

Arizona Revised Statutes

Title 35: Public Finance

Article 2.1: Money Management

Section 35-323.01: Investment of Government Monies in Deposits; Conditions; Definition

§ 35-323.01

A. If an investing entity invests in deposits pursuant to section 9-492, subsection C, section 15-1025, subsection B, paragraph 7, section 35-313, subsection A, paragraph 14 or section 35-323, subsection A, paragraph 2, the investing entity in each case shall invest those monies in accordance with all of the following conditions:

1. The monies are initially invested through an eligible depository in this state selected by the investing entity.
2. The selected eligible depository arranges for the deposit of the monies in one or more federally insured banks or savings and loan associations wherever located, for the account of the investing entity.
3. The full amount of principal and any accrued interest of each such deposit is insured by the federal deposit insurance corporation.
4. The selected eligible depository acts as custodian for the investing entity with respect to such deposits.
5. On the same date that the investing entity's monies are deposited pursuant to paragraph 2 of this subsection, the selected eligible depository receives an amount of federally insured deposits from customers of other financial institutions equal to or greater than the amount of the monies initially invested by the investing entity through the selected eligible depository.¹

B. Monies invested in accordance with all of the conditions prescribed in this section are not subject to any security or collateral requirements.

C. For the purposes of this section, "investing entity" means this state, a political subdivision, the governing body of a municipality or the governing body of a school district.

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¹ Highlight added editorially; participating banks should take note that the rule requires the bank to take reciprocal deposits in order to qualify under these provisions.