

Town of Islip Community Development Agency

Annual Investment Report

For Year Ended June 30, 2023

In accordance with Sections 2925(6) of the Public Authorities Law, Part 201 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York, and as required by the Town of Islip Community Development Agency's Investment Policy, the Town of Islip Community Development Agency (the "Agency") shall annually prepare an investment report.

Investment Policy

The Agency's Investment policy, originally adopted March 13, 2008, was reaffirmed on January 13, 2022 and March 9, 2023. The primary objectives of the Agency's investment activities shall be the following:

- 1) Safety and preservation of principal in the overall portfolio
- 2) Maintaining the necessary liquidity to match expected liabilities and expenses
- 3) Obtaining a reasonable return

In addition to the above, the Agency must conduct its investment activities in a manner that complies with the General Municipal Law and other legal requirements.

Investment Activity

During the year ended June 30, 2023 the Agency did not hold or invest in any investments (i.e., bonds, stocks, certificates of deposits). The Agency's funds were all held as deposits in two financial institutions:

- Dime Community Bank
- Citibank

The Agency has various checking and money market accounts for the individual grant programs administered as well as tenant security and mortgage escrow accounts. All deposits are in compliance with General Municipal Law and other legal requirements.

In previous years, the Agency held all funds in Citibank. However, in March of 2022, Citibank notified the Agency they would no longer be able to support collateralized deposits effective July 1, 2022. At the end of the fiscal year June 30, 2022, management started closing Citibank accounts and moving funds into Dime Community Bank who could secure a collateral agreement with the Agency's funds. As of March 1, 2023 all accounts, except for the tenant security accounts, had been closed at Citibank. As of February 13, 2024 all tenant security accounts were closed at Citibank.

As of June 30, 2023, all deposits were either insured by the FDIC (\$250,000 for all checking accounts and \$250,000 for all interest-bearing accounts) or collateralized with eligible securities in the Agency's name in third party custodial account.

Investment Income

For year ended June 30, 2023, the deposit accounts earned \$33,457 in interest income. This is significantly higher than the previous year's interest income of \$691 due to a higher interest rate environment and the restructuring of the deposit accounts when moving to Dime Community Bank. This excluded interest on mortgage escrow accounts which are not reported as Agency income.

Investment Expenses

The Agency did not pay any fees, commissions or other charges to brokers, dealers or advisors during the year end June 30, 2023 since there was no investment activity. There were minimal fees assessed by Citibank for the tenant security accounts once the Agency's deposit accounts were moved to Dime Community.

Summary

The Agency has had sufficient cash to pay its liabilities and expenses for the year ended June 30, 2023 and this is expected to continue going into the next fiscal year. In addition, interest income is expected to remain fairly consistent for the year ended June 30, 2024, as the Federal Reserve maintained current interest rates to offset inflation.