



DG - BANKING SERVICES

(AND DEPOSIT OF FUNDS)

Applicability

All funds received by the school district shall be deposited in an official bank or banks or savings and loan institutions as designated by the Board. The Public Deposit Protection Act (PDPA) requires school districts to deposit public funds only in approved institutions (eligible public depositories).

The district shall comply with all requirements of state law regarding the deposit of district funds.

The district will investigate the condition of financial institutions before committing district funds. Banks and savings institutions are evaluated by comparing them to other similar institutions in a number of areas. These areas include size and growth, loan exposure, capital adequacy, asset quality, earnings, and liquidity. Certain rating agencies and publications are available which may enhance the evaluation process.

When depositing public funds in banks and savings and loan associations, the PDPA requires the institution be designated as an eligible public depository institution, pursuant to sections 11-10.5-101 and 11-47-101. The PDPA Act of 1989 requires banks to apply or reapply for designation as an eligible public depository, C.R.S. 11-10.5-106. In addition, every public entity must apply to the State of Colorado Bank Board for a public depository account number. This number must be given to any bank in which the district does business, C.R.S. 22-40-105 and C.R.S. 22-32-107. The district will seek legal advice for any investment or deposit outside of the state.

When the Board of Education has elected to have all moneys belonging to the district paid over to the treasurer of said Board, the treasurer, or such other custodian appointed by the Board, shall deposit or cause to be deposited, all such moneys in such depositories as shall be designated by such Board. C.R.S. 22-40-105, 22-32-107 and 24-75-601 (Fund-Legal Investments) et. seq.

Eligible public depository means the depository has met the required criteria, including the deposits are insured by federal deposit insurance; that the bank meets capitalization standards set by the banking board; and that the bank agrees to abide by all PDPA requirements (See the State Auditor's Handbook, C.R.S. citations 11-10.5-101 and 11-47-103(6)). Note, eligible public depositories are limited to depositories operating within the state.

Security

When a school district deposits funds in a state approved bank or savings and loan institution, the FDIC will insure these deposits up to a maximum amount. The FDIC may extend federal insurance to funds segregated in a separate bond redemption fund. Amounts deposited in excess of the maximum amount are not insured by FDIC but are covered by the collateral provisions of the PDPA.

With the bond redemption fund excluded, the amount of the total deposit is defined as the total of all school district deposits even if different funds and accounts are involved. Separation of deposits by funds, account or designated custodian usually will not extend the total amount insured by the FDIC.

As an ongoing requirement of designation as an eligible public depository, any such depository shall pledge such collateral having a market value in excess of one hundred two percent of the aggregate uninsured public deposits. C.R.S. 11-10.5-107(5).

The PDPA requires that the uninsured portion of a school district's deposits be protected through collateralization by the bank or savings and loan institution. The bank or savings and loan is required to certify sufficient collateral to cover uninsured public funds to state agencies on a regular basis. This certification of collateral is made to the state banking commissioner or savings and loan commissioner.

The school district will follow a general rule regarding diversification or allocations of investments among various banks and savings institutions because of possible delays in the recovery of money in the event of institutional failure.

Maturity

All investments must mature in five years or less, unless the Board of the school district authorized investment for such a period in excess of five years.

Safekeeping Of Securities

All securities shall be kept in a safekeeping account with a bank to serve as custodian for any marketable securities owned by the district. The investments and their supporting securities shall be available for audit at all times.

Adopted: April 1972

Revised: April 1977

Revised: December 1981

Revised: May 1982

Revised: March 1988

Revised: April 1988

Revised to conform with practice: May 22, 1995

Revised: August 11, 1997

Revised: October 14, 2002

Revised: June 28, 2004

LEGAL REFS:

C.R.S. 11-10.5-101, et. seq. (relates to deposits of public funds in banks)

C.R.S. 11-10.5-106

C.R.S. 11-10.5-107(5)

C.R.S. 11-47-101, et. seq. (relates to deposits of public funds in savings and loan institutions)

C.R.S. 11-47-103(6)

C.R.S. 22-32-104(4)(c)

C.R.S. 22-32-107(3), (4), (6)

C.R.S. 22-32-109(1)(g)

C.R.S. 22-32-110(1)(x)

C.R.S. 22-40-104 (relates to county treasurer)

C.R.S. 22-40-105

C.R.S. 22-45-104 (relates to collection and deposit of fees and fines)

C.R.S. 24-75-601 (relates to funds legal investments)