

# OCRRA 2015

## ANNUAL INVESTMENT REPORT

Prepared utilizing the Agency Audited Financial Statements and work papers for 2015

### OVERVIEW

This report serves to up-date the Agency's Board on investment activities and practices during 2015. 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 2015:

<b>TYPE OF INVESTMENT</b>	<b>Investments at January 1, 2015</b>	<b>Investments at December 31, 2015</b>
Demand Deposits-Trustee	586,348	1,307
Treasury Bills	1,623,833	4,043,344
Public Fund Money Market Account-Bank of America	124,788	0
Public Fund Money Market Account-M&T	2,926,640	2,910,128
Public Fund Money Market Acct.-Alliance/NBT Bank	3,759,534	3,078,039
Public Fund Money Market Account-Chase Bank	265,645	265,714
<b>Totals</b>	<b>9,286,788</b>	<b>10,298,532</b>

### **INTEREST EARNINGS**

The Agency recorded the following interest earnings for invested funds during 2015:

Money Market & Demand Accounts (various institutions)	\$ 5,626
Trustee (U. S. Bank)-all forms of investments	\$ 264
Total for 2015	\$ 5,890

### **AUTHORIZATION PROCESS**

All investment transactions in 2015 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:

	2014	2015
Revenue Fund (undistributed System revenues)	624,514	2,475,041
Debt Service Fund (Sinking Fund for scheduled debt)	1,583,841	1,569,610
Earnings Fund (interest earnings on Trustee investments)	1,826	0

### **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 2015 for investment related services.

Bank	2015	Service
U.S. Bank, NA. (Trustee)	\$9,504	Trustee for the Restructured Debt and invests balances
Fiscal Advisors, Inc.	\$1,980	Investment and debt 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 2015 financial audit being performed by The Bonadio Group 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.



Warren Simpson, Business Officer

Dated: 2/18/2016