

CITY OF BERLIN  
New Hampshire

**INVESTMENT POLICY**

**I. PURPOSE**

The investment policy is established pursuant to New Hampshire RSA 48:16. RSA 48:16 requires that at least yearly, the City Council will review and adopt an investment policy for the investment of public funds in conformance with the provisions of the Law.

The investment policy is intended to provide guidance and direction for elected and appointed officials and staff in carrying out their fiduciary responsibilities.

**II. SCOPE**

This investment policy applies to the investment of all financial assets in the custody of the City of Berlin Treasurer. Except for cash in certain restricted or special funds, the City of Berlin will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. The funds include:

- General Fund
- Special revenue funds
- Capital project funds
- Enterprise Funds
- Agency Funds
- Any new funds created by the City of Berlin

**III. OBJECTIVES**

The primary objectives, in priority order, of the investment activities shall be safety, liquidity and yield:

1. Safety  
Safety of principal is foremost. Investments shall be undertaken to ensure the preservation of capital. The objective will be to mitigate credit risk and interest rate risk.
2. Liquidity  
The investment portfolio shall remain sufficiently liquid to meet operating requirements.

3. Yield

The investment portfolio shall be designed with the objective of attaining a fair rate of return. The rate of return on investment is of secondary importance to the safety and liquidity objectives described above. ;

**IV. STANDARDS OF CARE**

1. Prudence

The investment policy shall be conducted in accordance with the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The “prudent person” standard 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.”

2. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio.

3. Delegation of Authority

Authority to manage the investment program is granted to the City Treasurer in conformance with New Hampshire RSA 41:29 and the Berlin City Code Section 2-387. Effective August 27, 2007, RSA 246 authorizes the delegation of treasury functions, provided that the delegation is in writing, includes written procedures and is agreeable to all the parties involved. The Treasurer may delegate the deposit, investment, recordkeeping or reconciliation functions to other City officials or employees. Any delegation shall only be made to a city official or employee bonded in accordance with RSA 41:6 and the 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.

4. Assets will only be invested in:

- a) Obligations of the US Government;

- b) Public deposit investment pool established under RSA 383:22;
- c) Solvent Banks incorporated under the laws of the State of New Hampshire;
- d) Banks recognized by the State Treasurer.

4. Collateralization

--In accordance with the Government Finance Officers Association (GFOA) Recommended Practices on the collateralization of public deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

## V. INTERNAL CONTROLS

The internal controls shall be designed to prevent loss of public funds arising from fraud, employee error, misrepresentation by third parties, and imprudent actions by employees and officers of the City.

Indemnification: In accordance with RSA 41:6, a Surety Bond is required. The Bond shall indemnify against losses through:

- (a) The failure of officers and employees covered to faithfully perform their duties or to account properly for all moneys or property received by virtue of their position, or
- (b) Fraudulent or dishonest acts committed by the covered officers and employees.

A system of written internal controls, with regard to investments, shall be established and maintained by the Council or its designee, and shall be reviewed annually by the City's independent auditors.

## VI. INVESTMENT INSTRUMENTS

The Treasurer may invest in the Public Deposit Investment Pool established pursuant to RSA 383:22, money market accounts or certificates of deposits of federally insured banks chartered under the laws of New Hampshire or the Federal government with a branch within the State of New Hampshire, or in obligations fully guaranteed as to principal and interest by the United States government.

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures as well as anticipated revenues.

## **VII. QUALIFIED INSTITUTIONS**

The City of Berlin shall refer to RSA 41:29 and RSA 383:22-24 as a source of its qualified institution criteria.

## **VIII. REPORTING**

The City Comptroller in conjunction with the Treasurer shall submit quarterly to the City manager an investment report which shall disclose all investment transactions made during the past quarter. The report shall include the quarter's total investment return.

The report may contain suggestions to policies and procedures and investment strategies which the Treasurer and/or the City Comptroller feel will benefit the City.

## **IX. ARBITRAGE**

With every bond purchased, the Treasurer or his designee will test for positive arbitrage and for funds therefore due to the IRS.

## **X. POLICY APPROVAL/AMENDMENTS**

The Council approved adoption of the City of Berlin Policy at their meeting held January 6, 2020