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## INVESTMENT POLICY

### TOWN OF NEW DURHAM

### RSA 41:9, VII

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#### **I. SCOPE:**

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

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

#### **II. OBJECTIVES:**

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

The Board of Selectmen 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 Treasurer is encouraged to represent the Town's best interests in seeking to remove constraints to the efficient investment of the Town's 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 board of Selectmen'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 Project Funds
- Forfeiture/Seizure Fund
- Any new fund created by the Town's citizens at Town meeting or by the Board of Selectmen, unless specifically exempted by the articles of its creation.

## Definitions

- Depository: a facility where things can be deposited for storage or safekeeping; “a banking institution”
- Solvent: capable of meeting financial obligations
- Notes: a promise to pay a specified amount on demand or at a certain time

## **III. GENERAL POLICY:**

### **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 deposited by the Town Clerk, Deputy Town Clerk, Tax Collector, Deputy Tax Collector, Deputy Treasurer or Treasurer and recorded with a record forwarded to the Town Treasurer.

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 Treasurer, who shall quarterly report to the Board of Selectmen, 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 documentation certifying that the supervising officer:

- Has reviewed the Town of New Durham’s 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.
- Agree to exercise due diligence in monitoring the activities of other officers and subordinate staff members engaged in transactions with the Town.

All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving the Town’s funds. 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.

### **AUTHORIZED INVESTMENTS:**

Assets of the Town may be invested in the following:

1. 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;
2. Participation accounts established with the New Hampshire Public Deposit Investment Pool established pursuant to RSA 6:45-47;
3. Savings accounts in solvent banks in New Hampshire;
4. Certificates of deposit at banks incorporated under New Hampshire law; and
5. Certificates of deposit at national banks located in New Hampshire.

### **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 as needed by the Town Treasurer and reviewed by the Board of Selectmen.

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

**MATURITIES:**

Investments of the Town shall be limited to instruments maturing within one year at the time of purchase.

**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 Selectmen 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.

**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. The Treasurer is expected to display prudence in the selection of investments in a way to minimize the default risk.

**POLICY REVIEW:**

Each April at the first Board of Selectmen's meeting the Selectmen shall review this policy for the investment of public funds in conformance with the provisions of **RSA 41:9, VII.**

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 Selectmen in a timely fashion and appropriate action is taken to control adverse developments.

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

**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 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 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 monies 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 exceed the sum of its paid-up capital and surplus for more than 20 days

Formal delegation of these responsibilities may be given, pursuant to the provisions of RSA 41:29, VI.

The town treasurer shall keep in suitable books provided for the purpose a fair and correct account of all sums received and paid out by the town treasury, and of all notes given by the town, with the particulars thereof. Within sixty days of 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 monthly reports to the Selectmen that reconcile all depository cash accounts and public fund accounts established pursuant to RSA 6:45-47 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 Selectmen, invest the same in those entities listed under Authorized Investments.

#### **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 the person 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 Board of Selectmen shall review the written procedures. The Treasurer shall be responsible for all financial transactions that are undertaken.

#### **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. Copies shall be transmitted to the Board of Selectmen.

Each quarterly report shall indicate any areas of policy concern and suggested or planned revision of investment strategies. Copies shall be transmitted to the Board of Selectmen and 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. Copies shall be transmitted to the Board of Selectmen.

#### **V. TRUSTEES OF TRUST FUNDS DUTIES:**

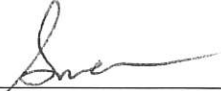
**AUTHORITY AND PROCESS:** In accordance with RSA 31:19 - 38 management responsibility for capital reserve funds, expendable trust funds and trusts funds is the responsibility of the Trustees of Trust Funds.

#### **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.

Adopted by vote of the Board of Selectmen:

  
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David Swenson, Chair

  
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Marc Decoff, Vice Chair

  
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Dorothy Veisel, Member

July 2, 2024

Adopted by the New Durham Board of Selectmen following a Public Hearing conducted on December 17, 2007.

Revised and reapproved on March 7, 2011.  
Reviewed and reapproved on April 2, 2012.  
Reviewed and reapproved on April 1, 2013.  
Revised and reapproved on April 15, 2013.  
Revised and reapproved on April 21, 2014.  
Revised and reapproved on May 5, 2014.  
Revised and reapproved on June 15, 2015.  
Revised and reapproved on May 2, 2016.  
Revised and reapproved on March 26, 2018.  
Revised and reapproved on March 25, 2019.  
Revised and reapproved on April 20, 2020.  
Revised and reapproved on July 2, 2024.

Received and Recorded: August 14, 2024

  
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Alicia Housel, Town Clerk

