
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL
No. 1188 Session of
1980

INTRODUCED BY ORLANDO, STAUFFER, CORMAN, STOUT AND LEWIS,
JANUARY 28, 1980

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, MAY 28, 1980

AN ACT

1 Amending the act of June 23, 1931 (P.L.932, No.317), entitled
2 "An act relating to cities of the third class; and amending,
3 revising, and consolidating the law relating thereto,"
4 providing for the investment of city funds.

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

7 Section 1. Section 1804.1, act of June 23, 1931 (P.L.932,
8 No.317), known as "The Third Class City Code," reenacted and
9 amended June 28, 1951 (P.L.662, No.164) and added May 11, 1951
10 (P.L.306, No.53), is amended to read:

11 Section 1804.1. [Temporary] Investment of City Funds.--(a)
12 The council shall have power to: [provide for the temporary
13 investment of moneys, in the general fund or in special funds,
14 in United States treasury bills, and for the disposal of such
15 securities when the moneys may be needed, or to place such funds
16 in Savings Accounts or share accounts of institutions insured by
17 the Federal Deposit Insurance Corporation or the Federal Savings

1 and Loan Insurance Corporation to the extent that such accounts
2 are so insured.]

3 (1) make investment of city sinking funds as authorized by
4 the act of July 12, 1972 (P.L.781, No.185), known as the "Local
5 Government Unit Debt Act";

6 (2) make investment of moneys in the general fund and in
7 special funds of the city other than the sinking funds as
8 authorized by this article; and

9 (3) liquidate any such investment, in whole or in part, by
10 disposing of securities or withdrawing funds on deposit. Any
11 action taken to make or to liquidate any investment shall be
12 made by the officers designated by action of the council.

13 (b) The council shall invest city funds consistent with
14 sound business practice.

15 (c) The council shall provide for an investment program
16 subject to restrictions contained in this act and in any other
17 applicable statute and any rules and regulations adopted by the
18 council.

19 (d) Authorized types of investments for city funds shall be:

20 (1) United States Treasury bills.

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

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

1 (4) Obligations of the United States of America or any of
2 its agencies or instrumentalities backed by the full faith and
3 credit of the United States of America, the Commonwealth of
4 Pennsylvania or any of its agencies or instrumentalities backed
5 by the full faith and credit of the Commonwealth, or of any
6 political subdivision of the Commonwealth of Pennsylvania or any
7 of its agencies or instrumentalities backed by the full faith
8 and credit of the political subdivision.

9 (5) Shares of an investment company registered under the
10 Investment Company Act of 1940, whose shares are registered
11 under the Securities Act of 1933, provided that the only
12 investments of that company are in the authorized investments
13 for city funds listed in clauses (1) through (4).

14 (e) In making investments of city funds, the council shall
15 have authority:

16 (1) To permit assets pledged as collateral under subsection
17 (d)(3), to be pooled in accordance with the act of August 6,
18 1971 (P.L.281, No.72), relating to pledges of assets to secure
19 deposits of public funds.

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

27 (3) To join with one or more other political subdivisions
28 and municipal authorities in accordance with the act of July 12,
29 1972 (P.L.762, No.180), referred to as the Intergovernmental
30 Cooperation Law, in the purchase of a single investment.

1 provided that the requirements of clause (2) on separate
2 accounting of individual funds and separate computation,
3 recording and crediting of the earnings therefrom are adhered
4 to.

5 SECTION 2. SECTION 2702 OF THE ACT, AMENDED JANUARY 14, 1961 <—
6 (P.L.364, NO.198), IS AMENDED TO READ:

7 SECTION 2702. SINKING FUND COMMISSIONERS; DUTIES.--EXCEPT AS
8 HEREAFTER PROVIDED, THE MAYOR, TREASURER, AND DIRECTOR OF
9 ACCOUNTS AND FINANCE OF EACH CITY SHALL CONSTITUTE A BOARD OF
10 COMMISSIONERS OF THE SINKING FUND OF THE CITY. THE MAYOR SHALL
11 BE CHAIRMAN, AND THE DIRECTOR OF ACCOUNTS AND FINANCE SECRETARY.
12 IN ANY CITY WHICH ADOPTS THE MAYOR-COUNCIL PLAN A PURSUANT TO
13 THE OPTIONAL THIRD CLASS CITY CHARTER LAW, THE MAYOR, TREASURER
14 AND THE CONTROLLER SHALL CONSTITUTE A BOARD OF COMMISSIONERS OF
15 THE SINKING FUND OF THE CITY. THE MAYOR SHALL BE CHAIRMAN AND
16 THE CONTROLLER SHALL BE SECRETARY. THE BOARD SHALL KEEP THE
17 ACCOUNTS OF THE SINKING FUND, SEE TO THEIR PROPER APPLICATION,
18 AND SUPERINTEND THE INVESTMENT OF THE SAME, IN ACCORDANCE WITH
19 LAW AND THE DIRECTIONS OF THE CITY COUNCIL. [THE COUNCIL SHALL
20 NOT DIRECT THE INVESTMENT OF ANY MONEYS TO THE CREDIT OF THE
21 SINKING FUND EXCEPT IN THE LOANS OF THE CITY, THE LOANS OF THE
22 UNITED STATES, OR THE LOANS OF THE COMMONWEALTH OF
23 PENNSYLVANIA.] THE INCOME DERIVED FROM ANY INVESTMENTS SHALL BE
24 CREDITED AND APPLIED TO THE SINKING FUND OR FUNDS, RESPECTIVELY.
25 THE COMMISSIONERS SHALL MEET AS OFTEN AS MAY BE NECESSARY, KEEP
26 A RECORD OF THE PROCEEDINGS, AND SHALL ANNUALLY, IN THE MONTH OF
27 JANUARY, MAKE A REPORT TO COUNCIL OF THE CONDITION AND
28 APPLICATION OF THE FUND, TOGETHER WITH SUCH RECOMMENDATIONS IN
29 RELATION THERETO AS THEY SHALL DEEM EXPEDIENT.

30 Section ~~2~~ 3. This act shall take effect in 60 days. <—