

INVESTMENTS

I. Statement of Policy

Funds held by the Waterville Central School District (the District) that are in excess of the amount required to meet short term cash flow needs, and are not otherwise encumbered, shall be invested to provide the District with the best rate of return available without exposing the principal to an unreasonable risk of loss.

All investments made on behalf of the District shall comply with the requirements of all applicable federal and state laws, including Education Law, General Municipal Law, and Local Finance Law.

II. Authority to Invest District Funds

As permitted by Section 11 of the General Municipal Law, the Board of Education (the Board) authorizes the Superintendent or designee, as an officer having custody of the District's funds, to invest the District's funds in a manner consistent with this Policy.

III. Standards for Selecting Investments

A. Prudence

All participants in the investment process shall act as custodians of the public trust and shall avoid any transaction that might impair public confidence in the District. They shall make investment decisions with the judgment and care exercised by a reasonably prudent person in the conduct of their own affairs.

B. Conflict Avoidance

All participants in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or impair their ability to make impartial investment decisions.

C. Diversification

Investments of District funds, including bank deposits, are to be diversified in terms of the type of investments made, the maturity dates of investments, and the choice of financial institution or broker to place or hold the investment.

D. Permitted Investments

Consistent with the other provisions of this Policy, the Superintendent or designee may invest funds in the following ways:

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1. special time deposit accounts;
2. certificates of deposit;
3. obligations of the United States 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. certificates of deposits purchased by a bank or trust company in the manner described in, and meeting all the conditions of Section 11(2)(a)(2) of the General Municipal Law; and
7. obligations of this local government, but only with any moneys in a reserve fund established pursuant to General Municipal Law Section 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m, or 6-n.

E. Assured Availability

All investment obligations shall be payable or redeemable at the option of the 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 District within two (2) years of the date of purchase.

IV. Collateralization of Certain Investments

Investments in the form of special time deposits and certificates of deposit shall be collateralized as provided in policy governing District deposits.

V. Purchase and Custody of Investments

A. Purchase of Investment Assets

The Superintendent or designee is authorized to contract for the purchase of investments

1. directly, including through a repurchase agreement, from an authorized trading partner;

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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 Board; or
3. by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the Board.

B. Custody of Investment Assets

All purchased obligations, unless registered or inscribed in the name of the District, 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 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.

C. Segregation of Investment Assets

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the District, 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 District a perfected interest in the securities.

VI. Repurchase Agreements

Repurchase agreements are authorized subject to the following restrictions:

1. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
2. Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
3. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
4. No substitution of securities will be allowed.

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5. The custodian shall be a party other than the trading partner.

VII. Authorized Financial Institutions and Dealers

A. Preparation and Review of List

The Superintendent or designee is responsible for maintaining a list of depositories, trading partners, and custodians whose financial position and record of operations warrants their use by the District. At least once each year, the Board shall review the list with the Superintendent, and adopt a list of approved financial institutions and firms, and designate a limit to the amount of investment to be made with each one.

B. Requirements

All financial institutions in which the District does business must be creditworthy. Banks must agree to provide their most recent Consolidated Report of Condition (Call Report) at the request of the District. Security dealers not affiliated with a bank must be classified as reporting dealers affiliated with the New York Federal Reserve Bank as primary dealers.

VIII. Annual Board Review of Policy

The Board shall review this Policy each year and note said review in the minutes of the meeting at which it occurs.

Waterville Central School District

Legal Ref: NYS Education Law §§1709, 3652; NYS General Municipal Law §§10, 11, 39

Adopted: 05/25/93

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