

INVESTMENT POLICY



I. SCOPE:

This investment policy applies to all financial assets of the Town and is the investment policy that applies to all transactions involving the financial assets and related activity of all the funds defined in Section II of this policy.

These funds are accounted for in the Town's annual financial report and include any new funds created by the Town Meeting or the Select Board, unless specifically exempted by the articles of its creation.

II. OBJECTIVES:

Safety of principal is the foremost objective of the Town. Each investment transaction shall seek first to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.

The Select Board seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations and state laws that restrict the placement of public funds. The Town Treasurer is encouraged to represent the Town's best interests in seeking to remove constraints to the efficient investment of its funds.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. They shall avoid any transaction that might impair public confidence in the Select Board's ability to govern effectively.

The financial assets are accounted for in the Town's annual financial report, and include:

- ☐ General Fund
- ☐ Special Revenue Funds
- ☐ Capital Projects Funds
- ☐ Building Projects Fund
- ☐ Forfeiture/Seizure Fund
- ☐ Any new fund created by the Town's citizens at Town meeting or by the Select Board, unless specifically exempted by the articles of its creation.

III. GENERAL POLICY:

1) **AUTHORIZED DEPOSITORIES:** All depository accounts of the Town must be held in the name of the Town. All income payable to the Town and all revenue received by the Town shall be forwarded to the Town Treasurer.

Depositories shall be selected through the Town's banking services procurement process and awarded by the Select Board. In selecting depositories, the credit worthiness of institutions shall be considered, and the treasurer shall conduct a comprehensive review of the prospective depositories' credit characteristics and financial history.

Banks and savings and loan associations seeking to establish eligibility for the Town's certificate of deposit purchase programs shall submit information as required by the Town Treasurer, who shall regularly report to the Select Board, the list of eligible banks and savings and loan associations.

Before accepting funds or engaging in investment transactions with the Town, the supervising officer at each depository shall submit a certification. The document will certify that the officer has reviewed the investment policies and objectives and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the depository and the Town. All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving the Town's funds.

The supervising officer shall agree to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the Town. Employees of any financial institution offering securities or investments to the Town shall be trained in the precautions appropriate to public sector investments and shall be required to familiarize themselves with the Town's investment objectives, policies and constraints.

2) **AUTHORIZED INVESTMENTS:** Assets of the Town may be invested in the following:

- a) Obligations of the U.S. government such as U.S. Treasury securities maturing in less than one year and short-term obligations of U.S. Government agencies approved for investment purposes by the Treasurer of the State of NH;
- b) Participation accounts established with the New Hampshire Public Deposit Investment Pool established pursuant to RSA 383:22;
- c) Savings accounts in solvent banks in New Hampshire;
- d) Certificates of deposit at banks incorporated under New Hampshire law, and
- e) Certificates of deposit at national banks located in New Hampshire.

3) **DIVERSIFICATION:** It is the policy of the Town to diversify its investment portfolio. Investment of assets held in the common cash fund and any other investments shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically by the Treasurer and reviewed by the Select Board.

Deposits placed in the NH Deposit Investment Pool (NHDIP) shall by definition meet this requirement.

- 4) **ETHICS AND CONFLICT OF INTEREST:** Investment officials involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials shall disclose to the Select Board any material financial interests in financial institutions that conduct business within the town, and they shall further disclose any large personal financial investment positions that could be related to the performance of the town portfolio.
- 5) **MATURITIES:** Investments of the Town shall be limited to instruments maturing within one year at the time of purchase
- 6) **POLICY REVIEW:** Annually, at a regular meeting within 90 days of the annual election of local officials, the Select Board shall review this policy for the investment of public funds in conformance with the provisions of applicable statutes.
- 7) **RISK AND PRUDENCE:** The Town recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary non-liquidity. Both the Treasurer and the Trustees are expected to display prudence in the selection of investments in a way to minimize default risk.

The standard of prudence to be used by investment officials shall be the "prudent person" and shall be applied in the context of managing an overall portfolio. Investment officials acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported to the Select Board in a timely fashion and appropriate action is taken to control adverse developments.

IV. TOWN TREASURER DUTIES (RSA 41:29):

- 1) **AUTHORITY AND PROCESS:** The town treasurer shall have custody of all moneys belonging to the town, and shall pay out the same only upon orders of the Select Board, 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 other board or body designated by the town to expend such a fund.

The town treasurer shall deposit all such moneys in participation units in the public investment pool established pursuant to RSA 383:22 or in solvent banks in the state. 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.

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 the town treasury, and of all notes given by the town, with the particulars thereof. At the close of each fiscal year, the treasurer shall make a report to the town, giving a particular account of all financial transactions during the year. The Treasurer shall submit reports to the Select Board that reconcile all depository cash accounts

and public fund accounts established pursuant to RSA 383:22, and submit the treasurer's books and vouchers to them and to the town auditors for examination, whenever so requested.

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 Select Board, invest the same in obligations of the United States government, in the public deposit investment pool established pursuant to RSA 383:22, in savings banks deposits of 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 national banks located within this state.

The Town Treasurer may delegate the following duties to the Town Manager or his/her designee (who must be a town official or employee bonded in accordance with RSA 41:6):

DEPOSITS: All money remitted shall be deposited into the Town of Enfield's depository account, specified by the town treasurer, at least on a weekly basis, or daily, whenever funds remitted from departments collectively totals more than \$1,500.

2) **WRITTEN PROCEDURES:** Management responsibility for the general funds of the Town is hereby delegated to the Treasurer, who shall establish written procedures for the prudent investment of town funds consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Select Board shall review the written procedures. The Treasurer shall be responsible for all transactions undertaken.

3) **REPORTING:** The Treasurer shall see that an investment report is created quarterly that summarizes the quarter's total investment return. The report shall include an appendix that discloses all transactions during the past quarter.

Each quarterly report shall indicate any areas of policy concern and suggested or planned revision of investment strategies. Copies shall be transmitted to the Town's independent auditor.

Within sixty days following the end of the fiscal year the Treasurer shall create a comprehensive annual report on the investment program and investment activity. The annual report shall include 12-month and separate quarterly comparisons of return and shall suggest policies and improvements that might be made in the investment program.

V. TRUSTEES OF TRUST FUNDS DUTIES (RSA 31):

1) **AUTHORITY AND PROCESS:** Management responsibility for Trust Funds and Capital Reserve funds is hereby delegated to the Trustees of Trust Funds.

(31:22) All Trust Funds and Capital Reserve funds shall be administered by a three member Board of Trustees and one trustee shall be elected by ballot at each annual town meeting for a 3-year term. Vacancies shall be filled by the Select Board for the remainder of a term. The trustees shall organize by electing one of their number treasurer who shall keep the records and books for the Trustees, and shall require a voucher or other appropriate evidence before making any disbursements of funds from trust or capital reserve funds.

(31:25) The Trustees shall have custody of all Trust Funds and Capital Reserve funds held by the town. The funds shall be invested only in deposits in any federally or state chartered bank or association authorized to engage in a banking business in the state or in deposits in any credit union in the state, or in state, county, town, city, school district, water and sewer district bonds and the notes of towns or cities in the state ; and such stocks and bonds as are legal for investment by any bank or association chartered by the state; and in participation units in the public deposit investment pool established by RSA 383:22; or in obligations with principal and interest fully guaranteed by the United States government. Shares of mutual funds are also permitted if they are registered with the Securities and Exchange Commission, qualified for sale in the State of New Hampshire consistent with the investment policy adopted by the Trustees of Trust Funds and reviewed annually. When so invested the Trustees shall not be liable for the loss thereof.

(31:36) All deposits and investments shall be made in the name of the town and shall appear upon the books thereof that the same is a trust fund or a capital reserve fund.

(31:25) The Trustees may retain investments as received from donors until the maturity thereof.

(31:25C) The Trustees shall issue an investment report created quarterly that summarizes the quarter's total investment and shall indicate areas of investment or policy concern and suggested strategy.

(31:33) Within sixty days following the end of the fiscal year the Trustees shall create a comprehensive annual report on the investment returns and balances. The annual report shall include year-end balances and annual accrued interest.

(31:38) Copies of reports required of the Trustees and of the auditor thereof shall be filed annually with the attorney general and The New Hampshire Charitable Trust Division and /or as required by New Hampshire statutes.

VI. SAFEKEEPING AND CUSTODY:

Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance. Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third-party custodial safekeeping. The independent auditor shall review safekeeping procedures annually.

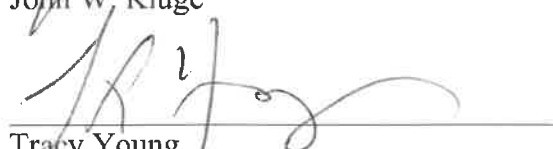
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