

No. 1979-94

AN ACT

SB 603

Amending the act of February 1, 1966 (1965 P.L.1656, No.581), entitled "An act concerning boroughs, and revising, amending and consolidating the law relating to boroughs," further providing for the investment of funds.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Clause (6) of section 1005, act of February 1, 1966 (1965 P.L.1656, No.581), known as "The Borough Code," is amended to read:

Section 1005. Powers of Council.—The council of the borough shall have power:

* * *

(6) [To make investment (i) of borough sinking funds as authorized by the Municipal Borrowing Law, (ii) of moneys in the general fund or in special funds in United States Treasury bills, or to place such funds in savings accounts or share accounts of institutions insured by the Federal Deposit Insurance Corporation, or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured when in its judgment the interests of the borough will be enhanced thereby, and to dispose of such securities or to withdraw any funds in any such savings account or share account when the funds may be needed by the borough. Any such purchase, sale or withdrawal shall be made by the president and secretary of council by authority of a resolution adopted by the council.] *To (i) make investment of borough sinking funds as authorized by the act of July 12, 1972 (P.L.781, No.185), known as the "Local Government Unit Debt Act"; (ii) make investment of moneys in the General Fund and in special funds of the borough other than the sinking funds as authorized by Article XIII of this act; and (iii) liquidate any such investment, in whole or in part, by disposing of securities or withdrawing funds on deposit. Any action taken to make or to liquidate any investment shall be made by the officers designated by action of the borough council.*

* * *

Section 2. The act is amended by adding a section to read:

Section 1316. Investment of Funds.—(a) Council shall invest borough funds consistent with sound business practice.

(b) Council shall provide for an investment program subject to restrictions contained in this act and in any other applicable statute and any rules and regulations adopted by council.

(c) Authorized types of investments for borough funds shall be:

(i) United States Treasury bills.

(ii) Short-term obligations of the United States Government or its agencies or instrumentalities.

(iii) Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

(iv) Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

(v) Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for borough funds listed in (i) through (iv).

(d) In making investments of borough funds, council shall have authority:

(i) To permit assets pledged as collateral under subsection (c)(iii), to be pooled in accordance with the act of August 6, 1971 (P.L.281, No.72), relating to pledges of assets to secure deposits of public funds.

(ii) To combine moneys from more than one fund under borough control for the purchase of a single investment, provided that each of the funds combined for the purpose shall be accounted for separately in all respects and that the earnings from the investment are separately and individually computed and recorded, and credited to the accounts from which the investment was purchased.

(iii) To join with one or more other political subdivisions and municipal authorities in accordance with the act of July 12, 1972 (P.L.762, No.180), entitled "An act relating to intergovernmental cooperation," in the purchase of a single investment, provided that the requirements of subclause (ii) on separate accounting of individual funds and separate computation, recording and crediting of the earnings therefrom are adhered to.

Section 3. This act shall take effect in 60 days.

APPROVED—The 2nd day of November, A. D. 1979.

DICK THORNBURGH