

# REICH & TANG

## **New Jersey Statutes**

### **Title 40A: Municipalities and Counties**

#### **§ 40A:5-14: Adoption of cash management plan**

i. The cash management plan may provide for the deposit of funds in deposit accounts in accordance with the following conditions:

(1) the funds are initially invested through a public depository as defined in section 1 of P.L.1970, c.236 (C.17:9-41) designated by the local unit;

(2) the designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured financial institutions, for the account of the local unit;

(3) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;

(4) the designated public depository acts as custodian for the local unit with respect to those deposits; and

(5) on the same date that the local unit's funds are deposited pursuant to paragraph (2) of this subsection, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amount of funds initially invested by the local unit through the designated public depository.<sup>1</sup>

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<sup>1</sup> 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.