SAVINGS AND LOAN ASSOCIATION AND CREDIT UNION ACCOUNTS **19463**
(Revised 06/13)

Departments may be authorized either by statute or by approval from the Department of Finance (Finance), Fiscal Systems and Consulting Unit (FSCU), to deposit moneys not under the control of the State Treasurer (Treasurer) in savings and loan associations outside of the centralized State Treasury System (CTS).

Departments that have statutory authority to deposit state moneys in savings and loan associations or credit unions without Finance approval should adhere to the conditions prescribed by the Director of Finance and must notify the Treasurer by letter stating the name and location of the savings and loan association or credit union, amount, source, and purpose of the funds to be deposited, and the type and term of the deposit arrangement. In addition, departments that have statutory authority to deposit outside the CTS without Finance approval must submit the report required by Condition 4 of this section.

Departments without such statutory authority will request approval from the Finance, FSCU, by letter to deposit state moneys in savings and loan associations or credit unions. See SAM section 8002.

The following conditions are prescribed by the Director of Finance for depositing moneys with savings and loan associations or credit unions:

1. Unless otherwise exempted by statute, a department must have written approval from the Finance, FSCU, to maintain the account outside the CTS.
2. Except as otherwise provided by law, General Fund money will not be deposited with savings and loan associations or credit unions by any state officer other than the Treasurer.
3. Deposits shall not exceed the FDIC or NCUA limit in any one savings and loan association or credit union, including all of its branches. However, a department may deposit in excess of the maximum FDIC or NCUA limit in any one savings and loan association or credit union if the state department notifies the Treasurer that deposit collateral requirements have been met. See SAM section 8002 for collateral requirements.
4. The Report of Accounts Outside the State Treasury form, STD. 445 stating the balance as of June 30, the purpose and the authority of each account shall be submitted annually to STO, Finance and SCO by August 20 or the following Monday if August 20 falls on a weekend. If the account has been closed during the reporting period, departments must specify the date the account was closed. See SAM sections 7930, 7951, and 7975.
5. No person shall make withdrawals until a saving and loan or credit union signature card has been properly completed. The same statement shown in SAM section 8001.2 pertaining to the necessity of two authorized signatures for withdrawals in excess of $15,000 is required.
6. Deposits shall be made only with eligible savings and loan associations or credit unions as stated in Government Code section 16600.

(Continued)

(Continued)

SAVINGS AND LOAN ASSOCIATION AND CREDIT UNION ACCOUNTS **19463 (Cont. 1)**
(Revised 06/13)

Any department that maintains account balances close to the FDIC or NCUA limit should periodically review its savings and loan or credit union balances to make certain that the maximum insured amount will not be exceeded when interest earnings are added to its accounts. Departments are responsible for making arrangements with its savings and loan association or credit union to allow interest payments to be sent directly to the department when such payments would increase the balance of an account in excess of the maximum insurable amount. These excess amounts may be deposited in another eligible savings and loan association, credit union (upon approval by Finance, FSCU) or within the CTS.

The deposit of state moneys in savings and loan associations or credit unions accounts should permit the maximum earnings of interest, and the ready access to a reasonable amount of cash to meet unusual demands, in addition to cash held in the CTS account to meet ordinary withdrawal demands.

Departments should assure that time or interest-bearing term deposits are held until expiration of the certificate or certificate of deposit to avoid early withdrawal penalties. Federal regulations require a substantial interest penalty for early withdrawals of principal. Generally, no interest is earned for 90 days immediately preceding the withdrawal and any applicable interest earnings are calculated at the current rate on regular accounts.