

TOWN OF CATON

FISCAL MANAGEMENT POLICY

Adopted by the Caton Town Board on January 12, 2011

A. INVESTMENT POLICY

The Caton Town Board would like to maximize interest income on all funds not immediately needed for payment of obligations.

Investment of excess funds shall be governed by the regulations contained in Town Law, General Municipal Law, and Local Finance Law. The priorities for investment of funds shall be:

1. Safety
2. Liquidity
3. Yield

B. INVESTMENT REGULATIONS

1.0 AUTHORIZED COMMERCIAL BANKS

The Caton Town Board authorizes the use of commercial banks or trust companies (not savings banks or associations) located and licensed to do business in New York State. The use of private brokerage or investment firms is not authorized by this policy (General Municipal Law 11, local Finance Law 165.00 (b).)

2.0 AUTHORIZED INVESTMENT INSTRUMENTS

The Caton Town Board authorizes the following types of investment instruments for investing Town of Caton monies:

- 2.1 Savings Accounts
- 2.2 Money Market Deposit Accounts
- 2.3 N.O.W. Accounts
- 2.4 Super N.O.W. Accounts
- 2.5 Time Deposit Accounts
- 2.6 Seven to thirty-one day Accounts
- 2.7 Certificates of Deposit
- 2.8 Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

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AUTHORIZED INVESTMENT INSTRUMENTS – Continued

- 2.9 Obligations of the United States and of the State of New York, which include Treasury Bills (T-bills) and Treasury Bonds and Notes.

3.0 DELEGATION OF AUTHORITY FOR INVESTING TOWN MONEY

The Caton Town Board delegates the authority to make the day-to-day investment decisions within the guidelines and limitations of this policy to the:

- 3.1 Caton Town Supervisor, as Chief Financial Officer, and/or

- 3.2 Caton Town Deputy Supervisor

The above persons are hereby authorized to utilize the advisory services of municipal consulting firms in planning the timing, amount, maturity, bidding, placement and reporting on any investments made.

- 3.3 Caton Town Bookkeeper at the direction of either above officer.

4.0 F. D. I. C. INSURANCE AND COLLATERALIZATION

The primary objective of this policy is to enhance the safety and availability of any Town of Caton funds invested.

Regulations of the Federal Deposit Insurance Corporation state that each official custodian of funds of any county, municipality or political subdivision depositing such funds in an insured bank located in the same state shall be insured up to \$100,000 for time and savings accounts per bank and up to \$100,000 for demand deposits per bank (12 Code Federal Regulations Section 330.8).

For amounts in excess of F. D. I. C. coverage, a pledge of obligations as collateral is required to secure the investment. The obligations that may be pledged are:

- (1) Obligations of the United States;
- (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;

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

With respect to obligations pledged to secure deposits and investments, whenever possible such obligations should be delivered to a bank or trust company other than the institution with which the investment is made. If a third party bank is to serve as custodian, the fiscal officer of the local government should require that the bank execute a written custodial agreement which provides, among other things, that any rights of the custodial bank with respect to the collateral are subordinate to the local government's interest. The fiscal officer should also determine on a regular basis whether written confirmation of all collateral has been received from all institutions, in which the Town of Caton has invested funds. This confirmation should be received within five (5) business days of any investment. Any substitution of collateral must have Town of Caton approval.

The Caton Town Board authorizes the designated officials the authority to allow for the physical custody of Certificates of Deposit and other evidences of investments for "safekeeping" possession to the winning bank, as provided in Section 11(3) of the General Municipal Law.

5.0 TRANSFER FUNDS

The Caton Town Board authorizes the designated officials the authority to use electronic transfer of funds, among the approved banking institutions to assist in the movement of monies. Each such transfer shall be specifically identified in the original journal entry as a "wire transfer" and subsequently supported by the bank confirmation notice to provide an audit trail.

6.0 WRITTEN REPORTS

All investments shall be documented in written reports to the Caton Town Board outlining the details of each investment and the bids received thereon. Monthly reporting of investments should be made to the Caton Town Board.

7.0 BONDING POLICY

All Town of Caton employees who are involved with the transaction of Town of Caton funds are bonded through the Town's insurance program. This program should be reviewed and updated annually.