



## MEMORANDUM

September 30, 2008

To: Fiscal Officers

From: Tom Holsinger   
Deputy Director  
State Accounting

Re: Revision of methodology used to calculate investment earnings

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OBM calculates and distributes investment earnings on funds that are designated in Ohio Revised Code. Investment earnings are distributed quarterly.

Effective with the 1<sup>st</sup> quarter's distribution in fiscal year 2009, the following changes will be made.

- 1) Each quarter's interest will be calculated independently of other quarters. In the past, we used a cumulative method of calculation so that the net amount distributed over the course of the year was an annual calculation with quarterly estimated distributions. Although the annualized calculation method had benefits, it also caused some problems for agencies. In order to eliminate those problems and to better utilize the OAKS system, each quarter will now be calculated based solely on the average daily balance of **the current** quarter and on the investment earnings deposited during **the current** quarter.
- 2) Quarterly distributions will be made each quarter after the month is closed. We will publish an article in the FIN Weekly to inform agencies when the interest has posted. Interest is *expected* to be distributed during the weeks of:  
  

1 <sup>st</sup> Quarter:	October 6, 2008
2 <sup>nd</sup> Quarter:	January 12, 2009
3 <sup>rd</sup> Quarter:	April 6, 2009
4 <sup>th</sup> Quarter:	June 22, 2009
- 3) The OAKS system will perform all of the calculations of the amounts to be distributed to the funds designated to receive earnings.

The earnings distribution process will continue to be managed by Betty Johnson's group in State Accounting. If you have questions, please contact Danielle Sposito at [danielle.sposito@obm.state.ohio.gov](mailto:danielle.sposito@obm.state.ohio.gov).