INDIANA BOARD FOR DEPOSITORIES
KEEPING LOCAL FUNDS SAFE

What is the BFD?

- Quasi-Governmental Agency
- Created by IC 5-13-12 in response to bank failures during the Great Depression
- Keeps a list of approved depositories
- Manages the operation of PDIF
- Manages collateral to protect public funds
- The Treasurer is the Secretary/Investment Manager
- Governor, or his designee, is the Chairman
What is the PDIF?

Insurance Fund:

- Covers the full amount of public funds over and above the amount covered by FDIC
- Deposit Accounts
- Unique to Indiana and a benefit to public entities
- 0.2% - 0.4% higher interest rate on public deposits
- $300 million in assets
- Funded by fees on banks that could be deducted from the interest paid to public funds depositors

What are “public funds”?

Public Funds defined by IC 5-13-4-20:

- Sec. 20. “Public Funds” means all fees and funds of whatever find or Character coming into possession of any public officer by virtue of that office
- The term does NOT include: support payments made to the clerk of a circuit court under IC 31-16-9 (or IC 31-1-11.5-13 before its repeal) OR proceeds of bonds payable exclusively by private entity
Who is a “public officer”

Public Officer defined by IC 5-13-4-21

- Sec. 21. “Public Officer” means any person elected or appointed to any office of the state or any political subdivision.
- “Public officer” includes any officer of all boards, commissions, departments, institutions, and other bodies established by law to function as a part of the government of the state or political subdivision that are supported wholly or partly by taxes or fees.
- “Public officer” does not include an officer of an independent body politic and corporate set up as an instrumentality of the state but not constituting a political subdivision.

Who is a “Public Officer”? 

- Any person elected or appointed to any political subdivision
- An officer of all: Boards, Commissions, Departments, Institutions, other bodies that function as a part of political subdivision. Supported wholly or partly by:
  - Appropriations from the treasury of the political subdivision
  - Taxes and fees

Who can become an approved depository?

Eligible Approved Depositories

- A bank headquartered in Indiana or a national bank with a branch in Indiana
- A federal chartered savings association with a headquarters in Indiana or a branch in Indiana
- A federal chartered savings bank with a headquarters in Indiana or a branch in Indiana
- A state chartered credit union in Indiana that has assets of 3 million dollars or more with a headquarter in Indiana or a branch in Indiana
### Collateral Requirements

#### Collateralization Matrix (Based on Bank Insight National Ratings gathered from SNL Financial)

<table>
<thead>
<tr>
<th>Bank Insight National Rating</th>
<th>Collateral Rate</th>
<th>Collateral Basis</th>
<th>Pledge or Pledge and Deliver</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 – 99</td>
<td>0%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>20 – 39</td>
<td>50%</td>
<td>Average Daily Balance for the previous quarter</td>
<td>Pledge</td>
</tr>
<tr>
<td>0 – 19</td>
<td>100%</td>
<td>Actual Balance</td>
<td>Deliver</td>
</tr>
</tbody>
</table>

### Recovery Process for public funds in a closed depository

- **Department of Financial Institutions**
- **Public Officer**
- **Attorney General**
- **Auditor of State**
- **Board for Depositories**
- **Department of Financial Institutions**
- **Newspaper**
- **Public Officer**
- **Judge**
- **Public Officer**
Indiana Department of Financial Institutions (DFI) will determine the amount of public funds on deposit at the closed depository and certifies that information to Indiana Attorney General’s Office, (AGO) the Indiana Auditor of State’s Office, (ASO) and the public entity, public officer, that has the funds in the depository.

Within 10 days after receiving certification, the public officer shall furnish to the AGO and the ASO the following:

- Verified statements on the amount of their funds in closed depository
- Certified copies of the resolutions under which the deposits were made
- Additional information that might be requested by the AGO and ASO
The Attorney General and Auditor of State will determine the amount covered by the PDIF, and provide their decision to the public officers, the DFI and the BFD.

The DFI Publishes the decision of the AGO and ASO

After the publication, the Public Officer has 10 days to appeal to a court.

After the 10 days has expired, or a court rules for or against the AGO and ASO decision.
While we will attempt to provide the funds as quickly as possible, it could take up to 90 days after a depository is closed to receive funds. It could be longer if the decision is challenged in court.