

No. 1980-94

AN ACT

SB 1189

Amending the act of June 24, 1931 (P.L.1206, No.331), entitled "An act concerning townships of the first class; amending, revising, consolidating, and changing the law relating thereto," further providing for the investment of township funds.

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

Section 1. Section 1705, act of June 24, 1931 (P.L.1206, No.331), known as "The First Class Township Code," reenacted and amended May 27, 1949 (P.L.1955, No.569) and amended May 10, 1951 (P.L.274, No.47), is amended to read:

Section 1705. Sinking Fund; Regulations and Investments.—It shall be the duty of the board of commissioners to cause accounts of the sinking fund and other accounts relating to the indebtedness of the township to be kept, and to see to the proper application and superintend the investment of moneys therein in accordance with law. The commissioners shall meet as often as may be necessary, and keep a record of the proceedings. The board of commissioners **[shall not direct the investment of any moneys to the credit of the sinking fund, except in loans of the township, the loans of the Commonwealth, the loans of the United States, or in deposits in banking institutions, or in shares of building and loan associations, or Federal Savings and Loan Associations, the deposits or shares of which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, respectively, and which deposits or shares shall at no time exceed the maximum amount so insured; they may (i) make investment of township sinking funds as authorized by the act of July 12, 1972 (P.L.781, No.185), known as the "Local Government Unit Debt Act"; and (ii) 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 commissioners. The income derived from such investments or on any bank balances credited to the sinking fund shall be credited and applied only to the sinking fund.**

Section 2. Section 1705.1 of the act, added August 25, 1959 (P.L.753, No.265), is amended to read:

Section 1705.1. **[Temporary] Investment of Township Funds.—**
(a) The board of commissioners shall have power to provide for the **[temporary]** investment of moneys, in the general township fund or in special funds[, in United States treasury bills and for the disposal of such securities when the moneys may be needed, 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].

(b) The township commissioners shall invest township funds consistent with sound business practice.

(c) The commissioners 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 the board of commissioners.

(d) Authorized types of investments for township 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 there-fore 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 instrumen-talities backed by the full faith and credit of the political subdivision.

(v) Shares of an investment company registered under the Invest-ment 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 township funds listed in (i) through (iv).

(e) In making investments of township funds, the board of commissioners shall have authority:

(i) To permit assets pledged as collateral under subsection (d)(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 township 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 3rd day of July, A. D. 1980.

DICK THORNBURGH