

## **INVESTMENTS REGULATION**

### **AUTHORIZED INVESTMENTS**

- I. The Business Administrator is authorized to invest all district funds, including proceeds of obligations and Reserve Funds, in the following types of investment instruments:
  - A. Savings Accounts or Money Market Accounts of designated banks;
  - B. Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State;
  - C. Demand Deposit Accounts in a bank or trust company located in and authorized to do business in New York State;
  - D. Obligations of the State of New York;
  - E. Obligations of the Government of the United States of America (viz., U.S. Treasury Bills and Notes); and
  - F. Repurchase Agreements involving the purchase and sale of direct obligations of the United States.
- II. All funds except Reserve Funds may be invested in Revenue Anticipation Notes or Tax Anticipation Notes or other school districts and municipalities, with the approval of the State Comptroller.
- III. Only Reserve Funds may be invested in obligations of the Berlin Central School District.

### **CONDITIONS**

All investments made pursuant to this investment policy shall comply with the following conditions:

I. Collateral

- A. Savings accounts, money market accounts, time deposit accounts, and certificates of deposit shall be fully secured by insurance of the Federal Deposit Insurance Corporation or by obligations of the State of New York, the United States of America, or New York State school districts, or of federal agencies whose principal and interest are guaranteed by the United States. The market value of collateral will at times exceed the principal amount of the certificate of deposit. Collateral will be monitored no less frequently than on a monthly basis.
- B. Collateral will not be required with respect to the direct purchase of obligations of the State of New York, the United States of America, and federal agencies whose principal and interest are guaranteed by the Government of the United States of America.

II. Delivery of Securities

- A. Payment of funds may only be made upon payment of collateral or another acceptable form of security, or upon delivery of government obligations, whether such obligations are purchased outright, or pursuant to a repurchase agreement. Written confirmation of delivery shall be obtained from the custodial bank.
- B. Every Repurchase Agreement shall make payment to the seller contingent upon the seller's delivery of obligations to the United States of America to the Custodial Bank designated by the Berlin Central School District, which shall not be the repurchaser, or in the case of a book-entry transaction, when the obligations of the United States of America are credited to the Custodian's Federal Reserve account. The seller shall not be permitted to substitute securities. Repurchase agreements shall be only for periods of thirty (30) days or less. The Custodial Bank shall confirm all transactions in writing in order to ensure that the District's ownership of the securities is properly reflected in the records of the Custodial Bank.

III. Written Contracts

- A. Written contracts shall be obligatory for certificates of deposit and custodial undertakings and Repurchase Agreements. With respect to the purchase of direct obligations of the United States of America, the State of New York, or other governmental entities in which funds may be invested, the District's interests shall be adequately protected by conditioning payment on the physical delivery of purchased securities to the Custodian's Federal Reserve System account. All purchases shall be confirmed promptly in writing to the District.
- B. The following written contracts are required:
1. the purchase of all certificates of deposit;
  2. the establishment of a relationship with any Custodial Bank; and
  3. all Repurchase Agreements. Only credit-worthy banks and primary reporting dealers shall be deemed qualified to enter into a Repurchase Agreement with the District. The written contract shall stipulate that only obligations of the United States of America may be purchased and that the District shall make payment upon delivery of the securities or the appropriate book- entry of the appropriate securities. No specific Repurchase Agreement shall be entered into unless a master Repurchase Agreement has been executed between the District and the trading partner(s). Whereas the term of the master Repurchase Agreement may be for a reasonable length of time, a specific Repurchase Agreement shall not exceed thirty (30) days in length.

IV. Designation of Custodial Bank

- A. The Board of Education shall designate a commercial bank or trust company authorized to do business in the New York State to act as Custodial Bank of the investments of the Berlin Central School District. Nevertheless, securities may not be purchased through a Repurchase Agreement with the Custodial Bank.

- B. Whenever eligible securities are purchased by the District, the seller shall be required to transfer those securities to the District's Custodial Bank.

V. Selection of Financial Institutions

- A. To the extent practicable, but in no case less often than once each fiscal year, the Business Administrator shall from time to time monitor the financial strength and creditworthiness of all institutions and trading partners through which the District's investments are made.
- B. Investments in time deposits and certificates of deposit are to be made only with commercial banks or trust companies, as permitted by law.

VI. Operations, Audit and Reporting

- A. The Business Administrator or her/his designee shall authorize the purchase and sale of all securities and shall execute contracts for investments and deposits on behalf of the District. All oral directions concerning the purchase or sale of securities shall be confirmed in writing. The District shall pay for purchased securities upon the simultaneous delivery or book-entry thereof.
- B. The Board encourages the purchase and sale of securities through a competitive process.
- C. The District's independent auditors shall audit the investment proceeds of the District for compliance with the provisions of the Board's Investments Policy and these Regulations.
- D. The Board shall be furnished with information about investment earnings on a monthly basis.