

TOWN OF PARMA INVESTMENT POLICY

A. Investment Policy

The objectives of the Investment Policy of the Town of Parma are to minimize risk, to insure that investments mature when the cash is required to finance operations and to insure a competitive rate of return. The Town Board would like to maximize interest income on all funds not immediately needed for payment of obligations. Investments of excess funds shall be governed by the regulations contained in the Town Law, General Municipal law and Local Finance law. The priorities for investment of funds shall be:

1. To conform with all applicable federal, state and other legal requirements
2. To adequately safeguard principal
3. To provide sufficient liquidity to meet all operating requirements
4. To obtain a reasonable rate of return

B. Delegation of Authority for Investing Town Money

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

1. Town Supervisor as Chief Fiscal Officer
2. Director of Finance

C. Investment Regulations

The custodial agreement shall provide that securities held by the bank or agent of and custodian for the local government will be separate and apart from the general assets of the custodial bank and will not in any circumstances be co-mingled 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 Town of Parma authorizes the chief fiscal officer to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Certificates of deposit

- Special time deposit accounts
- Obligations of the United States of America
- Obligations of the State of New York

All investment obligations shall be payable or redeemable at the option of the Town of Parma within such times as the proceeds will be needed to meet expenditures for purposes for which the monies 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 Town of Parma within two years of the date of purchase.

Banks authorized for the deposit of monies up to the following maximum amount are:

Manufacturers & Traders Trust (M&T)	\$8,000,000.00
First Niagara Bank	\$3,000,000.00

D. Investment Security

The primary objective of this policy is to enhance the safety and availability of any Town funds invested. Regulations of the Federal Deposit Insurance Corporation state that each official custodian of funds of any country, municipality or political subdivision depositing such funds in an insured bank located in the same State shall be insured up to \$100,000.00 for the time and savings accounts per bank and up to \$100,000.00 for demand deposits per bank. (12 Code Federal Regulations Section 330.8)

The Finance Department, with Supervisor's approval should determine on a regular basis whether:

- The transactions are recorded on the books of the custodial bank.
- The proper obligations have been pledged and whenever possible such obligations should be delivered to a bank or trust company other than the institution with which the investment is made.
- The obligations have an adequate market value to cover the deposits / investments.
- The obligations have been segregated either physically or by appropriate book entry.
- The fiscal officer's written consent is required for the release and substitution of the pledged obligations.

E. Bonding Policy

All Town employees who are involved with the transactions of the Town funds are bonded through the Town's insurance program. This program is reviewed and updated annually.