

Virginia's Security for Public Deposits Act
Area Agencies on Aging and Other Contractor Guidance
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Last year the Department for the Aging (VDA) held a series of meetings with the Attorney General's Office regarding the Security for Public Deposits Act (SPDA). The SPDA applies to public deposits that are defined by §2.2-4401 of the *Code of Virginia*, as "moneys of the Commonwealth or of any county, city, town or other political subdivision thereof...which...are deposited in any qualified public depository and security for such deposit is required by other provision of law, or is required due to an election of the public depositor".

The SPDA applies to only 11 Area Agencies on Aging (AAAs). That includes the five northern AAAs that are part of local government, the five AAAs that are a joint exercise of powers and the AAA that is a Community Service Board. The other 14 AAAs that are nonprofits do not have access to the SPDA. Even if the bank has informed your nonprofit that SPDA applies, in the event of a catastrophic monetary failure, the courts would not likely rule in your favor.

As a result of this interpretation, it is VDA's position that the five AAAs that are a joint exercise of powers and the AAA that is a Community Service Board that are covered by the SPDA have a letter on file from the financial institution indicating their acknowledgement of your agency's claim under the act. If on the other hand, your agency is a nonprofit, you must either maintain funds in an institution that is insured by the FDIC and maintain a balance in those funds less than the FDIC threshold (currently \$250,000) or have an agreement that states the institution will maintain an equal amount of specific collateral reserves on your behalf. We ask that you ensure these documents are on file. In future monitoring visits, VDA staff will ask to view them.