

Non-Instructional/Business Operations

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 Treasurer under the supervision of the Assistant Superintendent for Management Services 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; and
- 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 District Treasurer under the supervision and with the approval of the Assistant Superintendent for Management Services. 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.

All investment obligations shall be payable or redeemable at the option of the Elmira City School District 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 the Elmira City School District within two years of the date of purchase.

Authorized Financial Institutions and Dealers

The Elmira City School District shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the local government

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conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Elmira City School District. 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 Treasurer is 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 Superintendent of Management Services/Treasurer is authorized to contract for the purchase of investments:

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board.
3. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract 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 the Elmira City School District 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 Section 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 liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)**Internal Controls**

It is the policy of the Elmira City School District for all moneys collected by any officer or employee of the government to transfer those funds to the District Treasurer within two days of deposit, or within the time period specified in law, whichever is shorter.

The Assistant Superintendent of Management Services is responsible for establishing and maintaining an internal control to provide reasonable, but 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.

Collateralizing of Deposits

In accordance with the provisions of General Municipal Law Section 10, all deposits of Elmira City 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 GML Section 10 equal to 100% of the aggregate amount of deposits.
- b) By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 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 of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
- c) By an eligible surely bond payable to the government for an amount at least equal to 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 nationally recognized statistical rating organizations.

Safekeeping

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

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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 the Elmira City School District or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or 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 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.

As authorized by General Municipal Law, Section 11, the Elmira City School District authorizes the Treasurer/Assistant Superintendent for Management Services 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) Certificate of deposit;
- c) Obligations of the United States of America;
- d) Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- e) Obligations of the State of New York;
- f) Obligations issued pursuant to LFL Sections 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Elmira City School District;
- g) 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; Certificates of Participation (COP's) issued pursuant to GML Section 109-b;
- h) Obligation of this local government, but only with any moneys in a reserve fund established pursuant to GML Sections 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

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SUBJECT: DISTRICT INVESTMENTS (Cont'd.)**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 School District transacts business; and
- g) Standards for qualification of investment agents which transact business with the School 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.

General Municipal Law Section 39
Education Law Sections 1604-a, 1723(a), 2503(1) and 3656
Local Finance Law Section 165

Adopted: 1/12/99
Revised: 10/11/17