	553,959

LINE ITEM SUMMARY - Treasurer of State

FUND	ALI	ALI NAME	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 RECOMMENDED	% CHANGE	FY 2011 RECOMMENDED	% CHANGE
GRF	090321	Operating Expenses	9,292,805	8,906,845	9,449,508	8,360,746	8,381,875	0.3	8,381,875	0.0
GRF	090401	Commissioners of The Sinking Fund	412,904	504,905	525,250	506,333	537,223	6.1	537,223	0.0
GRF	090402	Continuing Education	387,028	392,304	481,507	402,940	403,959	0.3	403,959	0.0
GRF	090524	Police and Fire Disability Pension	18,568	13,964	10,950	12,000	8,000	-33.3	7,500	-6.3
GRF	090534	Police & Fire Ad Hoc Cost of Living	156,671	138,581	121,133	130,000	95,000	-26.9	90,000	-5.3
GRF	090554	Police and Fire Survivor Benefits	1,010,750	925,320	836,290	865,000	720,000	-16.8	680,000	-5.6
GRF	090575	Police and Fire Death Benefits	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0.0	20,000,000	0.0
TOTAL General Revenue			31,278,726	30,881,919	31,424,639	30,277,019	30,146,057	-0.4	30,100,557	-0.2
4E90	090603	Securities Lending Income	2,129,309	2,691,915	3,325,550	3,524,520	4,492,622	27.5	4,492,622	0.0
5770	090605	Investment Pool Reimbursement	428,647	532,211	453,512	550,000	550,000	0.0	550,000	0.0
5C50	090602	County Treasurer Education	114,141	126,975	116,884	135,000	150,000	11.1	150,000	0.0
6050	090609	TOS Administrative Fund	538,681	523,639	500,923	350,000	185,000	-47.1	185,000	0.0
TOTAL General Services			3,210,778	3,874,740	4,396,868	4,559,520	5,377,622	17.9	5,377,622	0.0
3BP0	090604	Disaster Recovery Assessment	0	59,284	0	0	0	.0	0	.0
TOTAL Federal Special Revenue			0	59,284	0	0	0	.0	0	.0
4250	090635	Tax Refunds	4,768,872	3,701,508	3,700,270	31,000,000	31,000,000	0.0	31,000,000	0.0
TOTAL Agency			4,768,872	3,701,508	3,700,270	31,000,000	31,000,000	0.0	31,000,000	0.0
TOTAL Treasurer of State			39,258,376	38,517,451	39,521,777	65,836,539	66,523,679	1.0	66,478,179	-0.1