



## Department of Revenue Administration

Municipal & Property Division – Municipal Bureau

P.O. Box 487

Concord, NH 03302-0487

(603) 230-5090

### Trustee of Trust Funds - Annual Reporting Overview & Instructions

#### Overview

Pursuant to the provisions of RSA § 31:34, trustees of trust funds are required to keep a proper record of all trust funds in their custody. It is necessary that a separate record be maintained for each individual trust fund with principal and income transactions appropriately segregated and accounted.

- **Investment Policy:** RSA § 31:25 requires trustees to adopt an investment policy which must be reviewed and confirmed annually. A copy of this policy must be filed with the Director of Charitable Trusts (RSA § 31:25, 34:5, 35:9).
- **Professional Banking or Brokerage Assistance:** RSA § 31:38-a, III and 35:9-a, enable trustees to seek professional banking or brokerage assistance in the performance of their duties as trustees. Expenses attributable to the management and investment of trust (RSA § 31:38-a, III) or capital reserve fund (RSA § 35:9-a, if adopted by the legislative body, e.g. town meeting) resources may be charged against the income only (i.e. not principal) of the funds involved. The trustees should indicate the total amount of money paid for fees and expenses of professional banking and brokerage assistance during the accounting period in the appropriate space at the bottom of the MS-10 form. It is recommended the trustees keep evidence of any bank and brokerage charges.
- **Other Expenses:** Only the expenses of professional banking or brokerage assistance may be charged to the trust funds. Other expenses of the town trustees "...shall be charged as incidental town charges." (RSA § 31:24) The bookkeeper of the trustees shall receive such compensation as the town meeting may determine (RSA § 31:35). Other costs associated with the operation of the town trustees shall continue to be the responsibility of the respective towns.
- **Reporting Period:** The accounting period for trustees of trust funds in towns operating on the calendar year basis is from January 1 to December 31 (RSA § 31:94). In towns which have adopted the optional fiscal year basis of accounting (RSA § 31:94-a), the reporting period runs from July 1 to June 30. The accounts of the trustees must reflect all receipts and expenditures for the appropriate reporting period.
- **Reporting Valuation:** The value of stocks, bonds and other investments reported by trustees in their annual reports is to be stated at cost of acquisition (RSA 31:29). Increases or decreases in the market value of the principal of securities held by trustees are listed near the end of these reports. Gains and losses on securities are recognized in the accounts ONLY when any actual sale or disposition occurs.
- **Annual Examination (Audit) of Trustees' Accounts:** RSA § 31:33 prescribes that accounts of the trustees of trust funds be audited annually by the auditor(s) of the town. The report of the auditor(s) must be printed in the annual town report. The legislative body (town meeting) of a town may authorize the printing of the reports of the trustees and of the auditor's report of those accounts in summary form rather than in full detail in the annual town report (RSA § 31:33, II).

## Trustee of Trust Funds – DRA Annual Reporting Instructions *(continued)*

- **Annual Reporting:** The trustees must publish, in detail, a report of all other trust and capital reserve funds in their custody in the Town Report. Forms MS-9 and MS-10, as prescribed by the Commissioner of the Department of Revenue Administration, are to be used by all trustees of trust funds in making the annual reports of trust and capital reserve funds, and are the recommended forms for publication in Town Reports. Trustees of trust funds must file a copy of each of these reports with the Attorney General (RSA § 31:38) and with the Commissioner of Revenue Administration. To fulfill this obligation, the MS-9 and MS-10 are to be submitted as follows:

### Calendar Year Submission Matrix

Form	Due Date	Electronic Copy Submission	Print, Sign, Scan all pages* & Submit to:	Mail a signed hard copy of all pages* to:
MS-9	March 1	DRA Auditor	DRA Auditor or upload to MTRSP	Department of Justice Office of the Attorney General 33 Capitol Street Concord, NH 03301-6397
			Municipal Finance Officer	
			School Business Administrator (if applicable)	
MS-10	March 1	DRA Auditor	DRA – MTRSP School Finance	Department of Justice Office of the Attorney General 33 Capitol Street Concord, NH 03301-6397
			Municipal Finance Officer	
			School Business Administrator (if applicable)	

\* Be sure to include ALL pages of the completed form, including the SIGNED signature page.

### Optional Fiscal Year Submission Matrix

Form	Due Date	Electronic Copy Submission	Print, Sign, Scan all pages* & Submit to:	Mail a signed hard copy of all pages* to:
MS-9	September 1	DRA Auditor	DRA Auditor or upload to MTRSP	Department of Justice Office of the Attorney General 33 Capitol Street Concord, NH 03301-6397
			Municipal Finance Officer	
			School Business Administrator (if applicable)	
MS-10	September 1	DRA Auditor	DRA Auditor or upload to MTRSP	Department of Justice Office of the Attorney General 33 Capitol Street Concord, NH 03301-6397
			Municipal Finance Officer	
			School Business Administrator (if applicable)	

\* Be sure to include ALL pages of the completed form, including the SIGNED signature page.

## Form MS-9 – Report of Trust and Capital Reserve Funds

Form MS-9 is used to report the status of each individual trust and capital reserve fund held in the custody of the trustees.

- Insert only one trust fund account on each column provided. Each page contains space for five (5) individual trust funds with the ability to add additional pages to report up to a total of one hundred (100) funds. The aggregate grand total of end of year principal and interest for each fund will automatically be calculated and populate a field on the first page.
- Your report of trust and capital reserve funds is not complete unless each fund in your custody has been recorded on form MS-9 and properly accounted, even if it has a zero balance. A fund is not closed until the municipality votes to discontinue it.
- When trust funds are invested in common, it is suggested that you list all such trust funds first in your report. If more than one group of common investments is maintained, you should segregate and list all such groups separately before listing individually invested trust funds. A total of all trust funds should be inserted before listing capital reserves (RSA § 35) and general fund expendable trust funds (RSA § 31:19-a) that you may have in your custody.
- Please note that pursuant to RSA § 35:9, the money in each capital reserve fund shall be maintained separately on the books of the town. The assets of such funds may be pooled in order to invest in a broader range of investments to maximize growth and mitigate risk. The monies in capital reserve funds are restricted to investments authorized in RSA § 35:9.

The MS-9 has been designed to disclose the following information in the section entitled, *Report of the Trust Funds*:

- The **DATE OF CREATION** of each trust fund;
- The **NAME** of each trust fund;
- The **TYPE** of fund;
- The **PURPOSE** of each trust fund;
  - **HOW** the unexpended principal and income is **INVESTED** (common fund, NHPDIP, or single investment). Trustees are permitted to invest individual trust funds in common under RSA § 31:25 and 31:25 a-d. However, each individual trust fund, including each perpetual care fund, must be listed on the MS-9. A separate report, form MS-10, must be filed detailing the stocks, bonds, certificates of deposit, etc. comprising the common fund investments. If all trust funds held in the custody of the Trustees are invested in the New Hampshire Public Deposit Investment Pool (NHPDIP), it is not necessary to complete form MS-10.
- The status of the **PRINCIPAL** in each trust fund. Columns are provided in this particular section to show the principal **BALANCE** at the **BEGINNING OF** the **YEAR**. The principal balance at the beginning of the year should match the principal balance at the end of the year. Also reported in this section are any **NEW FUNDS CREATED** the reporting period; any realized **GAINS OR LOSSES ON** sales of **SECURITIES** or any cash capital gains dividends received; any **WITHDRAWALS** made; and the principal **BALANCE** at the **END** of the reporting **YEAR**.

## Trustee of Trust Funds – DRA Annual Reporting Instructions (*continued*)

- The status of the **INCOME** account of each trust fund. Columns are provided in this section to enter the income **BALANCE** at the **BEGINNING OF** the **YEAR**; the amount of **INCOME** received **DURING** the **YEAR** and what percentage of common trust investment income (if applicable); the amount of income withdrawn and **EXPENDED DURING** the **YEAR** for authorized purposes; and the income **BALANCE** at the **END** of the reporting **YEAR**.
- The last column represents the **GRAND TOTAL** of **PRINCIPAL** and **INCOME** balances at the end of the fiscal year. These balances are added together for the purpose of determining the amount of the surety bond required under RSA 41:6.

The amount in the Grand Total column should agree with the total amount of cash invested in bank deposits, stocks, bonds, or other legal investments.

The next section in the form, entitled *Principal Only*, lists the increases and decreases in the market value of the principal of the securities held. It may be used by Trustees to report the fair market value of each investment listed on the MS-10, including unrealized gain, at the end of the accounting period. This information may be obtained from financial publications or from your professional banker or broker.

### **Form MS-10 – Report of Common Trust Fund Investments**

When the principal and/or accumulated income of separate trust funds are commingled and invested in common for the purpose of facilitating growth of investments or obtaining more reasonable income, the trustees of trust funds shall file form MS-10. **Only common trust fund investments are reported on this form.**

The sum of the itemized common trust fund investments listed on form MS-10 should agree with the total or totals of each group of common trust funds reported on form MS-9. Do not include on form MS-10, investments pertaining to individually invested trust funds.

The principal section should reflect the actual cost of acquisition of securities or other investments and does not include unrealized gains or losses. The market value of principal may be reported in the *Principal Only* section located near the end of this form. The total balance of principal at the beginning of the year should match the total balance of principal listed at the end of the previous year. There are rows provided to record increases or decreases arising during the fiscal year from the purchase or sale of securities, cash capital gains, and ordinary gains or losses on sale of securities. The book value for each type of investment at the end of the year should be shown in the column provided for that purpose. When unexpended income is also invested in common, appropriate information must be entered in the income section of form MS-10.

### **Municipal Bureau Assistance**

Please see the schedule on the next page for a listing of Municipal Bureau auditor assignments. Any questions and all submissions should be addressed to your assigned auditor. The contact information of current municipal auditors is:

Michelle Clark	603-230-5091	michelle.clark@dra.nh.gov
Jamie Dow	603-230-5092	jamie.dow@dra.nh.gov
Stephanie Derosier	603-230-5096	stephanie.derosier@dra.nh.gov
Penny Touchette	603-230-5093	penny.touchette@dra.nh.gov