

# **Town of Warner NH**

## **Investment Policy**

### **Preface and Scope:**

This Investment Policy provides specific guidelines and requirements for the safe and prudent investment and disbursement of Warner Town Funds including the Town's General Fund and any other funds not under the custody of the Trustees of Trust Funds or the Trustees of the Pillsbury Free Library. With these two exceptions, Warner Town Funds are under the custody and direction of the Town Treasurer. This Policy is consistent with the requirements of RSA 41:29 "Duties of Elected and Appointed Town Treasurers" which the Town Treasurer, Deputy Town Treasurer, and any other person working for or under the direction of the Treasurer shall be obligated to follow.

The Town's Capital Reserve Funds, Trust Funds, and Cemetery Trust Funds that are under the custody of the Town's Trustees of Trust Funds are invested and managed in accordance with the Investment Policy adopted by the Trustees on February 18, 2008 in accordance with New Hampshire RSA 35.9 and RSA 31.25.

The Funds of The Pillsbury Free Library that are under the custody of the Library's Trustees are invested and managed in accordance with the Library's Investment Policy adopted by the Trustees on August 21, 2007 in accordance with New Hampshire RSA 202-A:11.

### **Treasurer's Responsibilities and Powers:**

The Town Treasurer shall have custody of all moneys belonging to the Town of Warner, except those funds specified above which are in the custody of the Town's Trustees of Trust Funds and the Pillsbury Library Trustees, and shall pay out the same only upon orders of the Selectmen; Warner Investment Policy 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 Planning 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 Parks and Recreation 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.

The Treasurer may invest all funds held in his or her custody in participation units in the Public Deposit Investment Pool established pursuant to RSA 383:22. The Treasurer may also invest such funds in deposits including Money Market Accounts, Certificates of Deposit, Repurchase Agreements and other types of Interest Bearing Accounts of Federally Insured Banks chartered under the laws of New Hampshire, or chartered by the Federal Government with a branch within the state. Funds may also be deposited in Federally Insured 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 of the following types:

- (a) United States government obligations; or
- (b) United States government agency obligations in value at least equal to the amount of the deposit in each case.

The Town Treasurer may also invest Town Funds in Obligations fully guaranteed as to Interest and Principal by the United States Government. These Obligations may be held directly, or in the form of Securities of, or other interests in, any open-end or closed-end Investment Company or Investment Trust registered under 15 U.S.C. Section 80a-1 et seq. as long as the portfolio of such Investment Company or Trust is limited to US Government Guaranteed Obligations and repurchase agreements fully collateralized by such Obligations.

The Town Treasurer shall keep on suitable records provided for this 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, the Treasurer shall make a report to the Town and to the New Hampshire Department of Revenue Administration, giving a particular account of all his or her financial transactions during the year and account balances at year end. The Treasurer shall furnish to the Selectmen statements from the Treasurer's books, and submit the books and vouchers to them and to the Town auditors for examination, whenever so requested. All cash balances shall be reconciled monthly by the Treasurer and Bookkeeper. The Treasurer shall report reconciled balance information to the Selectmen and Town Administrator each month. General Ledger entries shall be posted at least weekly to the General Ledger System to reflect accurately the Town's current cash position.

The Treasurer or the Treasurer's designee shall submit a report quarterly to the Selectboard and the Town Administrator summarizing the investment strategies employed in the most recent quarter and describing the securities held by the Town in terms of type of security, maturities, risk characteristics, and other relevant features. The report should explain the total investment return for the quarter comparing that return with budgetary expectations.

#### **Duration and Concentration Risk:**

Duration refers to the average time to maturity of a portfolio of investments. Generally, the longer the time to maturity the higher the investments yield. After first giving full consideration to the Town's operating cash requirements (liquidity) the portfolio of invested assets should maximize yield through longer duration while at the same time not concentrating assets in securities of a particular type or maturity.

The duration of the Town's invested assets should follow the suggested guidelines listed below: For cash requirements anticipated within the next 30 days, 100% of such requirements should be maintained in overnight liquid investments. For projected cash requirements of more than 30 days up to 90 days, 50% of these cash requirements should be kept in 30 day instruments, 35%

in 60 day instruments, and 15% in 90 day instruments.

For projected cash requirements of more than 90 days up to 180 days, 50% should be invested in 90 day instruments, 35% in 120 day instruments, and 15% in 180 day instruments.

For projected cash requirements of more than 180 days up to one year, 75% should be invested in 180 day instruments, 15% in instruments up to 270 days, and 10% invested in instruments not exceeding one year in maturity.

These guidelines are not mandatory. Experience and knowledge in managing the Town's cash requirements should govern the duration of invested assets. The Treasurer must be conservative in managing the maturities of any invested assets, at all times placing more importance on ensuring adequate liquidity over higher yields of longer duration.

### **Security:**

The Treasurer shall insure that prior to acceptance of any moneys for deposit or investment, including Repurchase Agreements, the Federally Insured Bank shall, at the time of such deposit or investment, have such funds secured by collateral having a value at least equal to the amount of such funds in excess of the applicable Federal Deposit Insurance limits for such deposit or investment. 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. Such eligible securities are Obligations of the US Government carrying the full faith and credit guarantee of the US Government including Treasury Bills, Notes, Bonds, Government National Mortgage Association Securities, and debt obligations of Federal Agencies guaranteed by the US Government.

### **Delegation of Authority:**

The Treasurer may delegate deposit, investment, record keeping, or reconciliation functions to other Town officials or employees provided such delegation is in writing and includes written procedures acceptable to the Selectmen and Town Administrator, and is agreeable to all parties involved. However any such delegation shall only be made to a Town official or employee bonded in accordance with RSA 41:6 and rules adopted by the Commissioner of Revenue Administration under RSA 541-A. Such delegation shall not eliminate the responsibility of the Treasurer to comply with all statutory duties required by law.

The Treasurer shall ensure that all moneys remitted shall be deposited at least on a weekly basis, or daily whenever funds remitted from all departments collectively totals \$1,500 or more. Such deposit function may be delegated pursuant to the previous paragraph. However, failure to ensure that funds are being deposited on a timely basis as required by this paragraph shall be cause for immediate removal from office pursuant to RSA 41:26-d.

### **Bonding:**

In accordance with RSA 41:6 The Warner Town Treasurer shall be bonded by position under a Blanket Bond from a surety company authorized to do business in the State of New Hampshire. The Bond shall indemnify against losses through;

The failure of Officers covered to faithfully perform their duties or to account properly for all monies or property received by virtue of their positions or, fraudulent or dishonest acts committed by the covered Officers.

The required Bonds shall provide for at least a two year discovery period from the date their coverage terminates.

### **Ethics and Conflict of Interest:**

Officers and Town employees involved in the investment process shall refrain from any personal business activity which could conflict with the proper execution of the Town's investments or which could impair their ability to make impartial investment decisions. They must disclose to the Selectboard and Town Administrator any material financial interest in financial institutions doing business with the Town of Warner. Officers and Employees of the Town shall subordinate their personal investment transactions to those of the Town.

Prior to accepting funds or engaging in investment transactions with the Town of Warner an authorized official at each financial institution or bank shall submit a certification stating that the official has reviewed the Town's Investment Policies and agrees to disclose any potential conflicts or risks to public funds that might arise out of business transactions between the institution or bank and the Town. All financial institutions shall agree to take reasonable efforts to avoid imprudent transactions involving the Town's funds.

### **Internal Controls:**

The Selectmen are responsible for establishing and maintaining an Internal Control structure designed to ensure that the assets of the Town of Warner are protected from loss, theft, or misuse.

The Selectboard shall provide written internal controls with regard to Investment Policy and Procedures which shall be reviewed annually by the Town's Independent Auditors and revised as needed.

### **Safekeeping:**

The original of any Agreement to Secure Deposits, Letter of Credit, Bank Instrument, Bank Resolutions, Approvals, Authorizations, Evidence of Investments, Certificated Securities, shall be kept with the Town Office in a secure fireproof cabinet accessible only to the Selectmen, Town Administrator, or their designee.

**Review and Amendment:**

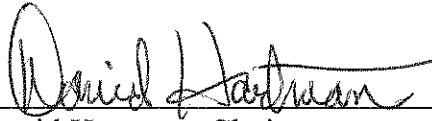
The Town of Warner Investment Policy shall be reviewed at least annually by the Selectboard and Town Administrator and can be amended if necessary at the direction of the Selectmen.

This Policy is available for public review and inspection by contacting the Town Administrator.

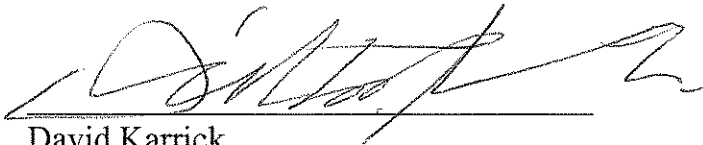
A copy of this Policy shall be posted on the Town of Warner Website.

Signed this 14<sup>th</sup> day of May 2013

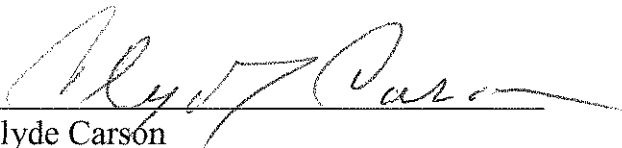
WARNER BOARD OF SELECTMEN



David Hartman, Chairman



David Karrick



Clyde Carson