



Town of Allentown
New Hampshire

FINANCIAL POLICIES & PROCEDURES

Town of Allentown, NH

Title

INVESTMENT & CASH MANAGEMENT POLICY

Original Adoption Date

12/01/2008

Revision – No. & Date

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I. PURPOSE

The purpose of this Policy is to comply with RSA 41:9 VII, which requires the Board of Selectmen to annually review and adopt an investment policy for the investment of public funds, and to provide a framework for the Town Treasurer to carry out the policy objectives.

II. AUTHORITY/ACCOUNTABILITY

This Policy has been enacted pursuant to the statutory authority granted to the Board of Selectmen by RSA 41:9 VII and to the Town Treasurer by RSA 41:29 IV. These RSA's are incorporated by reference and made part of this Policy as Appendix A.

III. POLICY STATEMENT

The primary objective of the Town of Allentown's investment policy is to set forth appropriate investment activities that provide for, first and foremost, the safety of principal, as well as sufficient liquidity to support operations while generating a reasonable investment yield. Investment review will encompass, but not be limited to, the parameters set in this policy of the relevant variables and ratios for the various types of investments allowed. Investment purchases will be made with the intent of the investment being held long term (1 year or longer).

The specific investment policy objectives are stated below:

1. To ensure the preservation of capital and the protection of investment principle by investing in instruments authorized by State Law, as outlined in Section VIII of this policy;
2. To maintain sufficient liquidity to meet operating requirements for both the town and school district;
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. Where circumstances may arise and/or in maintaining compliance with this policy, the security and preservation of principal will take precedent over the derivation of interest.
6. The desired return of investments shall be maximized, subject to #4 and #5 above whenever possible, by obtaining competitive bids. The Town Treasurer will endeavor to have 100% of all available funds invested on a day-to-day basis.
7. The overall investment program shall be designed and managed with a degree of professionalism. Any transaction that may impair public confidence shall be avoided. A diversified portfolio will be adhered to. Although a rare loss may occur, it may be considered within the context of the overall portfolio's investment return, provided adequate diversification was implemented.



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IV. DEFINITIONS

- A. *“Board”*: Means the Board of Selectmen for the Town of Allenstown.
- B. *“Collateral”*: Underlying securities that are pledged to secure deposits of public funds.
- C. *“Market-average Rate of Return”*: The amount of income received from an investment, expressed as a percentage (also referred to as investment yield), that an investor can expect to receive in the current interest-rate environment.
- D. *“Repurchase Agreement”*: A transaction in which a holder of securities sells those securities to an investor with an agreement to repurchase those securities for a fixed price at an agreed-upon date.
- E. *“Safekeeping”*: A procedure where securities are held by a third party acting as custodian.
- F. *“School District”*: Allenstown School District
- G. *“State Law”*: Refers to various Revised Statutes Annotated (RSA’s) of the State of New Hampshire, as amended, as referenced throughout the policy.
- H. *“Town”*: Town of Allenstown, New Hampshire

V. SCOPE

The investment policy applies to all public funds held in the custody of the Town Treasurer. This does not include funds held by the School District, Library Trustees or Trustees of the Trust Funds. The funds held by the Treasurer are accounted for in the Town's annual audited financial reports and include the following:

- General Fund
- Special Revenue Funds – which include funds overseen by the Conservation Commission and Cemetery Trustees.
- Agency Funds – which include impact fee funds
- Capital Projects Funds
- Any new funds created by the Town, unless specifically exempted by the governing body, in accordance with law.

Furthermore, the investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds. This policy does not apply to funds held in escrow for performance bonds, which are held in an interest-bearing deposit account at an approved banking institution.



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VI. DELEGATION OF AUTHORITY

The investment policy delegation of authority is stated below:

1. In accordance with RSA 41:29 VI, the responsibility for conducting investment transactions resides with the Town Treasurer, with the approval of the Board. 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, and is agreeable to all parties involved. 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.
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.

VII. PRUDENCE AND ETHICAL STANDARDS

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. Elected officials 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. Such individuals shall disclose to the Board any material financial interest in financial institutions that conduct business with the Town, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Town's portfolio.

VIII. INVESTMENT ACTIVITIES/GUIDELINES

A. Internal Controls

The internal controls for the Town of Allenstown 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 elected officials and employees of the Town.

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



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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. The Treasurer conducts investment transactions via written instructions and reviews the bank statements daily to ensure that the appropriate transactions were made per the instructions. The Treasurer, on a monthly basis, reviews and reconciles all bank account activity. The administrative assistant records the investment transactions in the general ledger.

B. Investment Instruments

In accordance with RSA 41:29 II and IV, funds of the Town of Allenstown may be invested in any of the following type of securities:

1. Deposits, including money market accounts or certificates of deposit, of federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state (refer to Appendix B for the annual list of banks recognized by the State Treasurer); or funds may 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;
 - (b) United States government agency obligations; or
 - (c) Obligations of the state of New Hampshire in value at least equal to the amount of the deposit in each case.
2. New Hampshire Public Deposit Investment Pool (NHPDIP) established pursuant to RSA 383:22.
3. Obligations fully guaranteed as to principal and interest by the United States government. The obligations may be held directly or in the form of securities of or other interests in any open-end or closed-end management-type investment company or investment trust registered under 15 U. S.C. section 80a-1 et seq., if the portfolio of the investment company or investment trust is limited to such obligations.

The Town Treasurer shall recommend new investment products and services for approval to the Board of Selectmen who shall have the authority, with due consideration of the herein policy, to alter the types of securities eligible for investment.

C. Portfolio Diversification and Diversification by Instruments



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The Town's investment portfolio shall be diversified. Over concentration in a maturity, an instrument, or institution/issuer is to be avoided.

| <u>Diversification by Instrumentation</u> | <u>Maximum Percent of Portfolio</u> |
|---|-------------------------------------|
| Overnight Investments | 100% |
| U.S. Treasury Obligations | 90% |
| NH Public Deposit Investment Pool | 50% |
| Certificates of Deposit | 75% |

D. Maturities

Other instruments as may be specifically authorized by amendments to the State Law. Whenever possible, maturities of investments purchased shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (school district remittances, payroll and accounts payable) as well as anticipated revenue inflows. However, the maturity characteristics of the portfolio must comply with the following schedule:

| Total Portfolio Required Minimum Percentage Investments Maturing of Total Portfolio |
|---|
| Under 30 days - 10% minimum |
| Under 90 days - 30% minimum |
| Under 180 days - 50% minimum |
| Under 1 year - 100% minimum |

E. Qualified Financial Institutions

1. The Town Treasurer shall determine the primary banking institution to be used by the Town, in conjunction with the Board, who is responsible for establishing the budgetary parameters under which the Town Treasurer may operate. The Town shall utilize Appendix B as the source and foundation of its qualified institution criteria for the deposit of public funds. Any entity outside of the list in Appendix B, that the Town may utilize to purchase investment instruments, must have an investment grade rating issued by Moody's and S&P at a minimum of Aa2 and AA, respectively. Refer to Appendix C for the Moody's and S&P ratings definitions.
2. The Board, in conjunction with the Town Treasurer, shall periodically review the banking relationship and determine if there is a need to undertake a competitive bidding process for the selection of banking, investment and/or cash management provider(s). If a competitive bid is sought, the investment of Town funds, in accordance with this policy, will be a key consideration in assessing and awarding such bid. Once awarded, it is the responsibility of the provider to maintain investments within the parameters of this policy, with the understanding that each individual investment will not necessarily be competitively bid by the provider, but will meet the investment criteria as proposed and agreed.



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3. Financial institutions bidding on the Town investments will provide the Town Treasurer with quarterly financial reports for the individual institution, as well as the appropriate holding company. To qualify to bid on investments, reports should be received by the Town within forty (40) days from the end of the quarter. The reports shall include the total capital and total assets in order that a determination may be made regarding total investments in each institution.

Equity Capital and Total Assets: The quarterly report preferred is the Consolidated Report of Condition (FFIEC 032), the Consolidated Financial Statements for Bank Holding Companies (FR Y-9 C), or another comparable report submitted by approved institutions.

4. Financial institutions will prepare safekeeping receipts or Certificates of Deposit for each investment made and transmit to the Town of Allentown that day as proof of purchase.
5. Special care will be exercised by the Financial Institution's Investment Officer when considering new investment products and services. The financial institution must submit a verifiable record of successful implementation in other public jurisdictions. If a securities dealer presents a new investment strategy or instrument, the Town Treasurer shall obtain independent opinions regarding the viability and prudence of such proposals before acting.
6. The transfer of principal and interest to Town accounts shall be made daily unless the Town Treasurer agrees otherwise.
7. No Town of Allentown deposits are to be transferred out of New Hampshire and Massachusetts.

F. Selection of depository and Broker/Dealer Institutions

A copy of these investment guidelines shall be delivered to the senior management of any firm, dealer, broker or financial institution seeking to conduct business with the Town of Allentown, New Hampshire.

Before transactions are initiated:

1. The Town Treasurer is to be provided with adequate documentation to evaluate:
 - a. Financial History
 - b. Credit-worthiness
 - c. Capitalization
 - d. Reputation
 - e. Economic viability
 - f. Competitiveness
2. The Board of Selectmen must approve the depository or broker/dealer.



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G. Financial Institution Criteria

Deposits and investments (including monies on deposit as a component of the cash management and banking services contract) in any one bank shall not at any time exceed amounts determined by the computation of the ratio of total equity capital to total assets for any one institution using the following formulae:

1. Limited to an average of \$3,000,000 or 60% of the total capital, whichever is less, for those institutions that have capital to asset ratios of 6.00% to 6.50% unless collateralized.
2. Limited to an average of \$5,000,000 or 60% of the total capital, whichever is less, for those institutions that have a capital to asset ratio in excess of 6.50% unless collateralized.
3. Any investments or deposits in excess of the above limitations must be collateralized.
4. No investment or deposit shall be made in any institution with a capital to asset ratio less than 6%, unless:
 - a. the investment is collateralized; or
 - b. the amount is within FDIC (Federal Deposit Insurance Corporation) or FSLIC (Federal Savings and Loan Insurance Corporation) insured limited.
5. If any institution's (within which the Town shall have funds invested) debt/equity ratio decreases in two consecutive quarters, the Town Treasurer may use his/her discretion in achieving compliance with investment levels. If the institution is requested to collateralize investments, it shall do so immediately.
6. The Town Council reserves the right to implement changes to this policy without prior notice to a financial institution /if it is deemed necessary to safeguard its assets.

H. Safekeeping and Collateralization

In accordance with RSA 41:29 V, the Town Treasurer shall ensure that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall have such funds, at the time of deposit or investment, secured by collateral having a market value at least equal to 102% of the amount deposited or invested in each case. Such collateral shall be held by a third party custodian and segregated for the exclusive benefit of the town. Collateral is marked to market at least weekly and daily when appropriate. Collateral maturity should coincide with the investment maturity. Collateral shall be delivered upon the Town Treasurer's direction. The Town maintains a joint custody account at the Federal Reserve Bank of Boston. Collateral shall be wired no later than the day cash deposits and/or investments are wired / transacted.



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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. Refer to Appendix D for the relevant section of the New Hampshire Administrative Rules.

The banking institution shall provide the Town Treasurer with at least monthly reports of the Town's collateral position. In addition, collateral agreements shall comply with provisions set forth in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), which require that the collateral agreement be:

1. in writing;
2. approved by the Board of Directors of the depository or its loan committee;
3. lists no specific pledged securities; and
4. has been, continuously, from the time of its execution, an official record of the depository institution.

I. Investment Bidding Procedure

Funds are invested in the NH PDIP and in the Financial Institution, which was selected as part of the competitive cash management and banking bid. For other invested funds, bids will be solicited of all qualified financial institutions in amounts of \$100,000 or greater. In the event time does not permit bidding procedure to be implemented, investments may be rolled over once, for not more than sixty (60) days.

1. Town Treasurer will contact all qualified institutions on the bid list telling them the maturity and amount on which bids are being solicited.
2. Institutions will call back bids by the time designated, normally 10:30 A.M.
3. The award of investment will be determined as follows:
 - a. The Town could accept bids on both collateralized and uncollateralized investments simultaneously. Collateralized investments may be given the highest priority. Additionally, collateral with the least risk (those held by the Town or by the Town's agent in the Town's name) will be granted consideration over collateral held by the pledging financial institution's trust department or agent. Each category, (i.e., collateral held in the Town's name; collateral held in the pledging institution's name or uncollateralized investments) will have awards made to highest percentage (%) bid, provided the financial institution meets all other investment criteria. The Town Treasurer has the option of refusing all bids if the bids are lower than the current overnight investment rate the Town is earning while maintaining a diversified portfolio. A tie bid will be broken with a coin toss or drawing of lots in the event there are more than two tie bids.
 - b. A wire transfer of funds will be made to the winning bidder within three (3) hours of request and no later than the same business day.
 - c. Interest paid shall be from date of bid award to date of maturity.



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- d. All bidders will be notified by e-mail of the results following the award. If not notified, bidders may call the Town Hall after 1:00 PM on the same day.
- e. Financial institutions will prepare safekeeping receipts or Certificates of Deposit for each investment made and transmit the same to the Town of Allenstown by 4:00 PM as proof of purchase.

J. Reporting

At least annually, and in periods of significant investment activity, on a monthly basis, the Town Treasurer shall include a summary of investment activity in the Treasurer's Report submitted to the Board. The report shall summarize the investment strategies employed, and describe the portfolio in terms of investment securities, maturities, risk characteristics and other features. The report shall explain the transaction detail, expected total investment return and actual results.

K. 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.

IX. AMENDMENTS

This Policy may, from time to time, be amended by a majority vote of the Board, at a regularly scheduled Board meeting. It will, at a minimum, be reviewed and adopted annually by the Board.

X. EFFECTIVE DATE

This policy, and any amendments made thereto shall take effect immediately following a majority vote of the Board at a regularly scheduled Board meeting and being recorded with the Town Clerk.



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XI. SIGNATURES

| | Position | Signature | Date |
|---|-----------------------------------|---|-----------|
| Prepared By: Shaun Mulholland | Town Administrator |  | 1/13/2014 |
| Reviewed & Approved By: Jason Tardiff | Board of Selectman Chairperson |  | 1/13/2014 |
| Jeff Gryval | Board of Selectman |  | 1/13/2014 |
| Sandra McKenney | Board of Selectman |  | 1/13/2014 |

XII. POLICY & PROCEDURE REVISION HISTORY

| | Section | Changes Made | Approvals | |
|-----------|---------|--------------|-----------|------|
| | | | By | Date |
| New | | | | |
| Amendment | | | | |



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APPENDIX A

CHAPTER 41

CHOICE AND DUTIES OF TOWN OFFICERS

Selectmen

Section 41:9

41:9 Financial Duties. –


I. The selectmen shall pay all sums of money received by them in behalf of the town to the town treasurer immediately after receipt, and state to him from whom and for what received.

II. They shall draw orders upon the treasurer for the payment of all accounts and claims against the town allowed by them, and take proper vouchers therefore.

III. They shall keep a fair and correct account of all moneys received, all accounts and claims settled and all orders drawn by them, and of all their other financial transactions in behalf of the town.

IV. They shall publish in the next annual report, or post at the annual meeting, the general fund balance sheet from the most recently completed audited financial statements or from the financial report filed pursuant to RSA 21-J:34, V.

Policy 2014-001

| | | | |
|--|---|----------------------------------|--|
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V. In the case of an accumulated general fund deficit, the selectmen shall insert an article in the warrant recommending such action as they deem appropriate, which may include, but is not limited to, raising a sum of money for the purpose of reducing that deficit.

VI. The selectmen shall be responsible for establishing and maintaining appropriate internal control procedures to ensure the safeguarding of all town assets and properties.

VII. The selectmen shall annually review and adopt an investment policy for the investment of public funds in conformance with applicable statutes and shall advise the treasurer of such policies.

VIII. The selectmen shall be responsible for establishing procedures to ensure that all funds paid to the town from any department shall be remitted to the treasurer at least on a weekly basis or daily whenever such funds total \$500 or more. Remittances to the treasurer from the tax collector shall be in accordance with RSA 41:35 and remittances from the town clerk shall be in accordance with RSA 261:165.

Source. 1869, 26:3. 1874, 85:1. GL 40:9. PS 43:7. PL 47:14. RL 59:13. RSA 41:9. 1993, 181:1. 1994, 147:2, eff. July 22, 1994. 2007, 246:2, eff. Aug. 27, 2007.

APPENDIX A, *continued*

CHAPTER 41

CHOICE AND DUTIES OF TOWN OFFICERS

Town Treasurer

Section 41:29

41:29 Duties of Elected and Appointed Town Treasurers. –

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 federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited



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

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, the treasurer shall make a report to the town, 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.

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 invest the same in accordance with the investment policy adopted by the selectmen under RSA 41:9, VII. The treasurer may invest in the public deposit investment pool established pursuant to RSA 383:22, or in deposits, including money market accounts or certificates of deposit, or repurchase agreements, and all types of interest bearing accounts, of federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, or in obligations fully guaranteed as to principal and interest by the United States government. The obligations may be held directly or in the form of securities of or other interests in any open-end or closed-end management-type investment company or investment trust registered under 15 U. S. C. section 80a-1 et seq., if the portfolio of the investment company or investment trust is limited to such obligations and repurchase agreements fully collateralized by such obligations.

APPENDIX A, *continued*

CHAPTER 41

CHOICE AND DUTIES OF TOWN OFFICERS

Town Treasurer

Section 41:29

41:29 Duties of Elected and Appointed Town Treasurers. – *continued*

V. The treasurer shall insure that prior to acceptance of any moneys for deposit or investment, including repurchase agreements, the federally insured bank shall 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.



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VI. The treasurer may delegate deposit, investment, recordkeeping, or reconciliation functions to other town officials or employees provided such delegation is in writing and includes written procedures acceptable to the selectmen, or in the case of a town operating under RSA 37, to the town manager, 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.

VII. 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 \$500 or more. Such deposit function may be delegated pursuant to paragraph VI. 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.

Source. 1869, 26:2-4. GL 40:8. 1883, 111:1. PS 43:20. PL 47:24. 1931, 177:3. 1939, 170:2. RL 59:24. RSA 41:29. 1959, 197:3. 1971, 158:1. 1973, 490:1. 1977, 139:1. 1987, 318:3. 1991, 268:8; 377:6; 383:9. 1992, 64:3. 1993, 161:2. 1996, 209:10. 1997, 208:8. 1998, 40:2, eff. July 4, 1998. 2003, 100:2, eff. Aug. 5, 2003. 2007, 35:6, eff. July 13, 2007; 246:3, 4, eff. Aug. 27, 2007.

APPENDIX A, continued

CHAPTER 41

CHOICE AND DUTIES OF TOWN OFFICERS

Bonds

Section 41:6

41:6 Surety Bond Required. –

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, agents authorized to collect the boat fee, and persons delegated treasury functions under RSA 41:29, VI 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



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(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.

Source. 1931, 111:1. RL 59:42. 1945, 7:1. RSA 41:6. 1969, 135:1. 1973, 544:8. 1975, 68:1. 1979, 376:7. 1981, 323:8. 1983, 264:6. 1988, 198:9. 1994, 367:16. 2000, 9:1, eff. April 16, 2000. 2007, 246:1, eff. Aug. 27, 2007

APPENDIX B

Federally Insured New Hampshire or Federally Chartered BANKS

As of March 31, 2008

| Banks in New Hampshire | Chartered | Federally Insured |
|----------------------------------|------------------|--------------------------|
| Bank of America NA (NC) | Federal | Yes |
| Bank of New England | NH | Yes |
| Centrix Bank Trust | NH | Yes |
| Citizens Bank New Hampshire | NH | Yes |
| Claremont Savings Bank | NH | Yes |
| Community Guaranty Savings Bank | NH | Yes |
| Connecticut River Bank N.A. (VT) | Federal | Yes |



Town of Allenstown
New Hampshire

FINANCIAL POLICIES & PROCEDURES

Town of Allenstown, NH

Title

INVESTMENT & CASH MANAGEMENT POLICY

Original Adoption Date

12/01/2008

Revision – No. & Date

Page No

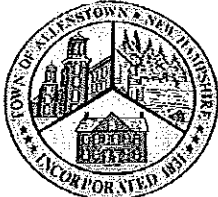
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| | | |
|-------------------------------------|---------|-----|
| Federal Savings Bank | Federal | Yes |
| First Colebrook Bank, The | NH | Yes |
| First National Bank of Ipswich (MA) | Federal | Yes |
| Franklin Savings Bank | NH | Yes |
| Hampshire First Bank | NH | Yes |
| Laconia Savings Bank | NH | Yes |
| Lake Sunapee Bank, FSB | Federal | Yes |
| Lancaster National Bank, The | Federal | Yes |
| Ledyard National Bank (VT) | Federal | Yes |
| Mascoma Savings Bank | Federal | Yes |
| Meredith Village Savings Bank | NH | Yes |
| Merrimack County Savings Bank | NH | Yes |
| Monadnock Community Bank, FSB | Federal | Yes |
| National Bank | NH | Yes |
| Northway Bank | NH | Yes |
| Ocean National Bank | Federal | |
| Optima Bank & Trust Co. | NH | Yes |
| Piscataqua Savings Bank | NH | Yes |
| Profile Bank, FSB | Federal | Yes |
| Salem Co-operative Bank | NH | Yes |
| Savings Bank of Walpole | NH | Yes |
| Sovereign Bank (PA) | Federal | Yes |
| Sugar River Savings Bank | NH | Yes |
| TD Banknorth (ME) | Federal | Yes |
| Woodsville Guaranty Savings Bank | NH | Yes |

APPENDIX C

Moody's Long-Term Debt Rating Symbols:

| | |
|------------|---|
| Aaa | Best quality |
| Aa | High quality |
| A | Possess many favorable investment attributes |
| Ba | Possess speculative elements |
| B | Generally lack characteristics of desirable investments |
| Caa | Poor standing |
| Ca | Speculative in a high degree |



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C Lowest rated class of bonds

Modifiers:

- 1** Higher end of letter rating category
- 2** Mid-range of letter rating category
- 3** Lower end of letter rating category

S&P Long-Term Debt Rating Symbols:

- AAA** Highest rating, extremely strong
- AA** Differs slightly from highest rating, very strong
- A** Somewhat more susceptible to adverse effects of change in economic condition, strong
- BBB** Exhibits adequate protection parameters
- BB** } Have significant speculative characteristics. BB least speculative, C highest degree.
- B** }
- CCC** }
- CC** }
- C** }
- D** Payment default

Modifier:

+ or – show relative standing within the category

APPENDIX D

PART Ban 1450 COLLATERALIZATION OF PUBLIC DEPOSITS

Statutory Authority: RSA 386:57, II

Ban 1450.01 Purpose. The purpose of this rule is to identify and classify by risk those securities that shall be appropriate for the collateralization of public funds.

Source. #5465, eff 9-8-92, EXPIRED: 9-8-98

New. #6961, eff 3-25-99, EXPIRED: 3-25-07

New. #9187, eff 6-24-08, INTERIM, EXPIRES: 12-21-08



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Ban 1450.02 Definitions.

(a) "Public funds" means moneys belonging to any public unit.

(b) "Public unit" means the state of New Hampshire or any county, Town, town, district, school district or other political subdivision of the state of New Hampshire.

Source. #5221 (Emergency) eff 9-6-91, EXPIRED 1-7-92; #5307, eff 1-9-92, EXPIRED 5-8-92 (Int 91-9)

New. #5465, eff 9-8-92, EXPIRED: 9-8-98

New. #6961, eff 3-25-99, EXPIRED: 3-25-07

New. #9187, eff 6-24-08, INTERIM, EXPIRES: 12-21-08

Ban 1450.03 Amount of Collateralization.

(a) The value of securities required to be pledged as collateral shall be equal to or in excess of the amount of public funds, less any portion thereof that is covered by federal deposit insurance.

(b) For purposes of Ban 1450, securities shall be valued at market value.

Source. #5465, eff 9-8-92, EXPIRED: 9-8-98

New. #6961, eff 3-25-99, EXPIRED: 3-25-07

New. #9187, eff 6-24-08, INTERIM, EXPIRES: 12-21-08

Ban 1450.04 Public Obligations.


(a) All public obligations described in RSA 387:6 shall be appropriate and acceptable for the collateralization of public funds.

(b) Notwithstanding Ban 1450.04(a), for purposes of RSA 387:6, II, the obligations of the following federal agencies and federal government-sponsored enterprises shall be appropriate and acceptable for the collateralization of public funds:

(1) Obligations of the following federal agencies shall qualify as acceptable collateral for public funds:

- a. District of Columbia Armory Board;
- b. Export-Import Bank of the United States;
- c. Farmers Home Administration;
- d. General Services Administration;
- e. Maritime Administration;
- f. Small Business Administration;
- g. Tennessee Valley Authority;
- h. Washington Metropolitan Area Transit Authority; and
- i. The following obligations of the Department of Housing and Urban Development:

1. Federal Housing Administration obligations;
2. New communities debentures; and
3. Public housing notes and bonds; and

| | | | |
|---|--|-----------------------|--------------------------|
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(2) Obligations of the following federal government-sponsored enterprises shall qualify as acceptable collateral for public funds:

- a. Federal Farm Credit Banks;
- b. Federal Home Loan Banks;
- c. Federal Home Loan Mortgage Corporation;
- d. Federal National Mortgage Association;
- e. Student Loan Marketing Association;
- f. United State Postal Service; and
- g. The following obligations of the Farm Credit System:
 1. Banks for Cooperatives;
 2. Federal Intermediate Credit Banks; and
 3. Federal Land Banks.

Source. #5221 (Emergency) eff 9-6-91, EXPIRED 1-7-92; #5307, eff 1-9-92, EXPIRED 5-8-92 (Int 91-9)

New. #5465, eff 9-8-92, EXPIRED: 9-8-98

New. #6961, eff 3-25-99, EXPIRED: 3-25-07

New. #9187, eff 6-24-08, INTERIM, EXPIRES: 12-21-08

Ban 1450.05 Corporate Securities.

(a) All bonds and notes authorized as legal investments for savings banks under RSA 387:6-a, 1 shall qualify as appropriate and acceptable collateral for public funds.

(b) Notwithstanding the provisions of RSA 387:6-a, I, convertible bonds not rated among the 3 highest ratings of one or more rating services, as defined in RSA 387:1, XVI, shall not qualify as acceptable collateral for public funds.

Source. #5221 (Emergency) eff 9-6-91, EXPIRED 1-7-92; #5307, eff 1-9-92, EXPIRED 5-8-92 (Int 91-9)

New. #5465, eff 9-8-92, EXPIRED: 9-8-98

New. #6961, eff 3-25-99, EXPIRED: 3-25-07

New. #9187, eff 6-24-08, INTERIM, EXPIRES: 12-21-08

Ban 1450.06 Classification by Risk. All collateral enumerated in Ban 1450.04 and Ban 1450.05 shall be identically classified as low risk collateral for public funds on deposit.

Source. #6961, eff 3-25-99, EXPIRED: 3-25-07

New. #9187, eff 6-24-08, INTERIM, EXPIRES: 12-21-08

