

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1532

Session of
1981

INTRODUCED BY NAHILL, NOYE, MAIALE, J. L. WRIGHT, DAWIDA, TELEK
AND ITKIN, JUNE 10, 1981

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, NOVEMBER 10, 1981

AN ACT

1 Amending the act of February 1, 1966 (1965 P.L.1656, No.581),
2 entitled "An act concerning boroughs, and revising, amending
3 and consolidating the law relating to boroughs," further
4 providing for the investment of funds by the treasurer, and <—
5 ~~permitting trust companies and savings and loan associations~~
6 ~~to be designated as depositories.~~ REMOVAL AND IMPOSITION OF <—
7 LIMITATIONS ON CERTAIN DEPOSITS AND FURTHER PROVIDING FOR
8 AUTHORIZING INVESTMENTS.

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

11 ~~Section 1. Section 1106, act of February 1, 1966 (1965~~ <—
12 ~~P.L.1656, No.581), known as "The Borough Code," is amended and a~~
13 ~~section is added to read:~~

14 ~~Section 1106. Bond and Duties. The borough treasurer shall,~~
15 ~~before entering upon the duties of his office, give bond,~~
16 ~~conditioned for the faithful performance of his duties. He shall~~
17 ~~keep a just account of all receipts and disbursements, and shall~~
18 ~~annually submit his account to the borough auditors or~~
19 ~~controller; he shall pay over all moneys remaining in his hands~~
20 ~~and deliver all books, papers, accounts, and other things~~

1 belonging to the borough, to his successor. All moneys received
2 by any officer, or other person, for the use of the borough
3 shall be forthwith paid to the borough treasurer. He shall
4 deposit all moneys received by him in [a bank or banking
5 institution] ~~banks, banking institutions, trust companies or~~
6 ~~savings and loan associations, which are subject to national or~~
7 ~~State supervision, and the accounts of which are insured by a~~
8 ~~corporation organized under the laws of the Commonwealth, or by~~
9 ~~an instrumentality of the Federal Government, in the name of the~~
10 borough. All expenditures shall be paid out of funds in the
11 treasury only when authorized by the treasurer, upon an order
12 signed by the president of council and the borough secretary and
13 also by the borough controller, if any. Such order shall not be
14 executed unless there is money in the treasury available
15 therefor.

16 ~~Section 1108. Investment of Moneys. The treasurer may, from~~
17 ~~time to time pursuant to ordinance or resolution adopted by the~~
18 ~~council invest and reinvest such moneys of any fund as shall be~~
19 ~~accumulated beyond the ordinary needs of the various funds and~~
20 ~~which are not authorized by law to be invested by any other~~
21 ~~board or commission or borough officer by purchasing~~
22 ~~certificates of deposit from commercial banks domiciled in this~~
23 ~~Commonwealth up to the level equal to twenty percent of such~~
24 ~~bank's total capital and surplus. Certificates of deposit may~~
25 ~~likewise be purchased from savings and loan associations~~
26 ~~domiciled in the Commonwealth up to a level equal to twenty~~
27 ~~percent of such association's assets minus liabilities. Such~~
28 ~~certificates of deposit need not be collateralized. In applying~~
29 ~~the proceeding limitation on investments in certificates of~~
30 ~~deposit, the treasurer must include the similar investments of~~

1 ~~the Borough Employees' Retirement Fund. The treasurer shall not~~
2 ~~at anytime have invested in uncollateralized certificates of~~
3 ~~deposit more than the total amount authorized by ordinance or~~
4 ~~resolution of the council. The treasurer shall purchase~~
5 ~~certificates of deposit under this section pursuant to~~
6 ~~procedures established by ordinance or resolution by the council~~
7 ~~and shall take into account the differences, if any, in~~
8 ~~competitive bids, the financial strength of each of the bidders~~
9 ~~and the services provided to or at the request of the borough~~
10 ~~and any of its departments, agencies, boards, commissions or~~
11 ~~bureaus by each of the bidders.~~

12 ~~Section 2. This act shall take effect in 60 days.~~

13 SECTION 1. CLAUSE (III) OF SUBSECTION (C) OF SECTION 1316, <—
14 ACT OF FEBRUARY 1, 1966 (1965 P.L.1656, NO.581), KNOWN AS "THE
15 BOROUGH CODE," ADDED NOVEMBER 2, 1979 (P.L.458, NO.94), IS
16 AMENDED AND SUBSECTION (C) IS AMENDED BY ADDING CLAUSES TO READ:

17 SECTION 1316. INVESTMENT OF FUNDS.--* * *

18 (C) AUTHORIZED TYPES OF INVESTMENTS FOR BOROUGH FUNDS SHALL
19 BE:

20 * * *

21 (III) DEPOSITS IN SAVINGS ACCOUNTS OR TIME DEPOSITS, OTHER
22 THAN CERTIFICATES OF DEPOSIT, OR SHARE ACCOUNTS OF INSTITUTIONS
23 ORGANIZED AND EXISTING UNDER THE LAWS OF THE COMMONWEALTH AND
24 INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR THE
25 FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION OR THE NATIONAL
26 CREDIT UNION SHARE INSURANCE FUND OR THE PENNSYLVANIA DEPOSIT
27 INSURANCE CORPORATION OR THE PENNSYLVANIA SAVINGS ASSOCIATION
28 INSURANCE CORPORATION TO THE EXTENT THAT SUCH ACCOUNTS ARE SO
29 INSURED, AND, FOR ANY AMOUNTS ABOVE THE INSURED MAXIMUM,
30 PROVIDED THAT APPROVED COLLATERAL AS PROVIDED BY LAW THEREFORE

1 SHALL BE PLEDGED BY THE DEPOSITORY.

2 * * *

3 (VI) CERTIFICATES OF DEPOSIT PURCHASED FROM INSTITUTIONS
4 ORGANIZED AND EXISTING UNDER THE LAWS OF THE COMMONWEALTH AND
5 INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR THE
6 FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION OR THE NATIONAL
7 CREDIT UNION SHARE INSURANCE FUND OR THE PENNSYLVANIA DEPOSIT
8 INSURANCE CORPORATION OR THE PENNSYLVANIA SAVINGS ASSOCIATION
9 INSURANCE CORPORATION TO THE EXTENT THAT SUCH ACCOUNTS ARE SO
10 INSURED, HOWEVER, FOR ANY AMOUNTS ABOVE THE INSURED MAXIMUM,
11 SUCH CERTIFICATES OF DEPOSIT NEED NOT BE COLLATERALIZED.
12 CERTIFICATES OF DEPOSIT PURCHASED FROM COMMERCIAL BANKS SHALL BE
13 LIMITED TO AN AMOUNT EQUAL TO TWENTY PERCENT OF A BANK'S TOTAL
14 CAPITAL AND SURPLUS. CERTIFICATES OF DEPOSIT PURCHASED FROM
15 SAVINGS AND LOAN ASSOCIATIONS OR SAVINGS BANKS SHALL BE LIMITED
16 TO AN AMOUNT EQUAL TO TWENTY PERCENT OF AN INSTITUTIONS ASSETS
17 MINUS LIABILITIES.

18 (VII) ANY INVESTMENT AUTHORIZED BY 20 PA.C.S. CHAPTER 73
19 (RELATING TO FIDUCIARIES INVESTMENTS) SHALL BE AN AUTHORIZED
20 INVESTMENT FOR ANY PENSION OR RETIREMENT FUND.

21 * * *

22 SECTION 2. THE AMENDMENTS AFFECTING SECTION 1316(C)(III) AND
23 (VI) SHALL TAKE EFFECT IN 60 DAYS. THE AMENDMENT AFFECTING
24 SECTION 1316(C)(VII) SHALL TAKE EFFECT IMMEDIATELY AND SHALL BE
25 RETROACTIVE TO JANUARY 1, 1980.