

## **TOWN OF FREMONT INVESTMENT POLICY**

### **SCOPE**

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

### **OBJECTIVES**

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

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.

### **DELEGATION OF AUTHORITY**

The governing board's responsibility for administration of the investment program is delegated to the chief financial officer who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts of investments, 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 the Town of Fremont to govern effectively.

Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise 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.

### DIVERSIFICATION

It is the policy of the Town of Fremont to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

### INTERNAL CONTROLS

It is the policy of the Town of Fremont for all monies collected by any officer or employee of the government to transfer those funds to the chief financial officer within 30 days of deposit, or within the time period specified in law, whichever is shorter.

The chief financial officer is responsible for establishing and maintaining an internal control structure to provide 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 manager in compliance with applicable laws and regulations.

### DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposit of monies are:

Steuben Trust Company – Maximum Amount - \$500,000.00

Five Star Bank – Maximum Amount - \$500,000.00

## COLLATERALIZING OF DEPOSITS

In accordance with the provision of General Municipal Law, 10, all deposits of the Town of Fremont, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Insurance Act shall be secured.

## SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the depository and/or 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 of 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, an assignment in blank to the town or its custodial bank.

The custodial agreement shall provide that securities held by the bank or the 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 comingled with or become part of the banking 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 reevaluation 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, the (unit of government) authorizes the chief financial 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:

1. Special time deposit accounts;
2. Certificates of deposit;
3. Obligations of the United State of America;
4. 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;
5. Obligations of the State of New York;
6. Obligations issued pursuant to LFL 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Town of Fremont;
7. Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general state statues governing such entities or whose specific enabling legislation authorizes such investments;
8. Certificates of Participation (COPs) issued pursuant to GML, 109-b;
9. Obligations of this local government, but only with any monies in a reserve fund established pursuant to GML, 6-c, 6-d, 6-e, 6-g, g-h, 6-j, 6-k, 6-l, 6-m or 6-n.

All investment obligations shall be payable or redeemable at the option of the Town of Fremont 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 to redeemable at the option of the Town of Fremont within two years of the date of purchase.

## AUTHORIZED FINANCIAL INSTITUION AND DEALERS

The Town of Fremont 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 of

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 the Town of Fremont. 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 chief fiscal officer 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.