

2023 Annual Investment Report

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OCRRA 2023

ANNUAL INVESTMENT REPORT

Prepared utilizing the Agency Audited Financial Statements and work papers for 2023

OVERVIEW

This report serves to up-date the Agency's Board on investment activities and practices during 2023. 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 2023:

TYPE OF INVESTMENT	Investments at January 1, 2023	Investments at December 31, 2023
Demand Deposits-Trustee	1,324,536	2,356,075
Treasury Bills-Trustee	-0-	3,578,299
Certificates of Deposit-Trustee	5,920,735	173,125
Government Bonds-Trustee	-0-	-0-
Treasury Bills-M&T	8,597,612	8,980,579
Public Fund Money Market Account-M&T	6,446,173	5,487,813
Public Fund Money Market Acct.-NBT Bank	5,715,796	5,938,636
Public Fund Money Market Account-Chase Bank	267,543	267,543
Total Invested Cash	28,272,395	26,782,070
Total Non-Invested Cash Balances	1,575,943	1,214,469

RECONCILIATION OF INVESTMENTS TO GENERAL LEDGER:

Total Invested Cash Balances \$26,782,070

Total Non-Invested Cash Balances: 1,214,469

Investment Report 2023 Grand Total: **\$27,996,539**

Cash and Cash Equivalents G/L: \$21,889,040

Revenue Fund G/L Balance: \$3,670,784

Renewal/Project Fund G/L Balance: \$ -0-

Debt Service Fund 2015 G/L Balance: \$1,934,568

Debt Service Fund 2019 G/L Balance: \$ 502,147

General Ledger 2023 Grand Total: **\$27,996,539**

INTEREST EARNINGS

The Agency recorded the following interest earnings for invested funds during 2023:

Money Market & Demand Accounts (various institutions)	\$ 327,345
Treasury Bills M&T	\$ 445,446
Trustee (U. S. Bank)-all forms of investments	<u>\$ 55,513</u>
Total for 2023	\$ 828,304

AUTHORIZATION PROCESS

All investment transactions in 2023 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.
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, Demand Deposits, or other permitted investments were as follows:

	2022	2023
Revenue Fund 2015 (undistributed System revenues)	3,967,471	3,670,784
Debt Service Fund 2015 (Sinking Fund for scheduled debt)	1,877,318	1,934,568
Renewal/Capital Fund 2019	928,122	-0-
Debt Service Fund 2019 (Sinking Fund for scheduled debt)	472,360	502,147

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 2023 for investment related services.

Bank	2023	Service
U.S. Bank, NA. (Trustee)	\$5,978	Trustee for the Restructured Debt and invests balances
Fiscal Advisors, Inc.	\$2,000	Financial consulting services/filing services

INVESTMENT GUIDELINES

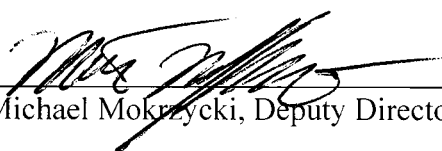
The Agency had adopted a document titled “Investment Guidelines” through Board resolution. This document is reviewed and approved annually by the Board and contains the following information: document purpose, types of permitted investments, authorization, procedures for contracting for securities, standards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

The 2023 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, Deputy Director

Dated: 02/01/2024

**ONONDAGA COUNTY
RESOURCE RECOVERY AGENCY
INVESTMENT GUIDELINES**

Purpose

These investment guidelines are intended to:

1. Establish a system whereby current funds on hand, in excess of immediate needs, and funds required to meet current obligations are invested or placed in appropriate interest-bearing accounts to produce maximum earnings on all such funds.
2. Assure that such investment assets are adequately safeguarded.
3. Assure that adequate accounts and records are maintained which accurately reflect all transactions.
4. Assure that an adequate system of internal control is maintained.
5. Conform to guidelines established by the office of the (NYS) Comptroller.

Types of Permitted Investments

1. Certificates of Deposits with banks or trust companies authorized to do business in New York State, which are also Members of the Federal Deposit Insurance Corporation (FDIC). Collateralization is required for amounts over and above FDIC coverage.
2. Time/Demand deposits in interest-bearing checking/savings account of a commercial bank or trust company authorized to do business in New York State, pending further transfer to maximize earnings.
3. Deposits in "Money Market" accounts of banks or trust company authorized in New York State specified in Item 1. Collateralization is also required as in Item 1.
4. In Repurchase Agreements involving the purchase and sale of direct obligations of the United States.
5. 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. Obligations of the United States Government include Treasury Bills (T-bills) and Treasury Bonds and Notes.
6. Qualified investments made on behalf of the Agency by the trustee named in the Trust Indenture.
7. Savings and/or demand deposit accounts placed through a depository institution that has a main or branch office in this state and that contractually agrees to place funds in federally insured depository institutions through the Insured Cash Sweep service, or ICS.

Note: Banking Law §5237 (2) prohibits a savings bank from accepting deposits from governmental agencies.

Authorization

The Treasurer, Business Officer (Chief Fiscal Officer), or Executive Director shall be authorized to commit the Agency to purchase or liquidate investments. All oral instructions concerning investments shall be promptly followed up with written confirmations, conforming to proper signature levels (over \$100,000 requires dual signatures), with a copy of appropriate documents to the Agency's Treasurer (Board Member), and Agency Confidential Internal Controls Compliance Officer.

Any new, roll over or add on, investments over \$100,000 other than routine transfers of funds to, or between Money Market accounts initiated by the Business Officer and approved by the Executive Director shall be made known to the Treasurer, and Agency Confidential Internal Controls Compliance Officer.

Procedures for Contracting for Securities

Each purchase, sale, or transfer shall be promptly confirmed in writing by the Agency. The investment agent shall promptly send a confirmation of each transaction to the Agency Business Officer.

The Agency requires contracts to be drawn with the financial institutions with which it transacts business. Such contracts and procedures provisions shall include provisions for the monitoring, control, deposit and retention of investments and collateral.

All holders of collateral, or the custodian, shall be required to submit a semi-annual report to the Agency comparing the market value of the collateral to the principal plus accrued interest of the investment.

The Agency will utilize contracts supplied by the financial institutions upon Agency Counsel review and approval.

Standards for Investments

In making permitted investments, selection of investments shall be competitively based. A complete and continuous record of all bids and quotes, both solicited and unsolicited, shall be maintained. Not less than three (3) investment firms or banks shall be solicited prior to an investment transaction and such placement shall be awarded to any firm or bank offering the highest yield amount after consideration of transaction processing costs (such as wire transfer costs).

All investments of the Agency that require collateral (amounts over FDIC limits) shall be so collateralized at least at 100% of the higher of maturity or market value of the investment including accrued interest.

The Agency shall spread permitted investments among two or more financial institutions if possible (please refer to page one of Investment Guidelines for a listing of the types of permitted investments. The Agency will strive to diversify between these types of investments). This will minimize risk of a loss from over-investing with one institution in case of that institution's failure. Although all Agency investments/deposits are either FDIC insured or fully collateralized, diversification of investments among different institutions will minimize the Agency's exposure to risk if unforeseen economic problems occur.

Investment bankers utilized by the Agency will include only nationally recognized highly rated financial institutions. Brokers, agents, dealers, and other investment advisers and agents will include only those that are recognized, highly rated and well established for at least ten years.

Monitoring

Audit

An independent audit of the Agency's investments shall be conducted annually by the Agency Confidential Internal Controls Compliance Officer.

The report of said audit shall be presented to the Audit Committee and made available to the Board.

Investments and cash balances shall be fully (100%) secured by collateral, except as provided below. (*)

Collateral may consist of obligations of, or guaranteed by, the United States of America or the State of New York.

* FDIC insurance may be substituted for collateral as available and up to its limit.

Collateral will be valued to market on a semi-annual basis by the Agency's Business Officer.

Reporting

1. The Business Officer shall annually prepare and present to the Administration Committee and the Board of Directors shall annually approve an investment report which shall include the Agency's investment guidelines, amendments to such guidelines since the last investment report, the investment income record of the Agency, and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment-associated services to the Agency since the previous annual investment report.
2. Annually, the Business Officer shall report to the Agency Board on the investment program. The report shall include a listing of all current investments and the selection of investment bank(s).
3. Annual report of investments shall be submitted to the Office of the State Comptroller, the County Executive, and the County Chief Fiscal Officer. Such report shall include:
 - a. Investment Guidelines and Amendments including explanation.
 - b. The results of the annual independent audit.
 - c. Investment income record.
4. Copies of the Agency's annual investment report shall be made available to the public upon reasonable request, in accordance with Agency policy regarding the Freedom of Information Law.

Amendments to the Investment Guidelines may be made at any time with the approval of and by resolution of the Agency Board after appropriate review by the Administration Committee.

OCRRA

Investment Guidelines

(Revised January 14, 2014, Approved March 19, 2014 by Resolution No. 1880)

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

AUDIT REPORT

TO: Mike Mokrzycki, Deputy Director

FROM: Maria Cirino, Confidential Internal Controls Compliance Officer

AUDIT: Investments

AS OF DATE: December 31, 2023

DATE OF ISSUE: March 4, 2024

PURPOSE

Onondaga County Resource Recover Agency (“OCRRA” or “The Agency”) has established a system whereby current funds on hand, in excess of immediate needs, are invested or placed in appropriate interest-bearing accounts to produce maximum earnings on such funds. The investment nature of OCRRA is governed by and restricted by a number of requirements, including New York State laws. Included in the investments of OCRRA are the Bonds which have all its investments in either US Treasury Bills or cash, as determined by the bondholders. The verification of these assets was traced to bank statements; however the review of authorized signers was not completed during this audit. Review of authorized signers for the bond investments will occur during an audit of the Bonds.

SCOPE

The audit of investments was confined to those investments as of December 31, 2023 and included compliance with Section 2045-k of Public Authorities Law, Section 75 of NY Jurisprudence 2nd, Section 2925 of Public Authorities Law and Section 98a of State Finance Law. The audit included review of OCRRA's investment guidelines, the annual investment report, reporting of investments to the Board, County Executives, and NYS Comptroller and the review of investments and sufficient collateral as of December 31, 2022.

The Confidential Internal Controls Compliance Officer (CICCO) also reviewed the collateral agreements and/or municipal resolutions to determine if appropriate personnel from OCRRA have authorization to approve transactions. Verification of receipt of the 2022 annual investment report by Onondaga County Executives and the State Comptroller was examined during this audit.

DISCUSSION WITH MANAGEMENT

The results of the audit were distributed to Mike Mokrzycki, Deputy Director, on March 4, 2024.

FINDINGS AND RECOMMENDATIONS

I. Authorized Signers

Signature cards and/or municipal resolutions were reviewed to determine if appropriate personnel from the Agency have authorization to initiate transactions, approve wire transfers and/or endorse checks. All signature cards with whom the Agency had investments at the end of 2023 contained the names of current Agency employees. No exceptions noted.

II. Compliance with Applicable Laws

The CICCOCO reviewed the investment guidelines and 2023 investment report for compliance with the following laws and Section 74 of NY Jurisprudence: Section 2045-k of Public Authorities Law, Section 2925 of Public Authorities Law and Section 98a of State Finance Law.

The CICCOCO found that the Agency's documents are in compliance with the above laws and Section 74 of NY Jurisprudence.

Approval and distribution of the Agency's 2022 investment report was completed in a timely manner and by the appropriate party (the Board). The approval of the 2023 investment report is anticipated at the March 2024 Board meeting.

The Agency's investment procedures are found in the investment guidelines document and they include internal controls.

A quarterly investment report for the 2022 4th quarter, 2023 1st, 2nd and 3rd quarters were reviewed by the Administration Committee. No exceptions were noted.

III. Review of Investments

The CICCOCO reviewed the year-end bank statements and tied the amount of the investments to the Agency's 2023 investment report as well as the Agency's general ledger accounts. No exceptions were noted.

The CICCOCO reviewed the collateral statements for December 31, 2023, and found that the Agency's investments were sufficiently collateralized. No exceptions were noted.

CC: Audit Committee