

PROPOSED AMENDMENTS TO
WEST VIRGINIA ADMINISTRATIVE RULES

- I. PROMULGATED BY: West Virginia State Board of Investments
- II. DESIGNATED: Chapter 12-1, Series I (1979-Amendments 1981;
Sections 2.01, 3.01, 3.02, and 3.03)
- III. SUBJECT: Selection of State Depositories for Disbursement
Accounts Through Competitive Bidding.
- IV. TEXT CHANGES/DELETIONS:

<u>Section</u>	<u>Titled</u>
2.01.	Definitions
3.01.	Banks In Existence Less Than Five Years
3.02.	Banks In Existence More Than Five Years
3.03.	Determining When Bank Commenced Existence

V. RENUMBERED SECTIONS:

<u>Section</u>	<u>Titled</u>	<u>Renumbered</u>
4.	Distribution of Disbursement Accounts Among Depositories	3.
4.01.	Classification of Depositories According to Size	3.01.
4.02.	Apportionment of Disbursement Accounts for Bidding	3.02.
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VI. JUSTIFICATION AND DESCRIPTION OF TEXT CHANGES/DELETIONS:

During the 1981 Legislative Session, S. B. 574 was passed April 10, 1981 and becomes effective July 1, 1981. S. B. 574 removes the eligibility criteria from banks. These criteria required loan-to-deposit ratios of fifty percent or more and single or multifamily residential unit loans in an amount greater than twenty-five percent of the amount of loans representing a loan-to-deposit ratio of fifty percent.

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Removal of these criteria will permit West Virginia banks of all sizes to become eligible depositories for disbursement accounts and/or receipts accounts. The proposed amendments to these rules primarily remove "Section 3. Eligible Depositories for Disbursement Accounts" and make associated deletions/changes to "Section 2. Definitions." The current Section 4 is to be renumbered Section 3, titled "Section 3. Distribution of Disbursement Accounts Among Depositories" and all sections thereafter are to be appropriately renumbered.

The proposed amendments are identified below by using strike-throughs to indicate language to be stricken from the present rules, and underscoring to indicate new language to be added. A complete set of the rules, as amended, is printed on yellow pages following the amended sections.

Section 2. Definitions.

2.01. Definitions - For purposes of these rules, unless a different meaning is clearly required by the context:

"Board" means the West Virginia state board of investments;

"Code" means the 1931 code of West Virginia, as amended;

"Compensating balance" means the demand deposit cash balance which the state will maintain with a depository to compensate the depository for its services;

"Disbursement account" means those accounts from which are paid moneys due from the state of West Virginia or any official, department board, commission, political subdivision or agency thereof to any political subdivision, person, firm or corporation except moneys paid from investment accounts;

~~"Eligible-depository"-means-a-bank-which-is-eligible-to receive-demand-deposits-of-state-funds-under-section-two7-article one7-chapter-twelve-of-the-code7~~

"Invitation to bid" means and includes requests for Proposals, specifications, general information and other matter customarily included in the solicitation of bids;

"Loans-in-farms-and-single-or-multi-family-residential-units" means loans-made-to-finance-the-construction,-purchase-or-improvement of-farms-or-single-or-multi-family-housing;

"Treasurer" means the treasurer of the state of West Virginia.

Section 3.--Eligible-Depositories-for-Disbursement-Accounts.

3.01.--Banks-in-Existence-less-Than-Five-Years---Any-state-or national-bank-in-this-state-which-has-been-in-existence-less-than five-years-is-eligible-to-be-awarded-one-or-more-disbursement accounts-if-bank-meets-the-requirements-of-chapter-twelve-of-the code-

3.02.--Banks-In-Existence-More-Than-Five-Years---Any-state-or national-bank-in-this-state-which-has-been-in-existence-more-than five-years-is-eligible-to-be-awarded-one-or-more-disbursement accounts-if-such-bank-

(1)--has-a-loan-to-deposit-ratio-of-fifty-percent-or-more;

(2)--has-at-least-twenty-five-percent-of-the-dollar-amount of-its-loans-in-farms-and-single-or-multi-family-residential-units; and

(3)--meets-the-other-requirements-of-chapter-twelve-of-the code-

Any-calculations-required-to-determine-eligibility-under items-(1)-and-(2)-above-shall-be-made-in-accordance-with-the requirements-of-section-two,-article-one,-chapter-twelve-of-the code-

3.03. Determining-When-Bank-Commenced-Existence --- A

bank shall be deemed to have commenced existence as of the date
it first opened for business.

PROPOSED AMENDMENTS TO
WEST VIRGINIA ADMINISTRATIVE RULES

- I. PROMULGATED BY: West Virginia State Board of Investments
- II. DESIGNATED: Chapter 12-1, Series II (1979-Amendments 1981;
Sections 2.01, 3.01, 3.02, 3.03, 3.04 and 5.01)
- III. SUBJECT: Selection of State Depositories Receipt Accounts.
- IV. TEXT CHANGES/DELETIONS:

<u>Section</u>	<u>Titled</u>
2.01.	Definitions
3.01.	Banks In Existence Less Than Five Years
3.02.	Banks In Existence More Than Five Years
3.03.	Determining When Bank Commenced Existence
3.04.	Selection Criteria
5.01.	Method of Compensation

V. RENUMBERED SECTIONS:

<u>Section</u>	<u>Titled</u>	<u>Renumbered</u>
3.04.	Selection Criteria	3.01.
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VI. JUSTIFICATION AND DESCRIPTION OF TEXT CHANGES/DELETIONS:

During the 1981 Legislative Session, S. B. 574 was passed April 10, 1981 and becomes effective July 1, 1981. S. B. 574 removes the eligibility criteria from banks. These criteria required loan-to-deposit ratios of fifty percent or more and single or multifamily residential unit loans in an amount greater than twenty-five percent of the amount of loans representing a loan-to-deposit ratio of fifty percent.

Removal of these criteria will permit West Virginia banks of all sizes to become eligible depositories for receipt accounts. The proposed amendments to these rules primarily remove three sections (3.01, 3.02, and 3.03) concerning the criteria from "Section 3. Eligible Depositories for Receipt Accounts" and make associated deletions/changes to "Section 2. Definitions." The first sentence of the current Section 3.04. is to be deleted and the remaining two sentences will be the only two sentences in Section 3. which will be renamed "Section 3. Selection of Depositories for Receipt Accounts."

The proposed amendments include changes to Section 5.01., Method of Compensation. For low volume/activity receipt accounts, a simpler method of compensation is proposed, whereby regular periodic transfer of balances to a central depository may be used.

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The proposed amendments are identified below by using strike-throughs to indicate language to be stricken from the present rules, and underscoring to indicate new language to be added. A complete set of the rules, as amended, is printed on yellow pages following the amended sections.

Section 2. Definitions.

For purposes of these rules, unless a different meaning is clearly required by the context.

"Agency" means and includes any department, board, commission, division, branch office or other separate unit of a state agency, and any officer or employee thereof, who or which collects moneys due the state;

"Board" means the West Virginia state board of investments;

"Code" means the 1931 code of West Virginia, as amended;

"Compensating balance" means the demand-deposit cash balance which the state will maintain with a depository to compensate the depository for its services;

~~"Eligible-depository"-means-a-bank-which-is-eligible-to-receive demand-deposits-of-state-funds-under-section-section-two, article one, chapter-twelve-of-the-code,~~

~~"Loans-in-farm-and-single-or-multi-family-residential-units" means-loans-made-to-finance-the-construction, purchase-or-improvement-of-farms-or-single-or-multi-family-housing,~~

"Receipt accounts" means those accounts in which are deposited moneys belonging to or due the state of West Virginia or any official, department, board, commission or agency, thereof.

"Treasurer" means the treasurer of the state of West Virginia.

Section 3. Eligible Depositories for Receipt Accounts

Selection of Depositories for Receipt Accounts

3.01. -- Banks in Existence Less Than Five Years -- Any state or national bank in this state which has been in existence less than five years is eligible to be selected for one or more receipt accounts if such bank meets the requirements of chapter twelve of the code.

3.02. -- Banks in Existence More Than Five Years -- Any state or national bank in this state which has been in existence more than five years is eligible to be selected for one or more receipt accounts, if such bank

(1) -- has a loan-to-deposit ratio of fifty percent or more,

(2) -- has at least twenty-five percent of the dollar amount of its loans in farms and single or multi-family residential units, and

(3) -- meets the other requirements of chapter twelve of the code.

Any calculations required to determine eligibility under items (1) and (2) above shall be made in accordance with the requirements of section two, article one, chapter twelve of the code.

--- 3.03. -- Determining When Bank Commenced Existence -- A bank shall be deemed to have commenced existence as of the date it first opened for business.

3.04. - Any state or national bank which is an eligible depository for demand deposits of state funds is eligible for selection as a receipts depository. The board recognizes that not only the services but the location of receipts depositories are of major concern to the agencies whose collections are to be deposited. Accordingly, the board in cooperation with the affected agencies shall ensure that receipts depositories are conveniently located for the agencies and are able to serve their needs.

Section 5. Compensation

5.01. Method of Compensation - Compensation to the depository for its services shall be made by means of compensating-balance either of the following two methods:

(1) A compensating balance computed by the treasurer on a monthly basis using the average collected balance. The depository shall submit proposed fee schedules for types of services rendered by the depository, including but not limited to services such as wire transfers, checks cashed, returned checks, and cash handling. The proposed fee schedules shall be subject to review and approval by the board. If the fee schedules are approved by the board, a contract shall be entered into with the depository for the furnishing of the required services for a period not in excess of two years. If the fee schedules are not approved by the board, the board may negotiate satisfactory revised fee schedules with the depository or request that the treasurer recommend another depository. The monthly total fee for the services rendered shall be converted to a compensating balance by using the average 90-day U.S. treasury bill rate (bond equivalent yield).

The following example will illustrate how the compensating balance will be computed and applied:

- 1) Assume that the average 90-day U. S. treasury bill rate for the affected month is .10;
- 2) The multiplier for annualization is twelve; and the fee for the services, if rendered on a fee basis, would equal \$560.00 for the affected month.

Accordingly, the compensating balance to be maintained for the next month is \$67,200 derived as follows:

$$\begin{array}{rcl} \underline{(560) \times 12} & & \\ .10 & = & \$67,200 \end{array}$$

If any overcompensation or undercompensation occurs during a given month, the compensating balance for the following month shall be appropriately adjusted in order to fairly compensate the depository for services rendered.

(2) A compensating balance derived by accumulating receipts in the receipts account and periodically transferring such balance to a central depository designated by the board. This method of compensation would be used for depositories whose receipts would not be of sufficient volume to justify use of the method in subdivision (1) of this section.

The treasurer shall recommend which of the above two methods shall be used. Upon board approval, a contract shall be entered into with the depository for the furnishing of required services.

PROPOSED AMENDMENTS TO
WEST VIRGINIA ADMINISTRATIVE RULES

- I. PROMULGATED BY: State Treasurer's Office
- II. DESIGNATED: Chapter 12-2, Series I (1979-Amendments 1981;
Sections 1.03 and 3.09)
- III. SUBJECT: Procedure for Deposit of Funds in the Treasurer's
Office by State Agencies.
- IV. TEXT CHANGES/DELETIONS:

<u>Section</u>	<u>Titled</u>
1.03.	Purpose
3.09.	Frequency of Deposits

- V. RENUMBERED SECTIONS:

<u>Section</u>	<u>Titled</u>	<u>Renumbered</u>
-	None	-

- VI. JUSTIFICATION AND DESCRIPTION OF TEXT CHANGES/DELETIONS:

During the 1981 Legislative Session, S. B. 574 was passed April 10, 1981 and becomes effective July 1, 1981. Section 12-2-2 will now require all agencies to "...deposit within twenty-four hours with the state treasurer all moneys received or collected..." rather than requiring depositing "promptly" as was previously codified. The proposed amendments to these rules will incorporate the new codified requirement into sections 1.03 and 3.09 of the rules.

The proposed amendments are identified below by using strike-throughs to indicate language to be stricken from the present rules, and underscoring to indicate new language to be added. A complete set of the rules, as amended, is printed on yellow pages following the amended sections.

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1.03. Purpose - The general purpose of these rules is to establish a system whereby moneys received by state agencies, officials and employees on behalf of the state of West Virginia will be 1) promptly deposited in the state Treasurer's office within twenty-four hours, 2) immediately and properly accounted for, and 3) immediately available for investment by the state rather than lying idle in cash or demand deposits. Such general purpose is in keeping with the legislative findings and purpose set forth in section one, article one, chapter twelve of the code, wherein the state board of investments and the treasurer are authorized to develop and maintain modern systems, consistent with sound financial practices, for the collection, disbursement, management and investment of public moneys. These rules also are specifically directed toward implementing the legislature's intent in section two, article one, chapter twelve of the code wherein state officers and employees are prohibited from making or causing deposits of state funds to be made in any bank not designated as a depository by the state board of investments.

3.09. Frequency of Deposits - The collecting agency shall deposit all receipts daily in the designated depository, ~~unless such-agency's-receipts-are-less-than-two-hundred-dollars,-in which-event-the-agency-shall-deposit-its-receipts-within-one business-day-after-its-receipts-reach-the-total-of-two-hundred dollars.~~ No agency may make more than two deposits per day unless prior approval to exceed that number is obtained from the treasurer.

WEST VIRGINIA ADMINISTRATIVE RULES
West Virginia State Board of Investments

Chapter 12-1
Series I
(1979-Amendments 1981; Sections 2.01, 3.01,
3.02, and 3.03)

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Subject: Selection of State Depositories for Disbursement
Accounts Through Competitive Bidding.

Section 1. General.

1.01. Scope - These rules implement the provisions of section two, article one, chapter twelve of the code of West Virginia, 1931, as amended, wherein the state board of investments is required to select depositories for disbursement accounts through competitive bidding by banks in this state.

1.02. Authority - These rules are issued under the authority of the above-mentioned code section which requires the state board of investments to promulgate rules and regulations prescribing the procedures and criteria for such bidding and selection.

1.03. General Purpose - The purpose of these rules is to carry out the legislative intent as stated in the above-mentioned code section, so that the competitive bidding required thereby will enable the state to obtain the most efficient service at the lowest possible cost.

Section 2. Definitions.

2.01. Definitions - For purposes of these rules, unless a different meaning is clearly required by the context:

"Board" means the West Virginia state board of investments;

"Code" means the 1931 code of West Virginia, as amended;

"Compensating balance" means the cash balance which which the state will maintain with a depository to compensate the depository for its services;

"Disbursement account" means those accounts from which are paid moneys due from the state of West Virginia or any official, department, board, commission, political subdivision or agency thereof to any political subdivision, person, firm or corporation except moneys paid from investment accounts;

"Invitation to bid" means and includes requests for proposals, specifications, general information and other matter customarily included in the solicitation of bids;

"Treasurer" means the treasurer of the state of West Virginia.
Section 3. Distribution of Disbursement Accounts Among Depositories.

3.01. Classification of Depositories According to Size -
For purposes of apportioning funds in disbursement accounts for bidding, eligible depositories shall be classified according to size, as follows:

(a) Those whose total assets are not greater than twenty-five million dollars shall be "Group A."

(b) Those whose total assets are greater than twenty-five million dollars but not greater than fifty million dollars shall be "Group B"; and

(c) Those whose total assets are greater than fifty million dollars shall be "Group C."

Total assets shall be determined by reference to the most recent statistics obtained from the commissioner of banking.

3.02. Apportionment of Disbursement Accounts for Bidding -

The board shall apportion funds in disbursement accounts for bidding among the above three groups in the same proportion as the percentage which the total assets of all eligible depositories in each group bears to the total assets of all eligible depositories in the state.

If bids are solicited on a specified account from depositories of a given group, and no bids are received from any depositories in that group, or if all bids received from such depositories are rejected pursuant to Section 4.05 of these rules, then the bidding for such account shall be open to all eligible depositories in the state.

Section 4. Procedures for Bidding.

4.01. Notice to Bidders - At least twenty-five (25) days prior to the date on which bids will be opened, the board shall mail to every eligible depository notice that bids will be invited on one or more designated accounts. Any bank interested in bidding on an account shall then make written request to the treasurer for copies of the formal invitation to bid, and the treasurer, immediately upon receipt of such request, shall transmit such copies, including all necessary specifications

and forms, to such depository. The treasurer shall maintain a record noting the date of receipt of requests for formal invitations to bid and the date on which he mailed the invitations.

4.02. Contents of Invitations to Bid - The invitations shall state the time and place for submission of bids and shall include a description of the account and the service to be required, the approximate number of transactions or items to be processed monthly; the duration of contracts to be awarded, the designated account number of the account for which bids are being sought, and such other information as the board deems necessary.

4.03. Submission of Bids - Bids shall be on forms provided by the treasurer and shall be submitted in duplicate in a sealed envelope addressed to the State Treasurer, Room E-141, State Capitol, Charleston, West Virginia 25305. The envelope shall be conspicuously marked "Sealed Bid for Disbursement Account." The bidder shall also note on the envelope the account number as designated in the invitation to bid. Bidders shall not commingle bids for more than one account in the same envelope. Immediately upon receipt of bids in the treasurer's office, the time of receipt shall be noted on the envelope and the sealed bids shall be kept in a vault in said office, together with all other bids on the same account, until the time set for the bid opening.

4.04. Bid Opening - On the date and time set for the bid opening, the bids shall be publicly opened and read aloud. The board shall promptly analyze the bids and make awards as provided in Section 5 of these rules.

4.05. Conditions of Bidding - All bids shall be subject to the following conditions:

(a) Bids received after the date and time stated in the invitation will not be considered.

(b) Bids will not be considered unless signed by an authorized bank officer. For purposes of this section, an authorized bank officer may be either the president, a vice-president or the cashier.

(c) Prior to the bid opening, bids may be withdrawn after receipt in the treasurer's office upon written request made by an authorized bank officer. Such written request may be made by telegram.

(d) The board may reject any and all bids if such action is deemed to be in the best interests of the state.

Section 5. Award and Compensation.

5.01. Criteria for Award - Depending on the service to be performed, the board will invite base bids in terms of the price per transaction or per item processed. Accordingly, subject to the board's right to reject any and all bids, the contract will be awarded in each case to the bidder who submits the lowest responsible bid in terms of price per transaction or per item processed. The bid price will be the basis for the compensating balance as provided in the following Section 5.02.

5.02. Method of Compensation - Compensation to the depository for its services shall be made by means of compensating balances computed by the treasurer on a monthly basis. The treasurer shall multiply the depository's bid price per transaction or per item processed, times the number of transactions or items processed during the preceding month (hereinafter called the "computation month"). The product thus obtained shall be converted to the compensating balance by using the average 90-day U. S. Treasury bill rate (bond equivalent yield) for the computation month. The average 90-day U. S. Treasury bill rate shall be the rate as computed by the Federal Reserve System. The following example will illustrate how the compensating balance will be computed and applied:

Under this example, it is assumed that:

- (1) The computation month is January;
- (2) The average 90-day U. S. Treasury bill rate for the computation month (January) was 5%;
- (3) The multiplier for annualization is 12;
- (4) The bid price per item was three cents (\$.03); and
- (5) The number of items processed in the computation month (January) was 50,000.

Accordingly, the compensating balance to be maintained in the bank during February is \$360,000, derived as follows:

$$\frac{(50,000) \times ($.03) \times (12)}{.05} = \$360,000$$

If any overcompensation or undercompensation occurs during a given month, the compensating balance for the following month

shall be appropriately adjusted in order to fairly compensate the depository for services rendered. A settlement will be made at the expiration of the contractual period if the overcompensation or undercompensation in dollars worth of service (as distinguished from compensating balance dollars) exceeds five hundred dollars. The settlement shall be in the amount by which the overcompensation or undercompensation exceeds five hundred dollars.

The treasurer at his option may compute and apply the compensating balance for periods of less than a month. The computations shall be made in the same manner as above except for appropriate adjustments in the formula to allow for such lesser computation period. Adjustments and settlements for overcompensation or undercompensation shall also be applied in the same manner as in the case of monthly computation periods.

5.03. Compensation for Ancillary Services - The board may in its bid specifications require the depository to furnish certain named ancillary services in the course of providing the basic service for which bids are solicited. For example, the board may specify that a depository for disbursements shall furnish preprinted checks. The board may also specify that the depository shall be compensated for the cost of furnishing such ancillary services on a flow-through basis. In such event, the

treasurer shall increase the compensating balance in an amount sufficient to compensate the depository for the direct cost of furnishing such ancillary services plus a reasonable amount (as determined by the board) for the overhead attributable to furnishing such services. The amount to be allowed for such overhead shall be specified in the invitation to bid.

Adm. Rules 12-1
Series I

WEST VIRGINIA ADMINISTRATIVE RULES

West Virginia State Board of Investments
Chapter 12-1
(1979-Amendments 1981; Sections 2.01, 3.01,
3.02, and 3.03)

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WEST VIRGINIA ADMINISTRATIVE RULES

West Virginia State Board of Investments

Chapter 12-1

Series II

(1979-Amendments 1981; Sections 2.01, 3.01,
3.02, 3.03, 3.04, and 5.01)

FILED IN THE OFFICE OF
SECRETARY OF STATE
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Subject: Selection of State Depositories for Receipt Accounts

Section 1. General.

1.01. Scope - These rules implement the provisions of section two, article one, chapter twelve of the code of West Virginia, 1931, as amended, wherein the state board of investments is required to select depositories for receipt accounts.

1.02. Authority - These rules are issued under the authority of the above-mentioned code section which requires the state board of investments to promulgate rules and regulations prescribing the selection criteria, procedures, compensation and such other contractual terms as it considers to be in the best interest of the state.

1.03. General Purpose - The purpose of these rules is to carry out the legislative intent, as stated in the above-mentioned code section, so that the selection of receipt depositories will enable the state to obtain the most efficient service at the lowest possible cost.

Section 2. Definitions.

For purposes of these rules, unless a different meaning is clearly required by the context:

"Agency" means and includes any department, board, commission, division, branch office or other separate unit of a state agency, and any officer or employee thereof, who or which collects moneys due the state;

"Board" means the West Virginia state board of investments;

"Code" means the 1931 code of West Virginia, as amended;

"Compensating balance" means the cash balance which the state will maintain with a depository to compensate the depository for its services;

"Receipt accounts" means those accounts in which are deposited moneys belonging to or due the state of West Virginia or any official, department, board, commission or agency, thereof.

"Treasurer" means the treasurer of the state of West Virginia.

Section 3. Selection of Depositories for Receipt Accounts .

The board recognizes that not only the services but the location of receipts depositories are of major concern to the agencies whose collections are to be deposited. Accordingly, the board in cooperation with the affected agencies shall ensure that receipts depositories are conveniently located for the agencies and are able to serve their needs.

Section 4. Procedures

Because the treasurer acts as staff agent for the board, each collecting agency shall notify the treasurer of its anticipated collections and deposits including the extent of activity of its accounts, size of accounts, frequency of deposits, special services that may be needed and other information requested by the treasurer. The agency also may submit its preferred choice or a list of preferred choices of banks. If the agency submits such preferred choice or list, it shall submit therewith a statement of the reasons for its preference. However, the board is not bound to select the bank or banks preferred by the agency. The treasurer shall review the information submitted by the agency and thereupon shall recommend to the board the

bank or banks which in his opinion will best serve the needs of the agency. If the Treasurer does not recommend the bank or banks preferred by the agency, he shall include with his recommendation a written statement of the reasons therefore. The treasurer, in making his recommendations, and the board, in reviewing his recommendations, shall consider:

- 1) The activity of the various accounts;
- 2) The reasonable value of the banking services to be rendered;
- 3) The value and importance of such deposits to the economy of the communities and the various areas of the state affected; and
- 4) The recommended depository's proposed fee schedule as required by Section 5.01 of these rules.

The board shall either approve or reject the treasurer's recommendation. If the board rejects a recommendation, a written statement of the reasons therefore shall be made part of the board minutes.

Section 5. Compensation

5.01. Method of Compensation - Compensation to the depository for its services shall be made by means of either of the following two methods

- 1) A compensating balance computed by the treasurer on a monthly basis using the average collected balance. The depository shall submit proposed fee schedules for types of services rendered by the depository, including but not limited to services such as wire transfers, checks cashed, returned checks, and cash handling. The proposed fee schedules shall be subject to review and

approval by the board. If the fee schedules are approved by the board, a contract shall be entered into with the depository for the furnishing of the required services for a period not in excess of two years. If the fee schedules are not approved by the board, the board may negotiate satisfactory revised fee schedules with the depository or request that the treasurer recommend another depository. The monthly total fee for the services rendered shall be converted to a compensating balance by using the average 90-day U. S. treasury bill rate (bond equivalent yield).

The following example will illustrate how the compensating balance will be computed and applied:

- 1) Assume that the average 90-day U. S. treasury bill rate for the affected month is .10;
- 2) The multiplier for annualization is twelve; and the fee for the services, if rendered on a fee basis, would equal \$560.00 for the affected month.

Accordingly, the compensating balance to be maintained for the next month is \$67,200 derived as follows:

$$\frac{(560) \times 12}{.10} = \$67,200$$

If any overcompensation or undercompensation occurs during a given month, the compensating balance for the following month shall be appropriately adjusted in order to fairly compensate the depository for services rendered.

2) A compensating balance derived by accumulating receipts in the receipts account and periodically transferring such balance to a central depository designated by the board. This method of compensation would be used for depositories whose receipts would not be of sufficient volume to justify use of the method in subdivision (1) of this section.

The treasurer shall recommend which of the above two methods shall be used. Upon board approval, a contract shall be entered into with the depository for the furnishing of required services.

5.02. Compensation for Ancillary Services - The board may, from time to time, require the depository to furnish certain ancillary services in the course of providing the basic service for which it was selected. For example, the board may specify that a depository for receipts shall furnish analytical reports. The board may also specify that the depository shall be compensated for the cost of furnishing services on a flow-through basis. In such event, the treasurer shall increase the compensating balance in an amount sufficient to compensate the depository for the cost of furnishing such ancillary services.

Adm. Rules 12-1
Series II

WEST VIRGINIA ADMINISTRATIVE RULES
West Virginia State Board of Investments

Chapter 12-1
(1979-Amendments 1981; Sections 2.01,
3.01, 3.02, 3.03, 3.04, and 5.01)

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WEST VIRGINIA ADMINISTRATIVE RULES
State Treasurer's Office

Chapter 12-2
Series I
(1979-Amendments 1981; Sections 1.03 and 3.09)

FILED IN THE OFFICE OF
SECRETARY OF STATE
THIS DATE 6/5/81

Subject: Procedure for Deposit of Funds in the Treasurer's
Office by State Agencies.

Section 1. General

1.01. Scope - These rules implement the provisions of section two, article two, chapter twelve of the code of West Virginia, 1931, as amended.

1.02. Authority - These rules are issued under the authority of the above-mentioned code section, which provides, among other things, that the state treasurer shall promulgate rules and regulations governing the procedure for deposit of state funds collected by officials and employees on behalf of the state of West Virginia.

1.03. Purpose - The general purpose of these rules is to establish a system whereby moneys received by state agencies, officials and employees on behalf of the state of West Virginia will be 1) deposited in the state Treasurer's office within twenty-four hours, 2) immediately and properly accounted for, and 3) immediately available for investment by the state rather than lying idle in cash or demand deposits. Such general purpose is in keeping with the legislative findings and purpose set forth in section one, article one,

chapter twelve of the code, wherein the state board of investments and the treasurer are authorized to develop and maintain modern systems, consistent with sound financial practices, for the collection, disbursement, management and investment of public moneys. These rules also are specifically directed toward implementing the legislature's intent in section two, article one, chapter twelve of the code wherein state officers and employees are prohibited from making or causing deposits of state funds to be made in any bank not designated as a depository by the state board of investments.

Section 2. Definitions

2.01. Definitions - For purposes of these rules, unless a different meaning clearly is required by the context:

"Agency" means and includes any department, board, commission, division, branch office or other separate unit of a state agency, and any officer or employee thereof, who or which collects moneys due the state;

"Board" means the West Virginia state board of investments;

"Check" includes a bank draft, bank wire, money order, cashier's check, check written on the payor's checking account, and any other non-cash payment of funds due the state;

"Code" means the 1931 code of West Virginia, as amended;

"Receipt account" means an account in which are deposited moneys belonging to or due the state of West Virginia or any

official, department, board, commission, or agency, thereof;
and

"Treasurer" means the treasurer of the state of West Virginia.

Section 3. Procedures for Deposits

3.01. Receipts Depositories - State depositories for receipts accounts shall be established by the board pursuant to the provisions of section two, article one, chapter twelve of the code and rules promulgated thereunder. A collecting agency shall deposit its collections in a depository designated to serve as a depository for that agency's receipts accounts.

3.02. Methods for Depositing Funds Due the State -

(a) Checks - An agency may deposit its check collections by any one or more of the following methods:

(1) The agency's own employees may take the checks directly to the designated receipts depository;

(2) The agency may use the services of a courier or armored car service engaged by the agency to pick up deposits and deliver them to the designated depository;

(3) The agency may use the services of a courier engaged by the treasurer to pick up deposits from such agency and deliver them to such designated depository; or

(4) The agency may use any other method approved in writing by the treasurer.

(b) Cash - An agency may deposit its cash collections by any one or more of the methods authorized for deposit of

checks. In addition, an agency may use the safekeeping services of a night depository at any bank of the agency's choice. If such night depository service is used, the agency shall on the next business day convert such cash into a cashier's check, which shall be deposited in accordance with these rules by one of the methods authorized for deposit of checks.

3.03. Bank Deposit Forms - The collecting agency shall make its deposits using a five-part "Bank Deposit Form T-0," the form of which shall be prescribed by the treasurer substantially as set forth on page 1 of the appendix to these rules. The first three digits of the deposit ticket number on said form represent the agency's location number. The last three digits are the deposit ticket number. When making a deposit, the agency shall complete the form items entitled "cash," "checks" and the first "total" item. The form shall be signed by an officer of the depository. The first copy of the form shall be retained by the depository. The depository shall transmit the second and third copies to the treasurer, who shall in turn transmit said third copy to the auditor. The fourth copy shall be retained by the agency unit which made the deposit, and the fifth copy shall be transmitted to the agency's main office.

3.04. Treasurer's Office Deposit Forms - Immediately upon making a deposit, the agency shall complete and transmit to the treasurer a five-part "Treasurer's Office Deposit Form T-1," the form of which shall be prescribed by the treasurer substantially as set forth on page 2 of the appendix to these rules. The

agency shall note on said form the number of the Bank Deposit Form T-0 to which said completed Treasurer's Office Deposit Form T-1 relates. Upon receipt thereof, the treasurer shall retain the first copy of the Treasurer's Office Deposit Form T-1, transmit the second copy to the auditor, the third copy to the department of finance and administration, the fourth copy to the agency unit which made the deposit and the fifth copy to the agency's main office.

3.05. Telephone Notification for Large Deposits -

Whenever an agency makes a deposit in excess of one hundred thousand dollars, the agency shall notify the treasurer's office of such deposit by telephone on the same day.

3.06. Redeposit of State Checks - When an agency

redeposits state checks, such deposits may be made either at the designated depository or directly to the treasurer's office. If made at the designated depository, the procedure shall be the same as with any other deposit. When made directly to the treasurer's office, the agency shall complete and transmit Treasurer's Office Deposit Form T-1 to the treasurer's office together with the checks being redeposited. No other checks should be entered on said form or commingled with the redeposit of state checks.

3.07. Endorsement of Deposited Checks - Except for

redeposits of state checks, all checks received and deposited by agencies shall be endorsed as in the following example:

STATE OF WEST VIRGINIA
(AGENCY'S NAME)
FOR DEPOSIT ONLY
PAY TO THE ORDER OF
ANY BANK OR BANKER
NO PROTEST

When a state check is redeposited, the check shall be endorsed as in the following example:

JOHN DOE
ABSENCE OF ENDORSEMENT
GUARANTEED. REDEPOSIT TO
ACCOUNT NO. 1600-00-009-01
(REGULAR ENDORSEMENT STAMP
AS SHOWN ABOVE)

3.08. Adjustments and Returned Checks - Whenever debit or credit tickets for adjustments to a previous deposit for returned checks are received by an agency from a depository, the agency shall use the regular Bank Deposit Form T-0 to record the totals of such debits or credits. The total of debits or credits which relate to adjustments to previous deposits shall be entered in the "adjustments" item on the form. Negative adjustments shall be denoted by the use of brackets. Any debits for returned checks shall be entered in the "returned check" item. These entires shall be added and totaled on the bank deposit form. When the bank deposit form is used for the entry of adjustments or returned checks it shall be signed by an authorized officer or employee of the agency. In the case of debit tickets, the agency, in addition to completing Bank Deposit Form T-0, shall also complete an "Adjustment and Returned Check Form T-2" which shall be prescribed by the treasurer substantially in the form set forth on page 3 of the appendix to these rules. Any debit tickets shall be attached to the Adjustment and Returned Check Form T-2 and shall be transmitted to the treasurer's office with

the completed Bank Deposit Form T-0. In the case of credit tickets, the agency, in addition to completing Bank Deposit Form T-0, shall also complete Treasurer's Office Deposit Form T-1. The credit tickets shall be attached to Treasurer's Office Deposit Form T-1 and transmitted to the treasurer's office with the completed Bank Deposit Form T-0. In no case shall regular deposits of receipts be commingled on one bank deposit from with adjustments or returned check items.

3.09. Frequency of Deposits - The collecting agency shall deposit all receipts daily in the designated depository. No agency may make more than two deposits per day unless prior approval to exceed that number is obtained from the treasurer.

3.10. Clearing Accounts - The requirements of the preceding section shall apply to every agency, notwithstanding that at the time of making the deposit the agency may not know the exact receipts account for preparation of Treasurer's Office Deposit Form T-1. In the latter event, the agency shall obtain approval from the auditor to use a clearing account, and such agency shall make its deposits in such clearing account in the designated depository. When the agency thereafter determines the exact receipts accounts applicable to the funds deposited in the clearing account, it shall prepare a "Deposit Collection Transfer Form T-3" and

transfer the funds from the clearing account to the appropriate receipts account. All copies of said form shall promptly be sent to the treasurer. The "Deposit Collection Transfer Form T-3" shall be prescribed by the treasurer substantially in the form set forth on page 4 of the appendix to these rules.

3.11. Applicability of These Rules - It is presumed that all moneys collected or held by state agencies in the form of cash, undeposited checks, bank accounts, or in any other form, are public moneys subject to the requirements of section two, article two, chapter twelve of the code and of these rules. In the event any agency believes that all or part of these rules should not apply to its operations and collections, or that all or part of the moneys held by it should not be governed by these rules, it shall submit to the treasurer a written statement of the reasons for such belief. The agency shall also furnish therewith a itemization and accounting of the moneys in question currently held by it, with the name of the bank, bank account number, and name and purpose of the account.

Bank Deposit Form T-0

RECEIPTS ACCOUNT DEPOSIT TICKET

STATE OF WEST VIRGINIA
STATE TREASURER'S OFFICE
CHARLESTON, W. VA. 25305

NO. _____

Date: _____ Signed: _____
(authorized officer)

Deposited in:

- DISTRIBUTION
- 1 BANK
 - 2 TREASURER
 - 3 AUDITOR
 - 4 AGENCY CENTRAL
 - 5 AGENCY BRANCH

CASH _____	\$ _____
CHECKS _____	
TOTAL _____	\$ _____
RETURNED CHECKS _____	(\$ _____)
ADJUSTMENTS _____	
TOTAL _____	\$ _____

T-0

Treasurer's Office Deposit Form T-1

For Treasurer's Use Only		TREASURER'S OFFICE STATE OF WEST VIRGINIA		For Treasurer's Use Only					
(Date Received)		NO. _____ (Agency Use Only)		DEPOSIT NO. _____ CASH NO. _____					
NAME OF SPENDING AGENCY: _____									
PREPARED BY: _____		EXT. _____		DATE PREPARED: _____					
(SECTION A)									
				CASH	CHECKS AND/OR MONEY ORDERS	TOTAL			
TOTAL =									
(SECTION B) REVENUES ONLY									
Account No.	Line Item	Fund No.	Account Totals	Account No.	Line Item	Fund No.	Account Totals		
XXXX-XX	XX	XX		XXXX-XX	XX	XX			
				SUB-TOTAL					
(SECTION C) REFUNDS AND REDEPOSITS ONLY									
Account No.	Line Item	Fund No.	F.Y.	Account Totals	Account No.	Line Item	Fund No.	F.Y.	Account Totals
XXXX-XX	XX	XX	XX		XXXX-XX	XX	XX	XX	
					SUB-TOTAL				
				GRAND TOTAL (ALL SOURCES)					

Adjustment and Returned Check Form T-2

For Treasurer's Use Only

(Date Received)

TREASURER'S OFFICE
STATE OF WEST VIRGINIA
Adjustment & Returned Checks
(Debit Tickets Only)

NO. _____
(Number One Only)

For Treasurer's Use Only
Charge Back Number

CB- _____

NAME OF SPENDING AGENCY: _____

PREPARED BY: _____ EXT. _____ DATE PREPARED: _____

(Section A) Agency Use Only

(SECTION B) REVENUES ONLY

Account No.	Line Item	Fund No.	Account Totals	Account No.	Line Item	Fund No.	Account Totals
XXXX-XX	XXX	XX		XXXX-XX	XXX	XX	
				SUB-TOTAL			

(SECTION C) REFUNDS AND REDEPOSITS ONLY

Account No.	Line Item	Fund No.	F.Y.	Account Totals	Account No.	Line Item	Fund No.	F.Y.	Account Totals
XXXX-XX	XXX	XX	XX		XXXX-XX	XXX	XX	XX	
				SUB-TOTAL					

Form T-2
T-2-20

ORIGINAL - STATE TREASURER
GREEN - STATE AUDITOR
YELLOW - FIN & ADM.
PINK - SPENDING AGENCY
GOLDEN ROD - SPENDING AGENCY

GRAND TOTAL (ALL SOURCES) _____

Deposit Collection Transfer Form T-3

**TREASURER'S OFFICE
STATE OF WEST VIRGINIA**

Deposit Collection Transfers

For Treasurer's Use Only

(Date Received)

For Treasurer's Use Only

Transfer No.

DT- _____

NO. _____
Approved Use Only

NAME OF SPENDING AGENCY: _____ DATE PREPARED: _____

PREPARED BY: _____ EXT. _____

Collection Account

Deposit Account

From			To					
Account Number	Line Item	Fund No.	Amount	Account Number	Line Item	Fund No.	P.Y.	Amount
XXXX-XX	XXX	XX		XXXX*	XXX	XX	XX	
<div style="border: 1px solid black; width: 100%; height: 100%; background: repeating-linear-gradient(45deg, transparent, transparent 2px, black 2px, black 4px);"> </div>								
TOTAL								

Form T-3
7-1-78

Yellow - State Auditor
White - State Treasurer
Green - Finance & Administration
Pink - Spending Agency
Golden Red - Spending Agency

WEST VIRGINIA ADMINISTRATIVE RULES
State Treasurer

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