

New

2016

5210

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Non-Instructional/Business
Operations

SUBJECT: DISTRICT INVESTMENTS

Scope

This investment policy applies to all moneys and other financial resources available for investment on its own behalf or on behalf of any other entity or individual.

Objectives

The primary objectives of the local government's investment activities are, in priority order:

- a) To conform with all applicable federal, state and other legal requirements (legal);
- b) To adequately safeguard principal (safety);
- c) To provide sufficient liquidity to meet all operating requirements (liquidity); and
- d) To obtain a reasonable rate of return (yield).

Delegation of Authority

The governing Board's responsibility for administration of the investment program is delegated to the School District Treasurer and/or Chief Fiscal Officer who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include adequate control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investment, transaction dates, and other relevant information and regulate the activities of subordinate employees.

Prudence

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in Homer Central School District to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)**Diversification**

It is the policy of Homer Central School District to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

Internal Controls

It is the policy of the Homer Central School District for all moneys collected by any officer or employee of the school to transfer those funds to the District Treasurer and/or Chief Fiscal Officer within three (3) days of deposit, or within the time period specified in law, whichever is shorter.

The District Treasurer and/or Chief Fiscal Officer is responsible for establishing and maintaining an internal control structure reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

Designation of Depositories

The banks and trust companies and their affiliated firms authorized for the deposit of monies in accordance, with consideration to financial stability, are designated annually at the Board of Education's Reorganizational Meeting each July.

Collateralizing of Deposits

In accordance with the provisions of General Municipal Law 10 all deposits of Homer Central School District, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

- a) By a pledge of "eligible securities" with an aggregate "market value" as provided by General Municipal Law 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to this policy.
- b) By an eligible "irrevocable letter of credit" issued by an qualified bank other than the bank with the deposits in favor of the government for a term not to exceed ninety (90) days with an aggregate value equal to one hundred forty percent (140%) of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one (1) of the three (3) highest rating categories by at least one (1) nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)

- c) By an eligible surety bond payable to the government for an amount at least equal to one hundred percent (100%) of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two (2) nationally recognized statistical rating organizations.

Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure local government deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which will enable the local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local government, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to Thousand Islands Central School or its custodial bank.

The Custodial agreement shall provide that securities held by the bank: or trust company, or agent of a custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

Permitted Investments

As authorized by General Municipal Law 11, Homer Central School authorizes the District Treasurer and/or Chief Fiscal Officer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- a) Special time deposit accounts;
- b) Certificates of deposit;
- c) Obligations of the United States of America;

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)

- d) Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed United States of America;
- e) Obligations of the State of New York;
- f) Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments;
- g) Obligations issued pursuant to Local Finance Law 24.00 or 25.00 with approval of State Comptroller, by any municipality or district corporation other than Thousand Islands Central School.

All investment obligations shall be payable or redeemable at the option of Homer Central School within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of Homer Central School within two (2) years of the date of purchase.

Authorized Financial Institutions and Dealers

Homer Central School shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investment, which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of Thousand Islands Central School. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The District Treasurer and/or Chief Fiscal Officer are responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

Purchase of Investments

The District Treasurer and/or Chief Fiscal Officer is authorized to contract for the purchase of investments:

- a) Directly, including through a repurchase agreement, from an authorized trading partner.

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)

- b) By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G pg General Municipal Law where such program meets all the requirement set forth in the Office of the State Comptroller Opinion No. 88-46 and the specific program has been authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the local government, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to Homer Central School by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, 10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liability. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provision necessary to provide the local government a perfected interest in the securities.

Repurchase Agreements

Securities purchased under Repurchase Agreements (REPOs) are authorized subject to the following restrictions:

- a) All repurchase agreements must be entered into subject to a Master Repurchase Agreement, which shall specify the rights and obligations of the District and the Seller in all REPO transactions.
- b) Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
- c) Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- d) No substitution of securities will be allowed.
- e) The custodian shall be a party other than the trading partner.
- f) The term of a REPO shall generally not exceed 180 days.

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)

- g) Each REPO shall be confirmed in writing by the Seller, and each security purchased and delivered for safekeeping into an account designated and controlled by the District.

Investments - Operating Regulations

The District Treasurer and/or Superintendent are responsible for the investment of District funds. The District Treasurer and/or Superintendent Officer will make investments based upon projections of the District's cash flow needs, so that investment shall mature at such time when funds are estimated to be needed for the orderly payment of District obligations. The District Treasurer and/or Chief Fiscal Officer shall annually receive and review or have reviewed the financial statements of all financial institutions with which the District is depositing funds or entering into investment transactions and shall determine that the institution has satisfactory financial strength.

Investment will generally be made based upon competitive bids solicited by telephone by the Treasurer or Superintendent and shall be awarded to the highest bidder who has and is willing and able to pledge sufficient and acceptable collateral.

Funds will only be transferred between institutions in the name of the District by using the Federal Reserve Wire Transfer (FedWire) System, or by District check and only by staff as authorized in writing by the District Treasurer. Funds may be transferred within the same institution only between District accounts and by authorized District staff. All deposits shall be made in the name of Homer Central School District.

The District Treasurer will maintain an investment log detailing the specific information relative to each investment. All investment transactions will be promptly entered into the District's accounting system. Comparison of the existing investment to those recorded in the accounting system will be performed routinely. A new monthly report of all existing investments will be provided to the Board.

The District Treasurer shall arrange for the District's Independent Certified Public Accountants to review the Investment Policies and Procedures of the District to be certain they are in conformance with all applicable laws and regulations and shall annually report to the Board of Education concerning that review.

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APPENDIX A
Schedule of Eligible Securities

- a) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- b) Obligations partially insured or guaranteed by any agency of the United States of American, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guaranty;
- c) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or Obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys;
- d) Obligations issued by states (other than the State of New York) of the United States rated in one (1) of the three (3) highest rating categories by at least one nationally recognized statistical rating organization;
- e) Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one (1) of the three (3) highest rating categories by at least one (1) nationally recognized statistical rating organization;
- f) Zero coupon obligations of the United States government marketed as "Treasury strips".

Education Law Sections 1604-a, 1723(a), 2503(1) and 3652
General Municipal Law Section 39
Local Finance Law Section 165

SUBJECT: DISTRICT INVESTMENTS

Whenever the District has funds (including operating funds, reserve funds and proceeds of obligations) that exceed those necessary to meet current expenses, the Board of Education shall authorize the School Business Official to invest such funds in accordance with all applicable laws and regulations and in conformity with the guidelines established by this policy.

Objective

The objectives of this investment policy are four-fold:

- a) Investments shall be made in a manner so as to safeguard the funds of the School District.
- b) Bank deposits shall be made in a manner so as to safeguard the funds of the School District.
- c) Investments shall be sufficiently liquid so as to allow funds to be available as needed to meet the obligations of the School District.
- d) Funds shall be invested in such a way as to earn the maximum yield possible given the first three investment objectives.

Authorization

The authority to deposit and invest funds is delegated to the School Business Official. These functions shall be performed in accordance with the applicable sections of the General Municipal Law and the Local Finance Law of the State of New York.

The School Business Official may invest funds in the following eligible investments:

- a) Obligations of the State of New York.
- b) Obligations of the United States Government, or any obligations for which principal and interest are fully guaranteed by the United States Government.
- c) Time Deposit Accounts placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law. [Banking Law Section 237(2) prohibits a savings bank from accepting a deposit from a local government. This also applies to savings and loan associations.]
- d) Transaction accounts (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law.

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)

- e) Certificates of Deposits placed in a commercial bank authorized to do business in the State of New York providing the Certificates are collateralized as required by law.
 - 1. Deposits in excess of the amount insured by the Federal Deposit Insurance Corporation will be secured in accordance with subdivision 3 of the General Municipal Law Section 10.
 - 2. The District may, in its discretion, authorize the bank designated for the deposit of District funds to arrange for the redeposit of such funds in one or more banking institutions, for the account of the District, through a deposit placement that meets the conditions set forth in General Municipal Law Section 10(2)(a)(ii).
- f) Securities purchased in accordance with a Repurchase Agreement whereby one party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed rate of return (the interest rate).

Implementation

Using the policy as a framework, regulations and procedures shall be developed which reflect:

- a) A list of authorized investments;
- b) Procedures including a signed agreement to ensure the School District's financial interest in investments;
- c) Standards for written agreements consistent with legal requirements;
- d) Procedures for the monitoring, control, deposit and retention of investments and collateral which shall be done at least once a month;
- e) Standards for security agreements and custodial agreements consistent with legal requirements;
- f) Standards for diversification of investments including diversification as to type of investments, and firms and banks with whom the District transacts business; and
- g) Standards for qualification of investment agents which transact business with the District including, at minimum, the Annual Report of the Trading Partner.

This policy shall be reviewed and re-adopted at least annually or whenever new investment legislation becomes law, as staff capabilities change, or whenever external or internal issues warrant modification.

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POLICY

2015

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Business Operations

SUBJECT: DISTRICT INVESTMENTS (Cont'd.)

Education Law Sections 1604-a, 1723(a), 2503(1) and 3652
General Municipal Law Sections 10 and 39
Local Finance Law Section 165

Adopted 3/9/93
Revised: 12/8/15

POLICY

2004

5211

Business Operations

OLD

SUBJECT: OPERATION AND REPORTING OF DISTRICT INVESTMENTS

The Business Office shall prepare an annual report by August 20 of all investment accounts which shall be for the past fiscal year. The report shall include the following information with respect to each of the investments:

- a) The trading partner;
- b) The type of investment;
- c) The investment date;
- d) The maturity date;
- e) The interest rate;
- f) The total interest earned on the investment.

The treasurer shall submit a copy of the ledger of collateral for each investing bank or trust company with the annual investment report.

Adopted: 1988
Revised: 11/30/04