

INVESTMENT POLICY

Parma Public Library will adhere to the Investment Policy adopted by the Town of Parma.

Chapter 73. INVESTMENT POLICY

[HISTORY: Adopted by the Town Board of the Town of Parma 1-4-2000. Amendments noted where applicable.]

§ 73-1. Objectives; types of investment.

The objectives of the Investment Policy of the Town of Parma are to minimize risk; to ensure that investments mature when the cash is required to finance operations; and to ensure a competitive rate of return.

A.

In accordance with this policy, the Chief Fiscal Officer or the officer appointed by the Chief Fiscal Officer is hereby authorized to invest all funds including proceeds of obligations and reserve funds in:

(1)

Certificates of deposit issued by a bank or trust company authorized to do business in New York State.

(2)

Time deposit accounts in a bank or trust company authorized to do business in New York State.

(3)

Obligations of the State of New York.

(4)

Obligations of the United States government.

(5)

Repurchase agreements involving the purchase and sale of direct obligations of the United States.

B.

All funds except reserve funds may be invested in:

(1)

Obligations of agencies of the federal government if principal and interest are guaranteed by the United States.

(2)

With the approval of the State Comptroller, in revenue anticipation notes or tax anticipation notes of other local governments.

C.

Only reserve funds may be invested in:

(1)

Obligations of the Town of Parma.

Adopted by the Parma Public Library Board of Trustees June 6, 2015

§ 73-2. Deposit of funds.

All other Town of Parma officials receiving money in their official capacity must deposit such funds in negotiable order of withdrawal accounts.

A.

Authorized depositories. Public moneys must be deposited in either a bank or trust company located and authorized to do business in New York State. The depositories must be designated by the governing board.

B.

Types of accounts. There are several types of bank accounts in which local governments are authorized to invest idle moneys, including special time deposit accounts and certificates of deposit. These include N.O.W. accounts, Super N.O.W. accounts, money market deposit accounts and seven- to thirty-one-day accounts.

C.

Investment in obligations. Local governments may invest in obligations, such as bonds, notes or other such forms of indebtedness. Generally, obligations of the United States and of the State of New York are permissible investments.

D.

Certificates of deposit. Certificates of deposit (CD's) comprise a major portion of many governments' portfolios because of their familiarity, their direct issuance by traditional depositories, flexible maturities and money market rates of return for larger deposits. CD's are purchased for specific periods of time which may be as short as seven days or as long as a year or more. Federal Deposit Insurance Corporation (FDIC) coverage is provided for government deposits, but only for the first \$100,000 on deposit on behalf of a given entity at a single bank or trust company.

E.

Repurchase agreements. A repurchase agreement (REPO) is a transaction in which a local governmental unit purchases from a trading partner authorized securities. Simultaneously the unit agrees to resell and the trading partner agrees to repurchase the security at a future date. Prices and dates for the sale and resale are agreed upon at the time of the initial purchase by the local government. The security purchased under a repurchase agreement should only be federal securities.

§ 73-3. Investment security.

A.

Security over and above the Federal Deposit Insurance Corporation (FDIC) coverage is required to protect a local government from a possible loss of funds in time deposits or certificates of deposit. The type of security required depends on the nature of the investment.

B.

The FDIC coverage is \$100,000 for demand accounts and \$100,000 for time and savings accounts.

C.

For amounts in excess of FDIC coverage, a pledge of obligations as collateral is required to secure the investment. The obligations which may be pledged are:

(1)

Obligations of the United States.

Adopted by the Parma Public Library Board of Trustees June 6, 2015

(2)

Obligations of agencies of the United States if the payment of principal and interest is guaranteed by the federal government.

(3)

Obligations of New York State.

(4)

Obligations of any municipality, school district or district corporation in the state.

(5)

Obligations of a public authority (Public Authorities Law, various sections); and obligations of a public housing authority (Public Housing Law, § 49).

D.

The Officer in charge should determine on a regular basis whether:

(1)

The transactions are recorded on the books of the custodial bank;

(2)

The proper obligations have been pledged;

(3)

The obligations have an adequate market value to cover the deposits or investments;

(4)

The obligations have been segregated either physically or by appropriate book entry; and

(5)

The fiscal officer's written consent is required for the release and substitution of the pledged obligations.

E.

The bank with which the investment is made will be permitted to hold the collateral in either the bank's trust department or in a custodial account at the Federal Reserve for the benefit of the Town of Parma.