

LOCAL GOVERNMENT FREQUENTLY ASKED QUESTIONS

- **If I have not responded to the Office of the State Treasurer’s information request, do I still need to respond?**
Yes! In order to relieve yourself of personal liability in the event of a bank loss, you need to notify the State Treasurer's Office of the banks you do business with and your contact information.
- **What information do you need on our banks?**
You must report the names of the banks you do business with. This information must be updated at least annually or within 3 days of a change in any depository.
- **What information do you need about my local government?**
We need a contact name, mailing address, phone number and email address from each local government. You may submit more than one contact. This contact information will be used in the event we need to notify you that a bank you do business with has failed to pledge adequate collateral, or has had a loss.
- **Where do I send the information?**
Please email the bank information and your contact information to public.funds@ost.state.or.us. You may also email any further questions you have to this email address, or call (503)378-3400.
- **The information request refers to “public officials”, what does this mean?**
ORS 295.001 (15) “Public official” means each officer or employee of this state or any agency, political subdivision or public or municipal corporation thereof, or any housing authority, who by law is made the custodian of or has control of any public funds.
- **What are public funds?**
Public funds are funds under the **control** or in the custody of a public official by virtue of office. If you are unsure if your entity’s funds are considered public funds, based on the definition, we recommend you discuss your questions with legal counsel.

What public funds are not subject to collateralization based on ORS 295?

295.022 Collateral not required for deferred compensation funds.

Notwithstanding any other provision of this chapter, when a bank, mutual savings bank or savings and loan association receives moneys of the Deferred Compensation Fund established under ORS 243.411 from the state for deposit or investment, the institution shall not have to maintain the collateral required under this chapter for those deferred compensation moneys.

295.101 Public funds not subject to ORS 295.001 to 295.108.

(1) The following public funds are not subject to the provisions of ORS 295.001 to 295.108:

(a) Funds that are deposited for the purpose of paying principal, interest or

premium, if any, on bonds, as defined in ORS 286A.001 and 287A.001, and related costs or securing a borrowing related to an agreement for exchange of interest rates entered into under ORS 286A.110 or 287A.335.

(b) Funds that are invested in authorized investments under provisions of law other than ORS 295.001 to 295.108. Funds invested under ORS 293.701 to 293.820 are invested in authorized investments for purposes of this subsection from the time the funds are transferred by the State Treasurer to a third party under the terms of a contract for investment or administration of the funds that requires such a transfer until the time the funds are returned to the treasurer or paid to another party under the terms of the contract.

(c) Negotiable certificates of deposit purchased by the State Treasurer under ORS 293.736 or by an investment manager under ORS 293.741.

(2) Notwithstanding subsection (1) of this section, funds deposited by a custodial officer under ORS 294.035 (3)(d) are subject to the provisions of ORS 295.001 to 295.108.

- **Public officials are required to update bank depository information with the Office of the State Treasurer annually. How and when will this occur?**

The Office of the State Treasurer will contact all public officials annually in December and request updates to the information on file by January 31. If a public official makes any changes to the banks in which they deposit funds during any other time of the year, they are required to notify the State Treasurer's Office within 3 business days of the changes.

- **Prior to the changes to ORS 295, my public funds were collateralized at 25%; but now they are collateralized at 10%. Should I ask my bank for additional collateral if I don't feel 10% is enough? With the shared liability, are my funds protected at 100% now?**

ORS 295 currently allows banks to pledge collateral at 10% if they are categorized as Well Capitalized by their Federal Regulatory Authority. Although this is less than was required prior to July 1, 2008, ORS 295 now creates a shared liability structure between all of the banks holding public funds deposits and posting collateral. Each bank pledges collateral based on their capitalization category as assigned by their federal regulatory authority (10% of public funds deposits for Well Capitalized banks, 110% of public funds deposits for Adequately Capitalized or Undercapitalized banks). In the event of a bank loss, if the bank is unable to make payment of all public funds subject to loss, a proportionate share of the collateral of all other banks will be used to make payment of public funds claims.

Additionally, the banks are monitored closely by the Department of Consumer and Business Services and the State Treasurer's Office for financial stability. If at any time there is evidence that a public funds depository is in financial trouble, the State Treasurer's Office has the authority to impose increased collateralization levels to further safeguard the deposits. While there is no guarantee that funds are 100% protected, there is considerably more protection than under the previous collateralization regime, and in most instances your funds should be fully protected.