

INVESTMENT POLICY

TOWN OF BROOKFIELD, NEW HAMPSHIRE

SECTION I: SCOPE

This Investment Policy applies to all financial assets of the Town of Brookfield, and to all transactions involving the financial assets and related activity of all the foregoing funds. This policy will work in conjunction with the "Town of Brookfield, New Hampshire Trustees of Trust Funds" investment 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 Board of Selectmen, unless specifically exempted by the articles of its creation.

SECTION 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 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 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 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
- Revolving Funds

And 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.

SECTION III: GENERAL POLICY

AUTHORIZED DEPOSITORIES: All depository accounts of the Town must be held in the name of the Town of Brookfield. 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 Board of Selectmen. 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 as well as 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 regularly report to the Board of Selectmen, the list of eligible savings and loan associations as well as banks.

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 of 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 US Government such as US Treasury securities maturing in less than one year and short-term obligations of the US 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 at 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 Board of Selectmen.

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 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.

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

6. **POLICY REVIEW:** Annually, the Selectmen 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 Selectmen in a timely fashion and appropriate action is taken to control adverse developments.

SECTIONS 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, upon the order of the local land use board or its designated agent, or in the case of a revolving fund established pursuant or RSA 31:95-h. upon the order of the Board of Selectmen, or other board or body designated by the Town to expend such a fund.

The Town Treasurer shall deposit all such money 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 and paid by 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 monthly reports to the Selectmen 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 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 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 the state.

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 the people 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 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 suggest 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.

SECTION V: DELEGATION OF AUTHORITY

In accordance with RSA 41:29 VI, the responsibility for conducting investment transactions resides with the Town Treasurer, with the approval of the Board of Selectmen. However, the Treasurer may delegate investment functions to other town officials or employees provided such delegation is in writing and includes written procedures acceptable to the Board of Selectmen, and is agreeable to all parties involved. Any such delegate shall be 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.

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.

SECTION VI: INVESTMENT ACTIVITIES

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

Indemnification: In accordance with NH RSA 41:6 Surety Bond Required, "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."

The Treasurer conducts investment transactions via written instructions and reviews the bank statements to ensure that the appropriate transactions were made per instructions. The Treasurer, on a monthly basis review and reconciles all bank account activity and records it in a cash reconciliation spreadsheet that shall be balanced monthly with the Town's accounting system. Monthly reports to the Selectmen following the prior month's close.

SECTION VII: TRUSTEES OF TRUST FUNDS DITIES (RSA 31:22; 31:2a)

AUTHORITY AND PROCESS: Management responsibility for Capital Reserve Funds is delegated to the Trustees of Trust Funds.

A three-member Board of Trustees shall administer all trusts. A ballot at each Annual Town Meeting elects one trustee for a 3-year term. Vacancies shall be filled by the Selectmen for the remainder of the term. The Trustees shall organize by electing one of their members as bookkeeper, who shall keep the records and books for the Trustees and shall require a voucher before making any disbursements of funds from said trusts.

The Trustees shall have the custody of all Trust Funds held by the Town. The funds shall be invested in accordance with the most currently adopted Trustees of Trust Funds Investment Policy Statement.

WRITTEN PROCEDURES: Management responsibility for the Reserve and Trust Funds of the Town is the Trustees of Trust Funds, who shall establish written procedures for investment of such funds consistent with the Trust Funds Investment Policy Statement. Such procedures shall include explicit delegation of authority to the people 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 Trustees. The Board of Selectmen shall review the written procedures. The Trustees shall be responsible for all transactions undertaken.

REPORTING: The Trustees shall see that an investment report is created quarterly that summarizes the quarter's total investment return. Each quarterly report shall indicate any areas of policy concern and suggest or planned revision of investment strategies.

Within sixty days following the end of the fiscal year the Trustees 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 of all reports required of the Trustees and of the auditor thereof shall be filed annually with the NH Attorney General and NH Department of Revenue or otherwise as required by NH Statute.

SECTION VIII: 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.

SECTION IX: AMENDMENTS:

This Policy may, from time to time, be amended by a majority vote of the Board of Selectmen at a regularly scheduled Board meeting.

