



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 1 of 33

1. AUTHORITY

- a. In accordance with RSA 32 and 33 as amended, Articles 4 and 5 of the Londonderry Town Charter, generally accepted accounting principles (GAAP), current policies and objectives, and the Government Accounting Standards Board (GASB), the Town of Londonderry does hereby establish this financial management policy.
- b. In the event of any conflict between this policy or provision of the Londonderry Town Charter, or the Laws of the State of New Hampshire, that provision holding the Town to the higher standard shall be controlling.

2. PURPOSE

- a. This policy is designed to establish a framework for providing quality services to the community in an efficient and effective manner while maintaining long-term financial stability within the limitations established.
- b. The policy shall be reviewed regularly and modified as deemed appropriate by the Town Manager and the Finance Director. The policy shall be submitted to the Town Council for readopting every two years.

3. BASIC MUNICIPAL SERVICES

- a. Municipal services such as public safety, planning, fiscal administration (including assessing, tax collections and finance), and public works are the Town’s first responsibility. These services shall be funded to at least maintain current service levels.
- b. Appropriations for traditional capital expenditures in the Capital Improvements Plan should be revised annually to maintain a constant level of commitment when adjusted for inflation.
- c. The General Fund and other funds, as appropriate, should provide appropriations to equipment replacement funds to maintain equipment at least at current service levels.

4. ECONOMIC DEVELOPMENT PROGRAMS

- a. These programs include services, financial incentives and/or capital



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 2 of 33

improvements to increase employment and the level of commerce in the Town.

- b. **Tax Increment Financing District** - Pursuant to RSA 162-K, TIF funds may be used for a variety of economic development activities within designated redevelopment areas in accordance with State law. Such economic development activities shall be described in detail for any redevelopment plans adopted by the Council.

5. SEWER ENTERPRISE FUND

- a. **The Sewer Enterprise Fund** receives revenues from User Fees and Access Fees.
- b. Revenues from the User Fees shall support the maintenance and rehabilitation/upgrade of the Town’s sanitary sewer system;
 - i. An accounting system will be implemented to ensure that all costs related to maintenance, rehabilitation, and upgrade of the sewer system, debt service, and engineering expenses and administrative costs incurred to administer the fees, will be either directly or indirectly paid from revenues raised through the fee.
 - ii. The User Fee Rate shall be reviewed annually in conjunction with preparation of the Town’s budget and/or as recommended in the sewer facilities plan. If the fee does not fully support maintenance and rehabilitation/upgrade of the system, staff will recommend changes to the Council.
- c. Revenues from Access Fees shall primarily support the past and future capital costs of the system, however, the Council may supplement funding provided by Access Fees with grant funding as it may become available, or bond issues for special projects.

6. CAPITAL IMPROVEMENTS FUND

- a. The Town has established Capital Reserve Funds under the provisions of RSA 35:1 for the purpose of funding one or more of the items set forth in the Capital Improvements Program, and to raise and appropriate a sum equal to the eventual replacement or leasing costs of equipment identified in each department’s acquisition schedule.



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 3 of 33

- b. The Town will target the expenditure of unassigned fund balance, in excess of those funds retained pursuant to Section XI-D2 of this policy, to fund capital improvements not designated for long-term bonding.
- c. Capital Improvements Program (formerly Title 1 Gen Code, Chpt VI, Section V)
 - i. The Town Manager shall prepare and submit annually to the Town Council a six-year Capital Improvements Program prior to, or at the same time as, the proposed annual budget.
 - ii. The preparation methodology and contents of the Capital Improvement Program shall be pursuant to Article 5, Section 5.5 of the Londonderry Town Charter.
 - iii. Public Hearing - The Town council shall publish in one or more newspapers of general circulation in the Town the general summary of the Capital Improvements Program and a notice stating:
 - 1. The times and places where copies of the CIP are available for inspection by the public; and
 - 2. The date, time and place, not less than two weeks after such publication, when a public hearing on said program will be held by the Town Council
 - iv. The Capital Improvements Program shall be revised and extended each year.

7. EXPENDABLE MAINTENANCE TRUST FUND

- a. The Town has established an Expendable Maintenance Trust Fund under the provisions of RSA 31:19-a for the purpose of repairing and maintaining town facilities.
- b. Expendable Maintenance Trust Fund/Budget - In conjunction with the annual budget process, the Administrative Services Coordinator shall submit a building and grounds maintenance plan to the Town Manager.

8. FIXED ASSETS

- a. GASB 34 requires municipalities to capitalize and annually depreciate fixed



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 4 of 33

assets. The following defines the categories of fixed assets the town needs to maintain financial records on an ongoing basis:

- i. **General Fixed Assets** of the municipality, which includes items such as land, buildings, building improvements, equipment, vehicles, furnishings and computer equipment.
 - ii. **Enterprise Fund Fixed Assets** of the municipality, which include normal fixed assets as stated above, and infrastructure (i.e., sewer lines) of the municipality’s enterprise fund operations.
 - iii. **Infrastructure Fixed Assets** of the municipality, which include roads and bridges.
- b. The threshold the Town is maintaining general fixed assets at is \$10,000.00. All departments of the Town shall notify the Finance Department upon acquisition or disposition of any general fixed asset for proper and accurate reporting on Town financial statements.

9. PROPERTY TAX RATE

- a. It is the Town’s goal that the annual property tax rate, while subject to change based on the Town’s need to maintain the desired level of cost-effective services, will be managed to avoid significant annual fluctuations.
- b. Increased service levels may warrant an increase in the property tax rate, while other factors may warrant a decrease in the rate. In addition, trends in Federal and State government may require that the revenues received from property taxes, and thus the tax rate, be adjusted annually. These trends include:
 - i. Decreases in other revenue sources; including motor vehicles permit fees, investments, and State and Federal Revenues
 - ii. General Inflation, which increases the costs of municipal services
 - iii. Mandates by the State and Federal governments, which increase the cost of municipal services or impose new services.
 - iv. Changing demographics within the community may warrant revisions to the Town’s current municipal services.
- c. Factors which may warrant a decrease in the property tax rate include:



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 5 of 33

- i. Any other source of new, recurring revenue
- ii. A reduced cost for providing current services
- iii. Significant non residential additions to the Town’s tax base

10. DEBT MANAGEMENT

- a. The Town will consider the use of debt financing only for one-time capital improvement projects and unusual equipment purchases, only under the following circumstances:
 - i. When the project’s useful life or the projected service life of the equipment will exceed the term of the financing.
 - ii. When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues
 - iii. Debt financing is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
- b. The Town will use the following criteria to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:
 - i. Factors which favor pay-as-you-go:
 1. Current revenues and adequate fund balances are available
 2. Project phasing is feasible
 3. Debt levels would adversely affect the Town’s credit rating
 4. Market conditions are unstable or present difficulties in marketing bonds
 - ii. Factors which favor long-term financing:
 1. Revenues available for debt service are considered sufficient and reliable so that long-term financings can be marketed with the highest possible credit rating.
 2. The project for which financing is being considered is of the type which will allow the Town to maintain or improve its current credit rating.
 3. Market conditions present favorable interest rates and



<p style="text-align: center;">COUNCIL POLICY</p> <p style="text-align: center;">Financial Management Policy</p>			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 6 of 33

demand for municipal financing

4. A project is mandated by State or Federal requirements and current revenues and funds balances are insufficient to pay project costs
 5. A project is immediately required to meet or relieve capacity needs
 6. The life of the project or asset financed is ten years (10) or longer
 7. A project’s long term benefits require that costs be shared by current and future users and outweigh the additional costs as measured on a present value basis.
- c. General obligation debt may be used in lieu of revenue debt if expenses can be significantly reduced (as compared to financing from self-supporting revenues) and if special or enterprise fund revenue available for debt service is considered sufficient and reliable.
 - d. General obligation (bonded) debt will not exceed the statutory limits imposed by NHRSA Chapter 33 – Municipal Finance Act.
 - e. An analysis will be prepared by Town staff for each long-term financing. The analysis will assess the impact of debt issuance on current and future operating and capital budgets and address the reliability of revenues to support debt service payments.
 - f. The Town will generally conduct financing on a competitive basis; however, negotiated financing or low interest programs, such as the NH DES Revolving Grant Program, may be used where the use of an unusual or complex financing or security structure is a concern with regard to marketability, or it is more cost effective to negotiate with a sole source.
 - g. The Town will seek to maintain or improve its current bond rating and will specifically discuss with the Town Council any proposal that may cause that rating to be lowered.
 - h. The Town will seek credit enhancements such as letters of credit or insurance when necessary for marketing purposes or cost effectiveness.
 - i. The Town will monitor all forms of debt annually. An analysis will be included in the Town’s Financial Plan. Concerns and recommended remedies will be reported to the Council as necessary.



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 7 of 33

- j. The Town will monitor compliance with bond covenants and adhere to Federal arbitrage regulations.
- k. The Town will follow a policy of full disclosure on every financial report and bond prospectus voluntarily following disclosure guidelines provided by the Government Finance Officers' Association (GFOA), unless the cost of compliance with the higher standard is unreasonable.
- l. Inter-fund borrowing and internal lending will be considered to finance high priority needs on a case-by-case basis, only when other planned expenditures in the fund making the loan would not be affected. Lending may be used when it would reduce the cost of interest, debt issuance, and/or administration, or encourage private investment that might otherwise not take place. Any inter-fund borrowing shall be accompanied by a plan of repayment to the affected fund.

11. POST-ISSUE TAX COMPLIANCE POLICY AND PROCEDURES FOR TAX-EXEMPT OBLIGATIONS

a. The purpose of this Post-Issuance Tax Compliance Policy and Procedures is to establish policies and procedures in connection with tax-exempt bonds and notes (the "Bond" or "Bonds") issued by the Town of Londonderry, New Hampshire (the "Issuer") so as to maximize the likelihood that all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds are met.

i. Compliance Coordinator:

1. The Finance Director ("Coordinator") shall be responsible for monitoring post-issuance compliance.
2. The Coordinator will maintain a copy of the transcript of proceedings in connection with the issuance of any tax-exempt obligations. The Coordinator will obtain such records as are necessary to meet the requirements of this policy.
3. The Coordinator shall consult with bond counsel, a rebate consultant, financial advisor, Internal Revenue Service ("IRS") publications and such other resources as are necessary to understand and meet the requirements of this policy.
4. Training and education of the Coordinator and his/her staff will



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 8 of 33

be sought and implemented upon the occurrence of new developments and upon the hiring of new personnel to implement this policy.

ii. Record-Keeping.

1. Financing Transcripts. The Coordinator shall confirm the proper filing with the IRS of an 8038 Series return, and maintain a transcript of proceedings for all tax-exempt obligations issued by the Issuer, including but not limited to all tax-exempt bonds, notes and lease-purchase contracts. Each transcript shall be maintained for as long as the Bonds are outstanding, plus three (3) years after the final redemption date of the Bonds. Said transcript may be maintained in electronic format and shall include, at a minimum:
 - a. Form 8038s;
 - b. minutes, resolutions, and certificates;
 - c. certifications of issue price from the underwriter, if applicable;
 - d. formal elections required by the IRS;
 - e. trustee statements, if applicable;
 - f. records of refunded bonds, if applicable;
 - g. correspondence relating to bond financings;
 - h. reports of any IRS examinations for bond financings;
 - i. documents related to governmental grants associated with construction, renovation or purchase of bond financed facilities, if applicable; and
 - j. publications, brochures, and newspaper articles, where applicable.

2. Modification to Financing Documents. The Coordinator shall determine if there is any “significant modification” to bond documents resulting in reissuance under Treasury Regulations §1.1001-3, in consultation with bond counsel and any other legal counsel and financial advisor. The Coordinator shall retain proof of filing new Form 8038 and relevant



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 9 of 33

documentation plus final rebate calculation on pre-modification bonds.

iii. Proper Use of Proceeds. The Coordinator shall review the resolution authorizing issuance for each tax-exempt obligation issued by the Issuer and shall:

1. obtain a computation of the yield on such issue from the Issuer’s financial advisor;
2. create a separate Project Fund (with as many sub-funds as shall be necessary to allocate proceeds among the projects being funded by the issue) and a separate Cost of Issuance Fund as necessary to allocate proceeds to Bond issuance costs into which the proceeds of the issue shall be deposited, as applicable;
3. review all requisitions, draw schedules, draw requests, invoices and bills requesting payment from the Project Fund;
4. determine whether payment from the Project Fund is appropriate, and if so, make payment from the Project Fund (and appropriate sub-fund if applicable);
5. maintain records of the payment requests and corresponding records showing payment;
6. maintain records showing the earnings on, and investment of, the Project Fund;
7. ensure that all investments acquired with proceeds are purchased at fair market value;
8. identify bond proceeds or applicable debt service allocations that must be invested with a yield-restriction and monitor the investments of any yield-restricted funds to ensure that the yield on such investments does not exceed the yield to which such investments are restricted;
9. maintain records related to any investment contracts, credit enhancement transactions, and the bidding of financial products related to the proceeds; and
10. monitor and maintain records of the reimbursement of costs previously expended by the Issuer to ensure that such



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 10 of 33

reimbursement occurs not more than 18 months after the later of (i) the dates of the expenditures or (ii) the date the project/asset was placed in service (but not more than 3 years after the original expenditures were paid) except with respect to those expenditures for which the Issuer obtained a certificate of licensed engineer/architect to the effect that (I) at least five (5) years was necessary to complete the construction of the part of the project for which such expenditures were required; and (II) such expenditures shall be reimbursed not more than five (5) years after the date that the original expenditures were paid.

iv. Arbitrage/Rebate Compliance and Timely Expenditure of Proceeds.

1. The Coordinator shall review the No Arbitrage and Tax Certificate (or equivalent) (the "Certificate") for each tax-exempt obligation issued by the Issuer and the expenditure records provided in Section 2 of this policy, above, and shall ensure that the Issuer takes the following actions:
 - a. monitor and ensure that proceeds of each such issue are spent within the temporary period set forth in the Certificate;
 - b. if at the time of issuance, it appears that that the Bonds will qualify for the small issuer exception to the rebate requirement, the Coordinator will monitor the amount of subsequent tax-exempt obligations issued or proposed to be issued in the calendar year in which the Bonds closed to ensure that the Issuer does not exceed the \$5 million or \$15 million threshold, as applicable, in such calendar year;
 - c. if at the time of issuance, based on reasonable expectations set forth in the Certificate, it appears likely that the issue will qualify for an exemption from the rebate requirement, the Issuer may defer taking any of the actions set forth in subsection (c) below. Not later than the time of completion of construction or acquisition of the project, and depletion of all funds from the Project Fund, the Issuer shall make a



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 11 of 33

determination if the expenditure of the Bond proceeds qualified for an exemption from the rebate requirements based on spending within a 6 month, 18 month or 2 year period after issuance. If a rebate exemption is determined to be applicable, the Issuer shall prepare and keep in the permanent records of the issue a memorandum evidencing this conclusion together with records of expenditure to support such conclusion. If the transaction does not qualify for rebate exemption, the Issuer shall initiate the steps set forth in (d) below;

- d. if at the time of issuance it appears likely that arbitrage rebate calculations will be required, or upon determination that calculations are required pursuant to (c) above, the Issuer shall:
 - i. engage the services of expert advisors (each a “Rebate Service Provider”) to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds, or else shall ensure that it has adequate financial, accounting and legal resources of its own to make such calculations, and, prior to each rebate calculation date, cause the trustee or other financial institution investing bond proceeds to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider;
 - ii. provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
 - iii. monitor efforts of the Rebate Service Provider;
 - iv. assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 12 of 33

issue is redeemed;

- v. during the construction period of each capital project financed in whole or in part by Bonds, monitor the investment and expenditure of Bond proceeds and consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 2 years, as applicable, following the issue date of the Bonds;
 - vi. retain copies of all arbitrage reports, trustee statements and other documents as required herein; and
 - vii. in lieu of engaging an outside Rebate Service Provider, the Issuer may make a determination that it has sufficient capabilities using its own personnel, supported by its regular accounting and legal advisers, to be able to make the required rebate calculations. Such determination shall be evidenced in writing with specific reference to the personnel and advisers to carry out the calculations, and such written determination shall be maintained in the records of the bond transaction.
- v. Proper Use of Bond Financed Assets.
1. The Coordinator shall maintain appropriate records and a list of all bond financed assets. Such records shall include the actual amount of proceeds (including investment earnings) spent on each of the bond financed assets.
 2. With respect to each bond-financed asset, the Coordinator will monitor and confer with bond counsel with respect to all proposed:
 - a. management contracts,
 - b. service agreements,



COUNCIL POLICY

Financial Management Policy

Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 13 of 33

- c. research contracts,
 - d. naming rights contracts,
 - e. leases or sub-leases,
 - f. joint venture, limited liability or partnership arrangements,
 - g. sale of property, or
 - h. any other change in use of such asset.
3. Section 141 of the Code sets forth private activity tests for the purpose of limiting the volume of tax-exempt bonds that finance activities of persons other than state and local governmental entities. These tests serve to identify arrangements that actually or reasonably expect to transfer the benefits of tax-exempt financing to non-governmental persons, including the federal government. The Coordinator shall provide to the users of any bond-financed property a copy of this Compliance Policy and other appropriate written guidance advising that:
- a. "Private business use" means use by any person other than the Issuer, including business corporations, partnerships, limited liability companies, associations, non-profit corporations, natural persons engaged in trade or business activity, and the United States of America and any federal agency, as a result of ownership of the property or use of the property under a lease, management or service contract (except for certain "qualified" management or service contracts), "naming rights" contract, "public-private partnership" arrangement, or any similar use arrangement that provides special legal entitlements for the use of the bond financed property;
 - b. No more than 10% of the proceeds of any tax-exempt bond issue (including the property financed with the Bonds) may be used for private business use, of which no more than 5% of the proceeds of the tax-exempt bond issue (including the property financed with the bonds) may be used for any "unrelated" private business



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 14 of 33

use - that is, generally, a private business use that is not functionally related to the government’s purposes of the Bonds; and no more that the lesser of \$5,000,000 or 5% of the proceeds of a tax-exempt bond issue may be used to make or finance a loan to any person other than a state or local government unit;

- c. Before entering into any special use arrangement with a non-governmental person that involves the use of bond financed property, the Coordinator will consult with bond counsel, provide bond counsel with a description of the proposed non-governmental use arrangement, and determine whether that use arrangement, if put into effect, will be consistent with the restrictions on private business use of the bond financed property; and
 - d. In connection with the evaluation of any proposed non-governmental use arrangement, the Issuer will consult with bond counsel to obtain federal tax advice in whether that use arrangement, if put into effect, will be consistent with the restrictions on private business use of the bond financed property, and, if not, whether any “remedial action” permitted under §141 of the Code may be taken as means of enabling that use arrangement to be put into effect without adversely affecting the tax-exempt status of the Bonds.
4. The Coordinator shall maintain a copy of any such proposed agreement, contract, lease or arrangement, together with the response by bond counsel with respect to said proposal for at least three (3) years after retirement of all tax-exempt obligations issued to fund all or any portion of bond financed assets;
 5. The Coordinator shall consult with bond counsel and other legal counsel and advisers in the review of any change in use of bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Certificate;
 6. The Coordinator shall confer at least annually with other personnel responsible for bond-financed or refinanced assets



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 15 of 33

to identify and discuss any existing or planned use of bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Certificate; and

7. To the extent that the Coordinator discovers that any applicable tax restrictions regarding use of bond proceeds and bond-financed or refinanced assets will or may be violated, the Coordinator shall consult promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary.

vi. Bank Qualification.

1. If the Bonds are issued in a par amount of \$10 million or less and designated by the Issuer as “bank qualified” under Section 265(b)(3) of the Code, the Coordinator will monitor the amount of subsequent tax-exempt obligations issued or proposed to be issued in the calendar year in which the Bonds closed to ensure that the Issuer does not exceed the \$10 million threshold in such calendar year.

vii. General Project Records.

1. For each project financed with tax-exempt obligations, the Coordinator shall maintain a copy of all material documents relating to capital expenditures financed or re-financed by tax-exempt proceeds, until three (3) years after retirement of the tax-exempt obligations or obligations issued to refund those obligations including (without limitation), the following:
 - a. appraisals, demand surveys or feasibility studies,
 - b. applications, approvals and other documentation of grants,
 - c. depreciation schedules,
 - d. contracts respecting the project, including construction contracts,
 - e. purchase orders,
 - f. invoices,



COUNCIL POLICY

Financial Management Policy

Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 16 of 33

- g. trustee requisitions and payment records,
- h. documents relating to costs reimbursed with Bond proceeds, and
- i. records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of proceeds.

viii. Advance Refundings.

1. The Coordinator shall be responsible for the following current, post issuance and record retention procedures with respect to advance refunding bonds:
 - a. Identify and select bonds to be advance refunded with advice from internal financial personnel, and a financial advisor;
 - b. The Coordinator shall identify, with advice from the financial advisor and bond counsel, any possible federal tax compliance issues prior to structuring any advance refunding;
 - c. The Coordinator shall review the structure with the input of the financial advisor and bond counsel, of advance refunding issues prior to the issuance to ensure
 - i. that the proposed refunding is permitted pursuant to applicable federal tax requirements if there has been a prior refunding of the original bond issue;
 - ii. that the proposed issuance complies with federal income tax requirements which might impose restrictions on the redemption date of the refunded bonds;
 - iii. that the proposed issuance complies with federal income tax requirements which allow for the proceeds and replacement proceeds of an issue to be invested temporarily in higher yielding investments without causing the



COUNCIL POLICY

Financial Management Policy

Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 17 of 33

advance refunding bonds to become “arbitrage bonds”;

- iv. that the proposed issuance will not result in the issuer’s exploitation of the difference between tax exempt and taxable interest rates to obtain an financial advantage nor overburden the tax exempt market in a way that might be considered an abusive transaction for federal tax purposes; and
 - v. that the proposed refunding complies with applicable State law.
- d. The Coordinator shall collect and review data related to arbitrage yield restriction and rebate requirements for advance refunding bonds. To ensure such compliance, the Coordinator shall engage a rebate consultant to prepare a verification report in connection with the advance refunding issuance. Said report shall ensure said requirements are satisfied.
- e. The Coordinator shall, whenever possible, purchase SLGS to size each advance refunding escrow. The financial advisor and/or bond counsel shall be included in the process of subscribing SLGS. To the extent SLGS are not available for purchase, the Coordinator shall, in consultation with bond counsel and the financial advisor, comply with IRS regulations.
- f. To the extent the Issuer elects to purchase a guaranteed investment contract, the Coordinator shall ensure, after input from bond counsel, compliance with any bidding requirements set forth by the IRS regulations.
- g. In determining the issue price for any advance refunding issuance, the Coordinator shall obtain and retain issue price certification by the purchasing underwriter at closing.



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 18 of 33

h. After the issuance of an advance refunding issue, the Coordinator shall ensure timely identification of violations of any federal tax requirements and engage bond counsel in attempt to remediate same in accordance with IRS regulations.

ix. Continuing Disclosure.

1. The Coordinator shall assure compliance with each continuing disclosure certificate and annually, per continuing disclosure agreements, file audited annual financial statements and other information required by each continuing disclosure agreement. The Coordinator will monitor material events as described in each continuing disclosure agreement and assure compliance with material event disclosure. Events to be reported shall be reported promptly, but in no event not later than ten (10) Business Days after the day of the occurrence of the event. Currently, such notice shall be given in the event of:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements relating to the bonds reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the bonds, or material events affecting the tax-exempt status of the bonds;
 - g. Modifications to rights of Holders of the Bonds, if material;



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 19 of 33

- h. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
 - i. Defeasances of the bonds;
 - j. Release, substitution, or sale of property securing repayment of the bonds, if material;
 - k. Rating changes on the bonds;
 - l. Bankruptcy, insolvency, receivership or similar event of the Issuer;
 - m. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- x. Compliance with Continuing Disclosure Filings.
- 1. Under S.E.C. Rule 15c2-12, the Issuer may be required to periodically provide financial documentation, reports, notice and updates of documents to EMMA, the Electronic Municipal Market Access website managed by the Municipal Securities Rulemaking Board. Compliance is required in accordance with the Issuer’s Material Events Disclosure Certificate and/or Continuing Disclosure Certificate executed in connection with a bond or note issue.
- xi. Due Diligence and Remedial Actions.
- 1. In all activities related to the Issuer’s Bonds, the Coordinator and his/her staff will exercise due diligence to comply with the Code provisions governing tax-exempt obligations. The Issuer is aware of (a) the Voluntary Closing Agreement Program (known as “VCAP”) operated by the IRS which allows issuers to voluntarily enter into a closing agreement in the event of



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 20 of 33

certain non-compliance with Federal tax requirements and (b) the remedial actions available under Section 1.141-12 of the Income Tax Regulations for private use of bond financed property which was not expected at the time the Bonds were issued.

xii. Periodic Review.

1. The Issuer will monitor compliance with the guidelines contained in this policy as well as any other covenants not specifically included herein and will review and update these guidelines at least annually and whenever necessary due to change in law or circumstances.

12. BUDGET GUIDELINES

- a. Budget Development/Review (incorporated from Charter Section 5.2 and Title I, General Code, Chapter. VI, Section II)
 - i. At such time as may be requested by the Manager or specified by the Administrative Code, each officer or director of a department shall submit an itemized estimate of the expenditures for the next fiscal year for the departments or activities under his control to the Manager. The Manager shall, based on these estimates and other data, prepare a recommended budget which shall, together with these department estimates, be submitted to the Council on such date as the Council shall establish. The Council shall review the budget for the following fiscal year and make such modifications and amendments as it desires.
 - ii. No later than one hundred (100) days prior to the Annual Town Meeting as designated by NH Statute, the Town Manager shall submit his proposed budget to the Town Council for its review.
 - iii. The budget shall include a complete financial plan of all Town funds and activities for the ensuing fiscal year, including the estimated effect of the proposed budget on the tax rate, and shall be by line item.
 - iv. The message of the Town Manager shall explain the budget for all Town agencies both in fiscal terms and in terms of work program. It shall outline the proposed financial policies of the town for the



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 21 of 33

ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current fiscal year in financial policies, expenditures and revenues together with reasons for such changes, summarize the Town’s debt position and include such other material as the Town Manager deems desirable or as the Council may reasonably require.

- v. The Town Manager shall recommend to the Council a proposed schedule for the review of the twelve month budget of the ensuing fiscal year. The Council shall adopt such schedule for budget review, public hearing and adoption.
 - vi. A preliminary adoption of the proposed annual budget, with or without amendments, shall be made no later than (60) days prior to any annual or special Town Meeting.
 - vii. The Council shall hold in convenient places as many public hearings on the budget as it deems necessary, but at least two public hearings on the budget shall be scheduled on dates consistent with those specified in the Municipal Budget Act before its final adoption by the Budgetary Town Meeting at such time and place, convenient to the public, as the Council shall direct. Notice of such public hearing and Budgetary Town Meeting, together with a copy of the budget as submitted, shall be posted in two public places. A copy of the budget shall be available to the public at the office of the Clerk during regular business hours. In addition, notice of such public hearing and Budgetary Town Meeting shall be published in a newspaper of general circulation in the Town at least one week prior to said meeting by the Clerk.
- b. The following policies are established as more specific guidance to the budget development process:
- i. Prior to the start of each annual budget process, the Town Council shall provide guidance to the Town Manager stipulating financial goals for the new budget year. This guidance shall be used by all town departments in the preparation of their budgetary requests to the Town Manager. The Town Manager, in conjunction with the Finance Director will provide the Town Council with any historical data necessary for the formulation of the Council’s budgetary guidance to the Town Manager.



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 22 of 33

- ii. Adequate reserves may be maintained for all known liabilities, including anticipated employee leave and separation expenses, workers compensation and self-insured retention limits.
- iii. When equipment is to be acquired, fiscal arrangements should be appropriate for each particular circumstance.
 - 1. For equipment to be permanently acquired, financing through the Town’s Master Lease program shall be considered.
 - 2. Flexible arrangements (i.e.: rental) may be used when equipment needs are not permanent, or when changing needs or technologies may make the equipment obsolete.
 - 3. Replacement schedules for all major equipment should be established and funds set aside annually in an amount sufficient to allow replacement of such equipment at the end of its useful life.
 - 4. Revenues generated from programs or reserves should be taken into account when evaluating the cost effectiveness of the program or service, if the revenues would not be received without those programs or services. For example, a service might be deemed cost effective if part of the related costs were offset by user fees, but not cost effective if the Town were to fund the program fully from the General Fund without user fees.
- c. Supplemental Appropriations (*Incorporated from Title I, Chptr. VI, Section VI*)
 No appropriations shall be made for any purpose not included in the annual budget as adopted, unless to ***apply for, accept and expend funds in accordance with RSA 31:95-b, Capital Reserve Funds, or other Trust Funds where the Town Council has been designated as agents to expend.***
- d. To provide for emergencies, working cash and as a safeguard against fluctuating revenues, adopted budgets for General Operating and other funds shall include consideration of the ***following*** provisions: (***Formerly Fund Balance Policy, Title VI, Chapter III***)
 - i. Definitions:
 - 1. **Fund Balance:** - The accumulated equity balance in a



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 23 of 33

governmental fund resulting from operations over the years. This is the difference between fund assets and fund liabilities.

2. **General Fund** - A fund used to account for basic governmental services supported generally by taxes. Accounts for all financial resources not required to be accounted for in another fund.
3. **Unassigned Fund Balance of the General Fund** - Defined as the fund balance of the general fund, excluding any and all reserves, and any dedicated fund balances of the General Fund.

ii. Recommended Maintenance Level

1. Not less than 5% and not higher than 7% of the gross municipal appropriations, as approved for a fiscal year.
 - a. Exclusions: Any appropriations for capital projects or improvements funded entirely by bonds/notes proceeds, operating transfers or other financing sources.
2. If the balance falls below the prescribed level, any additions to the fund balance, as determined by the annual audit, must remain in the fund until the prescribed level has been reached.

iii. Recommended Utilization

1. Excess Balance (over prescribed level)
 - a. Emergency appropriations
 - b. Capital Projects
 - c. Transfers to Capital Reserves
 - d. Reduction of the tax rate for the ensuing year
 - e. Any other nonrecurring appropriation as deemed appropriate by the Council

iv. The Town Manager shall make recommendations on the use of excess fund balance as part of the subsequent year’s budget and it shall be considered along with the balance of the fiscal year budget proposal.

e. Special Revenue Funds should be established where revenues from a specific source shall be used for specific purposes; the purpose is not funded through



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 24 of 33

the property tax, and/or difficulty is encountered accurately predicting the annual level of activity. Special Revenue Funds require the approval of Town Meeting pursuant to RSA 31:95-d.

- f. Fees should be reviewed on a regular basis to maintain cost recovery rates existent when the fees were established. Modifications to cost recovery rates or new fees should be considered where appropriate. In general, user fees are applicable when services are not basic or when specific beneficiaries and their relative level of benefit can be identified.
- g. Grant revenues shall be pursued to provide or enhance Town services. However, recurring activities shall be initiated with grant funds only if one of the following conditions is met:
 - i. The activity can be terminated in the event that the grant revenues are discontinued; or,
 - ii. The activity should and can be assumed within recurring Town funds in the event the grant revenues are discontinued.
- h. The proposed budget for the General Fund will be limited as follows:
 - i. Expenditures for personnel services (salaries and benefits) may be increased in accordance with approved labor contracts. For non-bargaining unit employees, increases will be approved in accordance with the Town’s Personnel and Compensation Policy for Non-Represented Employees.
 - ii. Expenditures for items other than salaries and benefits will be increased or decreased based on the guidance issued to the Town Manager by the Town Council as outlined above.

13. USER FEES

- a. User Fees are appropriate when services are not “basic” or when specific beneficiaries and their relative level of benefit can be identified. “Basic services” are those which the Town wishes to provide to all citizens. An individual may not forego these services because of the potential impact on public health, safety, or welfare.
- b. A service which provides benefit to the entire community and for which the benefit to specific users cannot be measured, or the cost of measuring the benefit to specific users would be prohibitive (e.g.: street maintenance)



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 25 of 33

should be funded from the General Fund.

- c. A regular schedule of review will be established for all user fees.
- d. Types of services which may be funded by User Fees:
 - i. A service which provides benefits to a limited group, but provides little or no general benefit to the community, (e.g.: document reproduction), which shall be provided based upon cost recovery, (all direct and indirect costs) or on a rate structure (flat rate per unit of service).
 - ii. A service which provides potential benefit to all members of the community and the benefit to each user can be measured or fairly approximated (e.g.: sewer maintenance, building permits, most licenses and permits except those used by a targeted group), shall be provided upon cost recovery (all direct costs), or on a rate structure (based upon level of service) or flat rate for licenses and permits.
 - iii. Definitions:
 - 1. "Direct costs" include all costs of performing the service, regulating the activity being licensed and collecting the fee, including staff time and benefits
 - 2. "Indirect costs" include a proportionate share of budgeted expenditures for administrative services, and overhead costs such as insurance and building maintenance.
- e. For any proposed fee, staff will provide an assessment of the socio-economic impact of the fee upon users. The Town Council may choose not to charge a fee if it would prevent low or fixed income groups from using Town services.
- f. Council may opt not to charge a fee if it would be in conflict with accomplishing public policy objectives (e.g.: fire inspections)
- g. If the cost of administering and collecting a fee is disproportionately high in relation to the cost of providing the service, the service may be funded from the General Fund.
- h. In recommending an appropriate rate, staff will consider similar fees charged by other jurisdictions in close proximity and of similar size, with similar operations. Where the Town service is in direct competition with the private sector (i.e.: parking), the Town's fees should be competitive unless there is a specific purpose achieved by leading or following market rates.



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 26 of 33

- i. Citizen Participation - Pursuant to RSA 41:9-a, a public hearing will be held before any new fee is instituted or an existing fee is amended. Current services funded from new user fees - When any fee is instituted to fund services currently funded from the General Fund, the Town will consider whether general revenues should be reduced accordingly, or whether those revenues should be targeted to some identified purpose.

14. POTENTIAL REVENUE SOURCES

- a. For any proposed additional revenue source, the Town Council will consider the following criteria:
 - i. Community acceptability
 - ii. Competitiveness, the revenue or tax burden of Londonderry relative to neighboring, or similarly sized, communities
 - iii. Diversity, the balance of revenue sources that can withstand changes in the business cycle
 - iv. Efficiency, the cost of administering a fee should bear a reasonable relation to revenues collected, and any new fee should have minimal effects on private economic decisions
 - v. Fairness, the distribution of the Town’s revenue burden as measured by ability to pay, the benefits received, or the community’s definition of the resident’s fair share of the revenue burden.

15. INVESTMENT POLICY

- a. Purpose - This investment policy applies to all financial assets of the Town of Londonderry, except those transferred to the Trustees of the Trust Funds.
- b. These funds are accounted for in the Town’s annual financial report and include:
 - i. General Fund
 - ii. Sewer Fund
 - iii. Capital Project Fund
 - iv. Special Revenue Funds



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 27 of 33

- v. Any new fund created by Town Meeting or Town Council, unless specifically exempted by the articles of its creation
- c. This investment policy applies to all transactions involving the financial assets and related activity of all the foregoing funds.
- d. The investing officers authorized by this policy to invest financial assets for the Town of Londonderry are defined as the Town Treasurer and the Finance Officer.
- e. Objectives:
 - i. Safety of Principal is the foremost objective of the Town. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value
 - ii. The Town Council 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 Town’s Finance Director is encouraged to represent the Council’s best interests in seeking to remove constraints to the efficient investment of its funds.
 - iii. 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 Town Council’s ability to govern effectively.
 - iv. The determination of the best appropriate types and mixtures of investments is dependent upon several factors; the primary objective is safety. Once that objective is obtained, the optimum return on the investment should be consistent with the goals of the cash management program of the Town. The factors that should be taken into account include:
 - 1. Safety - Safety is achieved through adherence to the list of permitted investments which are backed by the full faith and credit of, or a guarantee of principal and interest by, the U.S. Government.
 - 2. Liquidity - All investments must be capable of being liquidated on a one day notice. Therefore, no investment may be made which imposes a longer notice period for redemption or which



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 28 of 33

are not readily marketable.

3. Yield - The Town should strive to achieve the highest yield consistent with the other factors of the Investment Policy.
4. Maturity - Investments should be scheduled to mature when funds are needed. Sale of securities prior to maturity should be avoided due to the inherent risk. Investments shall be limited to securities maturing in periods up to one year, or lesser period, that coincides with expected disbursements by the Town.
5. Amount - the best or most appropriate type of investment depends to some degree upon the amount available for investment, as certain investments require a large initial investment amount.
6. Administrative Cost - In choosing an investment, the Town must consider the administrative work involved, particularly with regard to investments of short duration. Substantial amounts can be invested for periods as short as one or two days. However, the administrative costs with small amounts may be greater than the return on investments, thus, would not be justified as cost effective. Administrative costs will be higher with more frequent turnover of investments and must be taken into account together with the yield and term in determining the optimum investment strategy.

f. Authority

- i. Under the general direction of the Treasurer, pursuant to Section 4.11 of the Londonderry Town Charter management responsibility for the Investment Program is hereby delegated to the Finance Director, who shall establish written procedures for the operation of the Investment Program, consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment of transactions.
- ii. Such procedures shall include explicit delegation of authority to persons responsible for investment of transaction. The Town Treasurer may engage in an investment transaction except as provided under the terms of this Policy and the procedures



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 29 of 33

established by the Finance Director.

- iii. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

g. Prudence

- i. The standard of prudence to be used by investment officials shall be the “prudent person rule” and shall be applied in the context of managing an overall portfolio.
- ii. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of the personal responsibility of an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

h. Ethics and Conflict of Interest

- i. Officers and employees 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.
- ii. Employees and investment officials shall disclose to the Town Manager 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.
- iii. Employees and officers shall subordinate their personal investment transactions to those of this Town, particularly with regard to the timing of purchases and sales.

i. Internal Controls

- i. The Finance Director shall establish a system of internal controls, which shall be documented in writing.
- ii. The internal controls shall be reviewed by the Town Council , Treasurer, and the independent auditor.
- iii. The controls shall be designed to prevent loss through fraud,



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 30 of 33

employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent action by employees and officers of the Town.

j. Reporting

- i. The Finance Director shall submit a quarterly Investment Report to the Treasurer and Town Manager which summarizes investment activities.
- ii. Each quarterly report shall indicate any areas of policy concern and suggested or planned revision of investment strategies.
- iii. Copies shall be available for review by the town’s independent auditor.
- iv. Within sixty (60) days of the end of the fiscal year, the Finance Director shall present a comprehensive annual report on the investment program and investment activity.

k. Instruments - Assets of the funds of the Town may be invested in:

- i. U.S. Treasury securities maturing in less than one (1) year.
- ii. Fully insured or collateralized Certificates of Deposit (CDs) at commercial banks of the State of New Hampshire, New England region and the State of New York
- iii. Repurchase agreements fully collateralized by U.S. Treasury Securities and/or agencies
- iv. U.S. Securities directly backed and guaranteed by the U.S. Government
- v. State of New Hampshire approved municipal investment pool
- vi. Any other state approved pool or instrument.

l. Depositories and Dealers

- i. Depositories shall be selected through the Town’s banking services procurement process, which may include a formal request for proposal issued upon periodic review of banking services.
 - 1. In selecting depositories, the credit worthiness of institutions shall be considered, including the current capital ratios of the institution.
 - 2. Bids for all investment transactions shall be in writing



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 31 of 33

- 3. The Finance Director shall conduct a comprehensive review of the prospective depositories' credit characteristics and financial history.
 - ii. Before accepting funds or engaging in investment transactions with the Town, the supervising officer at each depository shall submit a certification.
 - 1. The document will certify that the officer has reviewed the Investment Policies of the Town and its 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.
 - 2. All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving the Town's funds.
 - 3. 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.
 - 4. 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 policies, objectives, and constraints.

m. Collateralization of Deposits

- i. The Town shall require their depositories to continuously and fully (100%) secure all deposits regardless of type (i.e.: regular savings, checking, etc.) that are in excess of the FDIC insured amount. This may be accomplished by the pledging or setting aside collateral of identifiable U.S. Government securities as prescribed by the Town of Londonderry.
- ii. The Town has possession of the securities (or the Town will take possession of the securities) or an independent custodian (or an independent third party) holds the securities on behalf of the Town as a bailee (evidenced by safe keeping receipt and written bailment for wire contract) and will be maintained for the full term of the deposit.
- iii. Such securities shall be owned by the depository and the manner of



COUNCIL POLICY			
Financial Management Policy			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 32 of 33

collateralization shall provide the Town with continuing perfected security interest for the full term of the deposit in the collateral in accordance with applicable laws and Federal regulations.

n. Diversification

- i. It is the policy of the Town to diversify its investment portfolio to eliminate the risk of loss from over concentration in a specific security.
- ii. Diversification strategies shall be determined and revised periodically by the Finance Director and reviewed by the Town Council.

o. Risks

- i. The Town recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary loss of liquidity.
- ii. Portfolio diversification is to be employed in such a way as to control risk
- iii. The Finance Director is expected to display prudence in the selection of securities in such way as to minimize default risk.
- iv. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the specific issuer.
- v. The Finance Director shall review and, if appropriate, proceed to liquidate securities having comparable credit risks.

p. Safekeeping and Custody

- i. To protect against potential fraud and embezzlement, the assets of the Town shall be secured through third-party custody and safekeeping procedures.
- ii. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third-party custodial safekeeping.
- iii. Safekeeping procedures shall be reviewed annually by the independent auditor.

16. COMMUNITY SERVICE GRANT PROGRAM

- a. The Town of Londonderry provides support to local social service agencies



<p align="center">COUNCIL POLICY</p> <p align="center">Financial Management Policy</p>			
Policy Number	Effective Date	Last Revision	Page No.
TC-901	June 24, 2002	August 13, 2018	Page 33 of 33

through the **Community Service Grant Program**.

- b. This program is funded annually in the Town’s Operating Budget.
- c. Each year, as part of the distribution process of program funds agencies may submit proposals for funding consideration by the Town.
- d. Priorities for funding are set annually by the Budget Committee, as approved by the Town Council.

17. REVISION HISTORY

Original Adoption Date: November 4, 2002			
Section	Description of Revision	Date	Resolution
		08/13/2018	
		07/14/2003	