

# **INVESTMENT POLICY - #37**

*Adopted August 20, 2007 - BOS VOTE*

## **I. PREFACE**

The investment policy establishes a framework for the safe and prudent investment of public funds.

It also provides guidance and direction for elected officials and staff in the daily conduct of investing activity in addition to improving consistency, creating and defining accountability and in ensuring that laws are followed.

## **II. SCOPE**

The investment policy applies to all financial assets in the custody of the town treasurer of the Town of Ashland, New Hampshire. These funds are accounted for in the Town's annual audited financial reports and include the following:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Agency Funds
- Any new funds created by the Town, unless specifically exempted by the governing body, in accordance with law, or by-law.

Furthermore, the investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds.

## **III. OBJECTIVES**

The investment policy objectives are stated below:

1. To ensure the preservation of capital and the protection of investment principal;
2. To maintain sufficient liquidity to meet operating requirements;
3. To satisfy all legal requirements;
4. To attain market-average rate of return on Investments taking into account risk and legal constraints and cash flow considerations.
5. Assets will only be invested in obligations of the United States Government, public deposit investment pool established pursuant to RSA 383:22, deposits in solvent banks incorporated under the laws of the State of New Hampshire or in certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State Treasurer.

## **IV. DELEGATION OF AUTHORITY**

The investment policy delegation of authority is stated below:

1. In accordance with chapter 41: 29 of the Revised Statutes Annotated (RSA), (Appendix A), of the State of New Hampshire, the responsibility for conducting investment transactions resides with the Town Treasurer, *except in the instance of capital reserve funds, when the responsibility for conducting investment transactions reside with the Trustees of the Trust Funds, in accordance with RSA 35:9, (Appendix 8).*
2. No person may engage in an investment transaction except as provided under the terms of this policy and the internal procedures and controls hereby established.

**V. PRUDENCE**

The investment policy will be conducted in accordance with the "prudent person" standard which requires that:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived,

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict (or appear to conflict) with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the Selectmen any material financial interest in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of this jurisdiction's portfolio,

Employees and officers shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales.

**VI. INTERNAL CONTROLS**

The internal controls for the Town of Ashland shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, imprudent actions by employees and officers of the Town.

- 1. Indemnification: In accordance with RSA 41:6 (Surety Bond Required) (Appendix C),

"Town Treasurers...Shall be bonded by position under a blanket bond from a surety company authorized to do business in this state. The bond shall indemnify against losses through:

- (a) The failure of officers covered to faithfully perform their duties or to account properly for all moneys or property received by virtue of their positions, or
- (b) Fraudulent or dishonest acts committed by the covered officers."

- 2. A system of written internal controls, with regard to investments, shall be established and maintained by the Council, or its designee, and shall be reviewed annually by Town's independent auditors.

**VII. INVESTMENT INSTRUMENTS**

In accordance with RSA 41:29 (Appendix A), funds of the Town of Ashland may be invested in:

- a) United States Treasury securities maturing in less than one year; or
- b) Savings bank deposits of banks incorporated under the laws of the State of New Hampshire; or
- c) Fully insured or collateralized certificates of deposits of banks incorporated under the laws of the State of New Hampshire; or
- d) Fully insured or collateralized certificates of deposits of national banks located within the State of New Hampshire, or in banks recognized by the State Treasurer; or

- e) New Hampshire Public Deposit Investment Pool established pursuant to RSA 383:22; or
- f) Short-term obligations of United States Government agencies; or
- g) Repurchase agreements with banks chartered by the State of New Hampshire and fully collateralized by United States Treasury Bills and such other instruments as may be specifically authorized by the Revised Statutes of the State of New Hampshire.

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll and accounts payable) as well as anticipated revenue inflows.

**VIII. QUALIFIED INSTITUTIONS**

The Town of Ashland will abide to RSA 41:29 and RSA 383:22-24 (Appendix D) as the source and foundation of its qualified Institution criteria.

**IX. SAFEKEEPING AND COLLATERALIZATION**

Deposits shall be fully collateralized with the delivery of US government obligations, US government agency obligations, or obligations of the State of New Hampshire in market value at least equate 100% of the cash deposit in each case. Collateral shall be wired to the municipality's joint custody account at the Federal Reserve Bank of Boston or Federal Reserve Bank of New York no later than the day cash deposits and/or investments are wired/transferred. Safekeeping procedures shall be reviewed annually by the Town's independent auditors.

**X. ACCOUNTING**

All cash bank balances will be reconciled monthly by the Treasurer and reported to the Selectmen on a monthly basis. General ledger entries will be posted to the general ledger system at said time in order to accurately reflect the town's cash position.

**XI. PERFORMANCE EVALUATION**

The Town shall require, from any institution in which investing activity is conducted, sufficient routine reports/documentation to enable an accurate evaluation to be made as to the results of the Town's investment program as it relates to the Town's stated objectives, guidelines and policies, and to assist in revealing areas for potential improvement.

**XII. OTHER**

This policy shall be reviewed at least annually by the Selectmen, or its designee, with changes made as warranted, followed by re-adoption by the governing body.

The Selectmen reserves the right to implement changes to this policy without prior notice if it is deemed in the Town's best interest.

This policy is available for public review and inspection. A copy may be obtained by contacting the Town Administrator.

**XIII. POLICY APPROVAL/AMENDMENTS**

The Selectmen approved adoption of the Town of Ashland Investment Policy at their August 20, 2007 meeting.

*Reviewed: May 7, 2012*  
*Reviewed: July 6, 2015*  
*Reviewed: August 1, 2016*

*Reviewed: September 18, 2017*  
*Reviewed: December 20, 2021*  
*Reviewed: January 3, 2022*  
*Reviewed: January 23, 2023*

## **APPENDIX A - RSA 41:29**

I. The town treasurer shall have custody of all moneys belonging to the town, and shall pay out the same only upon orders of the selectmen, or, in the case of a conservation fund established pursuant to RSA 36-A:5, upon the order of the conservation commission, or in the case of a heritage commission fund established pursuant to RSA 674:44-a upon the order of the heritage commission, or in the case of fees held pursuant to RSA 673:16, II, upon the order of the local land use board or its designated agent, or in the case of a recreation revolving fund established pursuant to RSA 35-B:2, upon the order of the recreation or park commission, or in the case of fees deposited by the town clerk pursuant to RSA 41 :25, upon the invoice of the town clerk, or other board or body designated by the town to expend such a fund.

II. The treasurer shall deposit all such moneys in participation units in the public deposit investment pool established pursuant to RSA 383:22 or in solvent banks in the state, except that funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security for such deposits, United States government obligations, United States government agency obligations, or obligations of the state of New Hampshire in value at least equal to the amount of the deposit In each case. The amount of collected funds on deposit in any one bank shall not for more than 20 days exceed the sum of its paid-up capital and surplus.

III. The town treasurer shall keep in suitable books provided for the purpose a fair and correct account of all sums received into and paid from town treasury, and of all notes given by the town, with the particulars thereof. At the close of each fiscal year, he shall make a report to the town, giving a particular account of all his financial transactions during the year. He shall furnish to the selectmen statements from his books, and submit his books and vouchers to them and to the town auditors for examination, whenever so requested.

IV. Whenever the town treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the town treasurer shall, with the approval of the selectmen, invest the same in obligations of the United States government, in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under the laws of the state of New Hampshire or in certificates of deposits and repurchase agreements of banks incorporated under the laws of the state of New Hampshire or in banks recognized by the state treasurer. At least yearly, the selectmen shall review and adopt an investment policy for the Investment of public funds In conformance with the provisions of applicable statutes.

V. Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

## **APPENDIX B - RSA 35:9**

The moneys in each such fund shall be kept in a separate account and not intermingled with other funds of said municipality. Said capital reserve fund shall be Invested only in deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, or in bonds, notes or other obligations of the United States government, or in bonds or notes of this state, in such stocks and bonds as are legal for investment by banks and associations chartered by this state to engage in a banking business, or in participation units in the public deposit investment pool established pursuant to RSA 383:22. When so invested the trustees hereinafter named shall not be liable for the loss thereof. Any interest earned or capital gains realized on the moneys so invested shall accrue to and become a part of the fund. Deposits in federally or state-chartered banks and associations shall be made in the name of the town, district or county which holds the same as a reserve, and it shall appear upon the books thereof that the same is a capital reserve fund. Any person who directly or indirectly receives any such capital reserve funds for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the town, school district, village district or county depositing or investing such funds. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral. At least yearly, the governing body of the town, school district, village district, or county shall review and adopt an investment policy for the investment of public funds in conformance with the provisions of applicable statutes

**APPENDIX C - RSA 41:6**

I. Town treasurers, trustees as provided in RSA 31:22 and 23, trustees as provided in RSA 53-B:8-a, I, library trustees including alternate library trustees, if any, town clerks, tax collectors and their deputies, and agents authorized to collect the boat fee shall be bonded by position under a blanket bond from a surety company authorized to do business in this state. The bond shall indemnify against losses through:

(a) The failure of the officers covered to faithfully perform their duties or to account properly for all moneys or property received by virtue of their positions; or

(b) Fraudulent or dishonest acts committed by the covered officers.

II. A blanket bond may exclude the town treasurer if a separate fidelity bond for the faithful performance of his duties is furnished by the surety writing the blanket bond.

III. Premiums shall be paid by the town.

IV. The required bonds shall provide for at least a 2-year discovery period from the date their coverage terminates.

V. The commissioner of revenue administration shall adopt rules under RSA 541-A, concerning the amount and form of the surety bonds required under this section.

**APJ>I::NDIX D - RSA 383:22-24**

**383:22 Public Deposit Investment Pool. -**

I. The commissioner shall, with the assistance of the advisory committee created under RSA 383:24, establish and operate, beginning on January 1, 1992, a public deposit investment pool, for the purpose of investing funds of the state, and funds under the custody of governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions and all other public units within or instrumentalities of the state,

II. The public deposit investment pool shall be operated under contract with a private investment advisor, approved by the bank commissioner and advisory committee, The commissioner and advisory committee shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted by rule under RSA 383:23,

III. The commissioner shall make available to prospective depositors detailed information on the public deposit investment pool, similar to that information generally contained in a securities prospectus, The commissioner shall also ensure that periodic statements of accounts and reports on holdings are provided to pool participants relative to their proportionate share of the pool.

IV. The commissioner shall cause an independent audit of the pool to be conducted on an annual basis, The auditor shall be selected by the advisory committee.

**383:23 Rulemaking. -** Prior to January 1, 1992, the commissioner shall, with the approval of the advisory committee, adopt rules, pursuant to RSA 541-A, relative to:

I. Formulation of a disclosure policy and materials to be included in a prospectus and in periodic reports to participants, including:

- (a) A written statement of policy and pool objectives;
- (b) Investment objectives designed to meet the pool objectives;
- (c) A description of eligible investment instruments;
- (d) The credit standard of investment;
- (e) Allowable maturity range of investments;
- (f) The limits of portfolio concentration permitted for each type of security;
- (g) Safekeeping practices;
- (h) Definition of pool participant eligibility;
- (i) Disclosure of size of accounts, size of transactions and administrative costs; and
- (j) Instructions for establishing and utilizing accounts,

II. Investment and administrative policies, practices and restrictions, including the frequency and method used for calculating valuation, yields and earnings,

III. Requests for proposals from investment managers and criteria for reviewing such proposals,

**383:24 Advisory Committee. -**

I. There is established an advisory committee on the public deposit investment pool, consisting of the following members:

- (a) The state treasurer,
- (b)** The commissioner of the department of revenue administration or designee.
- (c) Two members appointed by the New Hampshire Government Finance Officers Association,
- (d) Two members appointed by the New Hampshire Bankers Association.
- (e) One county finance officer appointed by the New Hampshire Association of Counties.
- (f)** One city finance officer, appointed by the New Hampshire Municipal Association.
- (g) One school district finance officer, appointed by the New Hampshire School Boards

Association.

II. The advisory committee shall assist and advise the commissioner on the establishment and operation of the investment pool, including:

- (a) Formulating the disclosure policy.
- (b) Determining eligible investment vehicles.
- (c) Establishing performance standards.
- (d) Monitoring the outflow of funds from financial institutions,
- (e) Determining compliance with written investment policies.
- (f) Conducting periodic reviews of the public deposit investment pool.

