

OCRRA 2016

ANNUAL INVESTMENT REPORT

Prepared utilizing the Agency Audited Financial Statements and work papers for 2016

OVERVIEW

This report serves to up-date the Agency's Board on investment activities and practices during 2016. Pursuant to **Resolution #135 of June 12, 1991**, the Agency adopted formal *Investment Guidelines* to protect and safeguard Agency investable assets. Annually, the Board of Directors is to be provided a Summary of *Investment Activities*.

LIMITATIONS ON INVESTMENTS

The Board desires the Agency to adhere to some of the restrictions of NYS Comptroller Investment Guidelines and General Municipal Law, but adherence to these is not required by law as the Agency is a Local Authority. The investment nature of the Agency's funds and accounts are governed by and are restricted by a combination of requirements, including:

- Public Authority Law
- Trust Documents (Master Bond Resolution, Indentures)
- Tax Representative Letter
- OCRRA Investment Guidelines adopted by Resolution
- NYS Banking Law

INVESTMENT PRIORITIES

Having responsibility for significant fund/account balances, the Agency continues to review our investment program under the following criteria:

- **Safety** - Preservation of principal.
- **Liquidity** – Availability of funds as needed.
- **Return on Investment** - Best rate of return throughout budgetary and economic cycles, considering cash flow characteristics. Maximize yield where possible within guidelines.
- **Diversification**-Spreading out investments among several banking institutions to minimize risk.

The following investment vehicles were utilized during 2016:

TYPE OF INVESTMENT	Investments at January 1, 2016	Investments at December 31, 2016
Demand Deposits-Trustee	1,307	2,571
Treasury Bills	4,043,344	3,691,997
Federal Discount Notes	0	348,178
Public Fund Money Market Account-M&T	2,910,128	2,010,029
Public Fund Money Market Acct.-NBT Bank	3,078,039	4,282,582
Public Fund Money Market Account-Chase Bank	265,714	265,844
Totals	10,298,532	10,601,201

INTEREST EARNINGS

The Agency recorded the following interest earnings for invested funds during 2016:

Money Market & Demand Accounts (various institutions)	\$ 5,792
Trustee (U. S. Bank)-all forms of investments	<u>\$ 432</u>
Total for 2016	\$ 6,224

AUTHORIZATION PROCESS

All investment transactions in 2016 requiring dual signatures were completed under prescribed protocols.

COLLATERAL REQUIREMENTS

1. All investments entered into (other than investments in obligations of New York State or the United States Government, or obligations the principal and interest of which are guaranteed by New York State or the United States Government) require full collateralization (generally 102%) regardless of investment type, and a formal third party collateral agreement.
2. Collateral reports are received regularly from investors and all funds were properly collateralized during the year and at year-end (see Attachments A).
3. The Agency Accountants monitor and maintain documentary evidence files of collateralization.

Trustee (US Bank) Related Holdings and Investments

The balances held by the Trustee in accordance with the Indenture of Trust, and invested in Treasury Bills or Demand Deposits were as follows:

	2015	2016
Revenue Fund (undistributed System revenues)	2,475,041	2,449,663
Debt Service Fund (Sinking Fund for scheduled debt)	1,569,610	1,593,083

Fees Paid to Banks/Brokers/Financial Advisors

The Agency did not utilize brokers for investment advice, but rather made internal investment decisions recognizing restrictions, limitations and guidelines, with assistance provided by Fiscal Advisors, Inc. Amongst other duties the Trustee, with direction from the Agency is responsible for investing the moneys held for various purposes under the Indenture of Trust. The following includes the fees that were paid during 2016 for investment related services.

Bank	2016	Service
U.S. Bank, NA. (Trustee)	\$2,000	Trustee for the Restructured Debt and invests balances
Fiscal Advisors, Inc.	\$5,600	Capital Lease planning services

INVESTMENT GUIDELINES

The Agency had adopted a document titled "Investment Guidelines" through Board resolution. This document is reviewed and approved annually by the Board and contains the following information: document purpose, types of permitted investments, authorization, procedures for contracting for securities, standards for investments, monitoring and reporting investment activity.

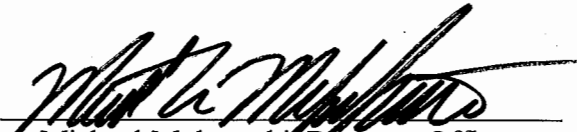
1. Changes to the Guidelines consist of investment options recently approved by the NYS Comptroller allowing placement of funds in federally insured depository institutions through the Insured Cash Sweep service, or ICS. No substantive changes to the intent of the Guidelines or Agency investment procedures result from these changes.

The 2016 financial audit being performed by Grossman St. Amour CPAs PLLC has not noted any control deficiencies or problems regarding Agency investments.

SUMMARY

The Agency believes we are fully compliant with the established Investment Guidelines.

In conjunction with this annual report, the Administration Committee is advised of investment activity with subsequent recommendations to the Board to adopt by resolution.


Michael Mokrzycki, Business Officer

Dated: 2/23/17