CHAPTER XVIII

DEPOSIT AND INVESTMENT OF FUNDS

DESIGNATION OF DEPOSITORIES

Definition of Financial Institution

A depository is a financial institution designated as a depository of public funds. A financial institution is defined to mean:

1. A bank, trust company, or mutual savings bank that:

    a. was incorporated under the law of Indiana or any other state; and

    b. has its principal office or a branch in Indiana.

2. A national banking association with its principal office or a branch in Indiana.

3. A savings association operating as a deposit association incorporated under Indiana law.

4. A federally chartered savings association with its principal office or branch in Indiana.

5. A federally chartered savings bank with its principal office or a branch in Indiana.

6. A state chartered credit union in Indiana that is federally insured or privately insured and that has assets of three million dollars ($3,000,000) or more. [IC 5-13-4-10]

Depository Designation by State Board of Finance

A financial institution may at any time file an application to become a depository and receive public funds of the state on deposit. Except as provided in IC 5-13-8-1 and IC 5-13-8-7, designation of a depository to receive public funds of the state qualifies a depository to receive public funds of a political subdivision. Applications for the State Board of Finance must be filed with the Treasurer of State. The Treasurer shall submit each application to the board.

An application must:

1. be made in writing on forms prescribed under section 8 of this chapter;

2. contain terms and conditions as required and authorized by this chapter; and

3. offer to:

    A. receive public funds of the state on deposit; and

    B. provide the security required by IC 5-13-13-7 for the safekeeping and prompt payment of the deposited funds.

A financial institution is ineligible to become a depository and receive public funds of the state if the institution fails to maintain a capital ratio in excess of the minimum required by the governmental supervisory body of the institution. If the financial institution is already a depository, the institution may continue to hold the public funds until maturity to avoid the imposition of a penalty upon the depositor, although the financial institution may not accept the public funds for reinvestment and may not accept additional public funds. A determination of the ratio described in this subsection must be based on the institution's governmental supervisory body under the regulatory accounting principles as prescribed by the supervisory body.

A financial institution shall furnish to the board a certificate executed by an officer of the institution signifying that the institution satisfies:

1. the requirements of IC 5-13-9.5-1(c); and

2. the requirement in IC 5-13-9.5-6(b) of this chapter that the sum of:

   A. the total principal amount of the depository's outstanding loans to Indiana residents; plus

   B. the total value of the depository's investments in Indiana residents;

   is at least equal to the total amount of public funds of the state and political subdivisions of the state that are on deposit in the depository.

The board may rely on a certificate furnished under this subsection in determining whether to deposit public funds or reinvest public funds in the institution.

Financial Institutions With Which the Political Subdivision May Deposit Funds

Pursuant to IC 5-13-8-1(a), a political subdivision may deposit public funds in a financial institution only if the financial institution:

1. Is a depository eligible to receive state funds; and

2. Has a principal office or branch that is located within the territorial limits of the political subdivision, except as provided below:

   No Financial Institution Within the County or Political Subdivision. If there is no principal office or branch of a financial institution located in the county or political subdivision or if no financial institution with a principal office or branch in the county or political subdivision will accept public funds, the board of finance of the county and the boards of finance of the political subdivisions in the county shall designate one or more financial institutions with a principal office or branch outside of the county or political subdivision, and in the State, as a depository or depositories. [IC 5-13-8-9(c)]

   Only One Financial Institution Located in the County or Political Subdivision. IC 5-13-8-9(e) provides that if only one financial institution with a branch or principal office in a county or political subdivision is willing to accept public funds, the board of finance of the county or political subdivision may:

   1. Treat the financial institution that is located within the county or political subdivision as if the financial institution were not located within the county or political subdivision; and

2. Designate one or more financial institution to receive public funds under the requirements of IC 5-13-8-9(c).

Political Subdivision District Crosses County Lines. If the political subdivision crosses one or more county lines, the local board of finance may limit its boundaries to that portion of the district within the county where its principal office is located. [IC 5-13-8-9(a)] **Note, this subsection does not apply to a city, town or school corporation.**

The State Board of Finance shall make available information concerning financial institutions eligible to receive state funds as may be requested by a local board of finance. A local board of finance may rely on the certificate regarding the minimum capital ratio requirements in determining to deposit public funds or reinvest public funds in the financial institution. [IC 5-13-8-1(b)]

Revocation of Depository Commission by Local Board of Finance

The local board of finance under which any depository operates may, at any time, revoke the commission of any depository at a meeting called for the purpose of revoking a commission, of which the depository shall have been notified by advance written notice sent by first class or registered mail not less than twenty (20) days before the meeting and at which the depository has the right to be heard. Not later than thirty (30) days after a local board of finance revokes the commission of a depository, the local board of finance shall give written notice of the action to the board of depositories. The local board of finance may revoke the commission of any depository to do business with the political subdivision:

1. If the depository is unwilling or unable to perform the banking services reasonably required by the board of finance, considering the volume of the transactions, that are:

   a. related to the public funds deposited in a deposit account described in IC 5-13-9-4(a); and

   b. required by the political subdivision served by the local board of finance to carry out the responsibilities of the political subdivision, as determined by the local board of finance.

2. If the depository is unwilling or unable to comply with a state or federal statute, rule or other regulation that governs the records or handling of public funds of the political subdivision served by the local board of finance, as determined by the local board of finance;

3. If the depository ceases to qualify as a depository under IC 5-13-9, as determined by the local board of finance;

4. If the depository fails to conduct lending activities in Indiana to such an extent that, at the end of each quarter, pursuant to the depository's certification, the sum of:

   a. the total principal amount of outstanding loans to Indiana residents (as defined in IC 5-13-8-7(a)); plus

   b. the total value of investments in Indiana residents (as defined in IC 5-13-8-7(b));

   will at least equal the total amount of the public funds of the state and political subdivision of the state that are on deposit in the financial institution; or

5. For any other cause that is adopted in the written rules of the board of finance and is directly related to the safe handling of public funds.

Upon revocation, the depository shall immediately render an accounting and make settlement for all public funds deposited with the depository. [IC 5-13-8-7(e)]

DEPOSITS IN TRANSACTION ACCOUNTS

Definition of Transaction Account

Transaction Account means any of the following:

1. Any account subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number, and without penalty, including NOW accounts.

2. Passbook Savings Accounts.

3. Money Market Deposit Accounts.

4. Any interest bearing account that is authorized to be set up and offered by a financial institution in the course of its respective business.

A certificate of deposit is not a transaction account. [IC 5-13-4-24 and IC 5-13-4-7]

Number of Financial Institutions Required to Receive Funds

The investing officer must deposit and maintain deposits as follows:

1. In one or more depositories designated for the political subdivision, if the sum of the monthly average balances of all the transaction accounts for the political subdivision does not exceed one hundred thousand dollars ($100,000).

2. In each depository designated for the political subdivision, if subdivision (1) does not apply and less than three financial institutions are designated by the local board of finance as a depository.

3. In at least two depositories designated for the political subdivision, if subdivision (1) does not apply and at least three financial institutions are designated by the local board of finance as a depository. [IC 5-13-9-4(a)]

CERTIFICATES OF DEPOSIT

Depositories Designated by Local Board of Finance

The following procedures should be used when purchasing certificates of deposit from depositories designated by the local board of finance:

Obtain Quotes. The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. [IC 5-13-9-4(b)]

Highest Rate of Interest. The deposit must be placed in the designated depository quoting the highest rate of interest. If more than one depository submits a quote of the highest interest rated quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion. [IC 5-13-9-4(b)]

Depositories Designated by State Board of Finance

The following procedures should be used when purchasing certificates of deposit from depositories that have not been designated by the local board of finance but have been designated by the State Board of Finance as a depository for state deposits under IC 5-13-9.5.

Ordinance or Resolution Required. The board of county commissioners of each county, and the fiscal body of each political subdivision other than a county, may by ordinance or resolution authorize the investing officer of each, respectively, to invest in certificates of deposit of depositories which have not been designated by the local board of finance of either but have been designated by the State Board of Finance as a depository for state deposits under IC 5-13-9.5. The ordinance or resolution must provide that the authority granted in the ordinance or resolution expires on a date that is not later than two years after the date the ordinance or resolution is adopted. [IC 5-13-9-5(a)]

Obtain Quotes. Quotes must be solicited from at least three depositories. If only one depository has been designated for the political subdivision by its local board of finance, a quote must be solicited from that depository. If two or more depositories have been designated for the political subdivision by its local board of finance, at least two quotes must be solicited from the depositories thus designated. The quotes may be taken and solicited by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. [IC 5-13-9-5(b)]

Highest Rate of Interest

Investments in any certificates of deposit shall be placed in the depository quoting the highest rate of interest under IC 5-13-9-5(b), as determined after deducting any fee charged by the depository. If two or more depositories submit the same highest quote, the investment shall be placed as follows:

1. If only one of the highest quoters is a depository designated for the political subdivision by its local board of finance, the investment shall be placed in that depository.

2. If more than one of the highest quoters are depositories designated for the political subdivision by its local board of finance, the investment shall be placed by the investing officer in any or all of these depositories in the amount or amounts determined by the investing officer, in the investing officer's discretion.

3. If none of the highest quoters is a depository designated for the political subdivision by its local board of finance, the investment shall be placed by the investing officer in one of the depositories submitting the highest quote. [IC 5-13-9-5]

DEPOSITING RECEIPTS

IC 5-13-6-1 requires all public funds shall be deposited not later than the business day following the receipt of funds on business days of the depository.

The statute also provides public funds deposited shall be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision must be deposited intact.

ELECTRONIC FUNDS TRANSFERS

The fiscal body may by ordinance or resolution authorize the transaction of business with a financial institution through the use of electronic funds transfer. The ordinance or resolution must:

1. Specify the types of transactions that may be conducted by electronic funds transfer; and

2. Require the proper officers to maintain adequate documentation of the transactions so that they may be audited as provided by law. [IC 5-13-5-5]

INVESTMENT OF FUNDS

AUTHORITY FOR INVESTMENTS

Each investing officer may invest or reinvest any funds that are held by the officer and available for investment in any investment authorized in IC 5-13-9.

AUTHORIZED INVESTMENTS

United States Government Securities

Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:

a. The United States Treasury.

b. A federal agency.

c. A federal instrumentality.

d. A federal government sponsored enterprise.
[IC 5-13-9-2(a)(1)]

Discount Notes

Discount notes issued by any of the following:

a. A federal agency.

b. A federal instrumentality.

c. A federal government sponsored enterprise.
[IC 5-13-9-2(a)(2)]

Repurchase Agreements

Repurchase agreements (including standing repurchase agreements, commonly known as sweep accounts):

a. With depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9.5; and

b. Involving the political subdivision's purchase and guaranteed resale of any interest-bearing obligations issued; or fully insured or guaranteed; by the United States, a United States government agency, an instrumentality of the United States, or a federal government sponsored enterprise. [IC 5-13-9-3(a)]

Definition. A repurchase agreement is defined as an agreement:

1. Involving the purchase and guaranteed resale of securities between two parties; and

2. That may be entered into for a fixed term or arranged on an open or continuing basis as a continuing contract that:

   a. operates like a series of overnight repurchase agreements;

   b. is renewed each day with the repurchase rate and the amount of funds invested determined daily; and

   c. for purposes of this article, is considered to have a stated final maturity of one day. [IC 5-13-9-3(a)]

Collateral. The amount of money in this type of agreement must be fully collateralized by interest-bearing obligations as determined by their current market value. This must be determined daily by the depository. [IC 5-13-9-3(b)]

If the market value of the obligations being held as collateral falls below the level required under IC 5-13-9-3(b) or a higher level established by agreement, the depository shall deliver additional securities to the political subdivision to make the agreement collateralized to the applicable level. [IC 5-13-9-3(c)]

The collateral involved in a repurchase agreement is not subject to the maturity limitation provided by IC 5-13-9-5.6. [IC 5-13-9-3(c)]

Ownership. To insure that ownership of securities acquired under a repurchase agreement is vested in the governmental unit and to meet the requirements of IC 5-13-9, it has been suggested by an attorney for the Federal Deposit Insurance Corporation that repurchase agreements be so written as to:

1. Vest title of securities in the name of the governmental unit;

2. Described the specific securities acquired; and

3. Represent a safekeeping receipt for the securities so acquired.

Money Market Mutual Funds

Investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.). [IC 5-13-9-2.5(a)]

Approval. An officer of a political subdivision or other local governmental entity designated under IC 5-13-9-1 shall annually obtain the approval of the fiscal body of the political subdivision or the governing body of the local government entity before making investments under IC 5-13-9-2.5. [IC 5-13-9-2.4]

50% Limitation. Investments in money market mutual funds, described in IC 5-13-9-2.5(a), may not exceed fifty percent (50%) of the funds held by the officer and available for investment. [IC 5-13-9-2.5(b)]

This limitation does not apply to investments made by a county treasurer between:

1. The date that is ten (10) days before each property tax installment due date described in IC 6-1.1-22-9; and

2. The property tax settlement distribution date described in IC 6-1.1-27-1(b). [IC 5-13-9-2.5(b)]

Depositories. Investments in money market mutual funds, described in IC 5-13-9-2.5(a), shall be made through depositories designated by the State Board of Finance as depositories for state deposits under IC 5-13-9.5. [IC 5-13-9-2.5(c)]

Portfolio. The portfolio of an investment company or investment trust described in IC 5-13-9-2.5(a) must be limited to the following:

1. Direct obligations of the United States.

2. Obligations issued by any of the following:

   a. A federal agency.

   b. A federal instrumentality.

   c. A federal government sponsored enterprise.

3. Repurchase agreements fully collateralized by obligations described in subdivisions (1) or (2). [IC 5-13-9-2.5(d)

Rating. The form of securities of or interests in an investment company or investment trust described in IC 5-13-9-2.5(a) must be rated as one of the following:

1. AAAm, or its equivalent, by Standard and Poor's Corporation or its successor.

2. Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. [IC 5-13-9-2.5(e)]

Final Maturity. The form of securities of an investment company or investment trust described in IC 5-13-9-2.5(a) is considered to have a stated final maturity of one day. [IC 5-13-9-2.5(f)]

Transaction Confirmations. The State Board of Accounts may rely on transaction confirmations evidencing ownership of the form of securities of or interests in an investment company or investment trust described in IC 5-13-9-2.5(a). [IC 5-13-9-2.5(g)]

Other Authorized Investments

1. Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Redevelopment or the African Development Bank. [IC 5-13-9-3.3]

2. Participations in loans if the political subdivision is located in a county containing a consolidated city. [IC 5-13-9-3.5]

Prohibited Acts

An investing officer may not purchase securities on margin or open a securities margin account for the investment of public funds. [IC 5-13-9-9]

Maturity Limitation

Unless otherwise allowed in IC 5-13-9-2(f) or IC 5-13-9-2(g), Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement. [IC 5-13-9-5.6]

Safekeeping Receipts

The investing officer of the political subdivision is the legal custodian of securities under IC 5-13-9. They shall accept safekeeping receipts or other reporting for securities from qualified financial institutions. [IC 5-13-9-2(a)] Safekeeping receipts or other reporting for securities may be received only from:

1. A duly designated depository as prescribed in this article, or

2. A financial institution located either in or out of Indiana having custody of the securities with a combined capital and surplus of at least ten million dollars ($10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body. [IC 5-13-9-2(d)]

The State Board of Accounts may rely on safekeeping receipts or other reporting from any depository or financial institution. [IC 5-13-9-2(e)]

INVESTMENTS NOT AUTHORIZED BY STATUTE

Pursuant to IC 36-1-3-8, a unit may only invest funds as expressly provided in the statutes.

Investments should only be made in accordance with statute. Expenses related to any unauthorized investments may be the personal obligation of the responsible official or employee.

Losses related to investments and investment procedures which are not authorized by statute may be the personal obligation of the responsible official or employee.

INTEREST ON INVESTMENTS

Interest is to be credited to the political subdivision funds as indicated below:

1. All interest derived from an investment by a political subdivision under the authority granted by IC 5-13-9-3 shall be deposited, except as otherwise provided by law, in the general fund of the political subdivision or in any other fund the governing board designates specifically or by rule, subject to the modifications and limitations in IC 5-13-9-6. [IC 5-13-9-6(a)].

2. Interest from investments of funds of a political subdivision that are traceable to United States government funds must be receipted to the fund of which they are a part, if required by federal law or regulation. [IC 5-13-9-6(b)]

3. Interest from investments of funds controlled by court orders must be receipted to that fund unless otherwise designated by the court order. [IC 5-13-9-6(b)]

4. A political subdivision may apply the interest derived from the investment of the proceeds from bonded indebtedness or local tax levies to the appropriate redemption bond interest or sinking fund for the bonded indebtedness. [IC 5-13-9-6(e)]

   Note: Regardless of IC 5-13-9-6(e), terms of an existing bond resolution must be followed. The bond resolution should be reviewed and its terms and conditions adhered to without exception.

Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund.

"Interest from the investment of public finds may not be paid personally or for the benefit of any public officer." [IC 5-13-9-6(g)]

PUBLIC DEPOSIT INSURANCE FUND

Funds deposited in deposit accounts in accordance with IC 5-13-9 and interest earned or accrued on the funds are public funds and are covered by the insurance fund. [IC 5-13-9-8.5]

The definition of a "deposit account" is found in IC 5-13-4-7.

SERVICE CHARGES

Any investing officer of a political subdivision that makes a deposit in any deposit or other account may be required to pay a service charge to the depository in which the funds are deposited, if the depository requires all customers to pay the charge for providing that service.

The service charge imposed must be considered in the computation of the interest rate for determining which depositories are entitled to investments as prescribed by IC 5-13-9-4 and IC 5-13-9-5. If the total service charge cannot be computed before the investment, the investing officer shall estimate the service charge and adjust the interest rate based on this estimate.

The service charge may be paid by direct charge to the deposit or other account or in any other manner mutually agreed upon by the investing officer and the depository. [IC 5-13-9-8]

MANNER OF INVESTING FUNDS

A political subdivision has authority to invest its funds in the following manner:

1. By specific fund;

2. By grouping specific funds; or

3. From total monies on deposit.

Investments by Fund

In consideration of the provisions of the law, as amended, and to Official Opinion No. 6 (1986) of the Attorney General, it is the position of the State Board of Accounts that in the following instances investments must be made from specific funds with the interest on such investments to accrue to the benefit on such funds:

1. Where, under the terms of the statute, bequest, endowment, trust or federal, state, or private grant, earnings on investments must accrue to the benefit of the fund from which the investment was purchased.

2. Where bonds are issued for any purpose and the proceeds are invested, the interest from the investments must be credited to the fund from which invested, to the Bond and Interest Redemption Fund, or to any other fund where directed by terms of the bond resolution.

Investments by Group of Funds or From Total Monies on Deposit

After meeting the foregoing requirements, as to investment "by fund," the investment of all other monies on deposit, without identifying the fund or funds invested is permitted.

It should be stressed that, although certain funds must be invested "by fund," this will not preclude investment of any other specific fund, with the interest on such investment to accrue to that fund, if so directed by the governing body.

Summary

To summarize the foregoing, investments should be made in the following manner:

1. By fund, where any statute or the terms of any bequest, federal, state, or private grant, endowment or trust make provisions for investments, with the interest to accrue to the benefit of such fund.

2. By fund, if so determined by the governing board.

3. From the total of monies on deposit, after giving consideration to (1) and (2) above.

PROCEDURES FOR PURCHASING INVESTMENTS

Purchase

When an investment is made the treasurer shall issue a warrant payable to the financial institution from which the investment is purchased. The warrant must show the fund or funds on which it is drawn, if the investment is from a specific fund or funds, or if from "total monies on deposit." This wording should be entered in lieu of the fund name or names. The warrant should also show the purpose for which it is issued, such as "investment in certificate of deposit" or "investment in United States Governmental Securities." The warrant shall be countersigned by the treasurer, delivered by the treasurer to the financial institution and the certificate of deposit, passbook, securities, or safekeeping receipt for such securities obtained by the treasurer. The treasurer is official custodian of all such investments.

Renewal of Certificates of Deposit

A certificate of deposit may be renewed for an additional term if authorized by the governing board, without the original certificate of deposit being paid by the depository and a warrant being issued for the purchase of a new certificate of deposit. However, if renewed, the interest due the political subdivision shall be paid to the treasurer at each maturity date, so the records will reflect the true financial condition and the amount invested at all times. The interest shall not be added to the original deposit and reinvested by the depository.

Reinvestment in Securities

In the case of the United States Government Securities, the amount received from investments must be receipted into the records and a warrant issued for the purchase of new securities. There is no authority for the "rollover" or reinvestment of securities by a depository; the transactions must be handled through the records of the treasurer.

PROCEDURE FOR POSTING RECORDS AT THE TIME INVESTMENTS ARE PURCHASED OR SOLD

1. At the time investments are purchased, the treasurer and/or bookkeeper should enter the full cost of the securities (purchase price plus accrued interest) as a disbursement from the fund or funds from which the investment is made.

   Where investment is made from "total monies on deposit," the warrant issued will not be posted in the ledger, but a memorandum account should be set up in a separate section of the ledger to which investment transactions will be posted.

2. When investment is made from a specific fund, a new fund entitled "Investments Fund" should be set up on the records. The net price (purchase price less accrued interest) should be entered as a receipt to this fund.

   The Investment Register, General Form 350, should be used for keeping a record of all investments purchased by the political subdivision.

3. Interest received in such investments by fund should be entered as a receipt to the fund from which the investment was purchased. Interest received from investment of total monies on deposit should be receipted to the general fund or the fund specified by the governing board.

4. When the investments by fund are sold, the full amount of such sale should be entered as receipt to the fund from which the investment was made. The receipt should show separately the principal (purchase price) received and the interest received from the investment. At this time, the net purchase price (purchase price less accrued interest) should also be entered as a disbursement from the "Investments Fund."

   When the investment from total monies on deposit is sold the principal (purchase price) will not be posted as a receipt to the ledger but the interest thereon will be posted as a receipt to the general fund or fund designated by governing board. Proper entry shall be made also in the memorandum account, as well as in the Investment Register.

INVESTMENT CASH MANAGEMENT

A political subdivision may contract with a depository for the operation of an investment cash management system under IC 5-13-11. A cash management system provides for the management of the political subdivision's investment by a financial institution which is a designated depository.

Contract Requirements

Pursuant to IC 5-13-11-2, a written contract must:

1. Be in writing;
2. Provide for the investment of funds by the depository with the approval of the fiscal officer;
3. Provide that the depository keep those records concerning the cash management system as needed for audits by the State Board of Accounts;
4. Provide that investments will be made in accordance with IC 5-13-9;
5. Not have a term of more than two years; and
6. Be awarded under the bidding provisions of IC 36-1-9 (Public Purchases Law).

Service Charge

The contract may also provide for a service charge. The service charge may be paid by direct charge to the deposit or other account or in any other manner mutually agreed upon by the political subdivision and the depository. [IC 5-13-11-3]

Monthly Report

The depository must furnish the political subdivision with at least one report each month of transactions. [IC 5-13-11-4]

Interest on Investments

Any interest from an investment should be credited to the investment account of the political subdivision and become a part of the principal in that account.

Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund.

No Willing Designated Depository in Political Subdivision District

If no designated depository whose principal office or branch is located within the political subdivision district will provide an investment cash management service, then a contract may be awarded to a financial institution (as defined in IC 5-13-4-10) outside the political subdivision district as provided in IC 5-13-8-9(c). The financial institution must qualify as a depository.

TRUSTS AND ENDOWMENTS

Each governmental unit is responsible for complying with any requirements of trust agreements or endowments received which are not contrary to state statute or constitutional provisions.

INVESTMENT REPORT

Board of Finance Annual Meeting

IC 5-13-7-6 requires each local board of finance to meet annually after the first Monday and on or before the last day in January. At the annual meeting the board of finance shall elect from the board's membership a president and secretary. The officers hold office until the officer's successors are elected and qualified.

Review of Investment Report

The local board of finance shall also receive and review the written report of the investing officer that summarizes the political subdivision's investments during the previous year. The report must contain the name of each financial institution, governmental agency or instrumentality or other person with whom the political subdivision invested money during the previous calendar year. [IC 5-13-7-7]

The local board of finance is to review overall investment policy of the political subdivision. [IC 5-13-7-7]

The following suggested format is recommended to be completed and given to the local board of finance.

REPORT OF INVESTMENTS FOR THE YEAR 19____		
FINANCIAL INSTITUTION/GOVERNMENT AGENCY/OTHER	TYPES OF INVESTMENTS CD'S, GOV'T SECURITIES, ETC.	AMOUNT INVESTED
		$
		_____
		$_____