

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 586

Session of  
1981

INTRODUCED BY LEVI, DeMEDIO, A. C. FOSTER, JR. AND FRYER,  
FEBRUARY 17, 1981

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, FEBRUARY 17, 1981

AN ACT

1 Amending the act of May 2, 1945 (P.L.382, No.164), entitled "An  
2 act providing for the incorporation as bodies corporate and  
3 politic of 'Authorities' for municipalities, counties and  
4 townships; prescribing the rights, powers and duties of such  
5 Authorities heretofore or hereafter incorporated; authorizing  
6 such Authorities to acquire, construct, improve, maintain and  
7 operate projects, and to borrow money and issue bonds  
8 therefor; providing for the payment of such bonds, and  
9 prescribing the rights of the holders thereof; conferring the  
10 right of eminent domain on such Authorities; authorizing such  
11 Authorities to enter into contracts with and to accept grants  
12 from the Federal Government or any agency thereof; and  
13 conferring exclusive jurisdiction on certain courts over  
14 rates," further providing for the investment of Authority  
15 moneys.

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

18 Section 1. The act of May 2, 1945 (P.L.382, No.164), known  
19 as the "Municipality Authorities Act of 1945," is amended by  
20 adding a section to read:

21 Section 7.1. Investment of Authority Funds.--A. The board  
22 shall have the power to:

23 (a) make investment of Authority sinking funds in the manner  
24 provided for local government units by the act of July 12, 1972

1 (P.L.781, No.185), known as the "Local Government Unit Debt  
2 Act";

3 (b) make investment of moneys in the general fund and in  
4 special funds of the Authority other than the sinking funds as  
5 authorized by this section; and

6 (c) liquidate any such investment, in whole or in part, by  
7 disposing of securities or withdrawing funds on deposit. Any  
8 action taken to make or to liquidate any investment shall be  
9 made by the officers designated by action of the board.

10 B. The board shall invest Authority funds consistent with  
11 sound business practice.

12 C. The board shall provide for an investment program subject  
13 to restrictions contained in this act and in any other  
14 applicable statute and any rules and regulations adopted by the  
15 board.

16 D. Authorized types of investments for Authority funds shall  
17 be:

18 (a) United States Treasury bills.

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

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

29 (d) Obligations of the United States of America or any of  
30 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.

(e) 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 Authority funds listed in clauses (a) through (d).

E. In making investments of Authority funds, the board shall have authority:

(a) To permit assets pledged as collateral under subsection D.(c), to be pooled in accordance with the act of August 6, 1971 (P.L.281, No.72), entitled "An act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis; and authorizing the appointment of custodians to act as pledgees of assets."

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

1     (c) To join with one or more other political subdivisions  
2     and municipal authorities in accordance with the act of July 12,  
3     1972 (P.L.762, No.180), referred to as the Intergovernmental  
4     Cooperation Law, in the purchase of a single investment,  
5     provided that the requirements of clause (b) on separate  
6     accounting of individual funds and separate computation,  
7     recording and crediting of the earnings therefrom are followed.

8     Section 2. Section 8 of the act, amended July 16, 1975  
9     (P.L.56, No.34), is amended to read:

10    Section 8. Moneys of the Authority.--A. All moneys of any  
11    Authority, from whatever source derived, shall be paid to the  
12    treasurer of the Authority. [Said moneys shall be deposited in  
13    the first instance by the treasurer in one or more banks or bank  
14    and trust companies in one or more special accounts or under  
15    savings contracts in savings associations in one or more special  
16    accounts, and each of such special accounts to the extent the  
17    same is not insured shall be continuously secured by a pledge of  
18    direct obligations of the United States of America, of the  
19    Commonwealth or of the municipality or municipalities creating  
20    the Authority, having an aggregate market value, exclusive of  
21    accrued interest, at all times at least equal to the balance on  
22    deposit in such account. Such securities shall either be  
23    deposited with the treasurer, or be held by a trustee or agent  
24    satisfactory to the Authority. All banks, bank and trust  
25    companies and savings associations are authorized to give such  
26    security for such deposits. The moneys in said accounts shall be  
27    paid out on the warrant or other order of the chairman of the  
28    Authority, or of such other person or persons as the Authority  
29    may authorize to execute such warrants or orders.]

30    B. Every Authority whose fiscal year ends December 31, shall

1 file on or before July 1 an annual report of its fiscal affairs  
2 covering the preceding calendar year with the Department of  
3 Community Affairs and with the municipality or municipalities  
4 creating the Authority on forms prepared and distributed by the  
5 Department of Community Affairs; Authorities whose fiscal year  
6 does not end on December 31, shall file the report within ninety  
7 days after the end of their fiscal year. Every Authority shall  
8 have its books, accounts and records audited, annually, by a  
9 certified public accountant, and a copy of his audit report  
10 shall be filed in the same manner and within the same time  
11 period as the aforesaid annual report. A concise financial  
12 statement shall be published annually, at least once in a  
13 newspaper of general circulation in the municipality where the  
14 principal office of the Authority is located. If such  
15 publication is not made by the Authority, the municipality or  
16 municipalities shall publish such statement at the expense of  
17 the Authority. If the Authority fails to make such an audit,  
18 then the controller, auditors or accountant designated by the  
19 municipality or municipalities, are hereby authorized and  
20 empowered from time to time to examine at the expense of the  
21 Authority the accounts and books of the Authority, including its  
22 receipts, disbursements, contracts, leases, sinking funds,  
23 investments, and any other matters relating to its finances,  
24 operation and affairs.

25 C. The Attorney General of the Commonwealth of Pennsylvania  
26 shall have the right to examine the books, accounts and records  
27 of any Authority.

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