

TRANSCRIPT

Trustee of Trust Funds Training Video 1 Background

SLIDE 1

Welcome to today's training session. My name is Amy Nichols. I am a CPA with the CTU, and my role is to act as the Financial Research Analyst. As part of that role, I review all the MS9 and MS10 forms for the municipalities. I would like to start this session off by first explaining the role of the Charitable Trust Unit and how we differ from the role of the Department of Revenue Administration (DRA) with respect to the trust funds held by the town and cities trustees of trust funds.

SLIDE 2

The mission of the Charitable Trusts Unit is to protect the public's interest in the organizations and assets committed to charitable purposes in New Hampshire.

For Municipalities, this means that we oversee and monitor the privately donated funds held by the trustees of the trust funds. The DRA oversees and monitors the taxpayer funds held by the trustees. In other words, the DRA will oversee the Capital Reserve Funds and the Expendable Taxpayer Funds that were created by vote from a warrant article under RSA 31:19-a. The CTU ensures that municipalities comply with any restrictions on funds donated to the town, school, library, or cemetery, including any cemetery perpetual care funds held by the town.

SLIDE 3

Today's session is about how to complete the MS9 and MS10 reports for the town. Questions about the funds themselves should be directed to the department to which the fund pertains. Taxpayer fund questions should be directed to the DRA and your representative for your town or city. Private trust fund questions should be directed to the Charitable Trusts Unit. Our contact information will be shown at the end of the presentation. Please note that we are not able to provide legal or accounting advice. For those type of questions, I suggest that you contact legal counsel or the auditor for your town or city through the appropriate channels. The New Hampshire Municipal Association may also offer resources that will be helpful to you.

SLIDE 4

RSA 31:34, Record of Funds, states that "The trustees shall keep a record of all trusts in a record book or maintained in electronic format, which shall be open to the inspection of all persons in their town." And RSA 31:38, Reports, states, "A copy of the reports required of the town and city trustees and of the auditor thereof shall be filed annually with the attorney general, the department of revenue administration, and with the governing body of the town or city."

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This means that all municipalities must submit a MS9 Report for all the funds held by the trustee of trust funds (capital reserve, expendable taxpayer funds, and privately donated funds). The MS9 report is a DRA form designed to assist the municipalities with the proper format to report their funds. The requirements on the form were created by the DRA.

It is necessary that a separate record be maintained for each individual trust fund with principal and income transactions appropriately segregated and accounted.

As of 6/30/23, these forms must be reported on the NH TTF portal, paper submissions will no longer be accepted (new rules adopted in 2022). Please reach out to Axiomatic support to get set up on the portal.

We will be accepting attached documents to the MS9 form for the Cemetery Perpetual Care funds, which will be discussed in a future slide.

Due dates for filing the MS9 & MS10 are on the first day of the 3rd month following the fiscal year end.

Towns with fiscal year end 12/31 are due 3/1, and towns with fiscal year end 06/30 are due 9/1.

SLIDE 5

The MS9 new report format helps to remind trustees to report the funds at cost basis or book value. There is now a separate section at the bottom of the form for entering the fair market value. When you complete this section, only enter the ending fair market value. The system will calculate the other items in the section. Note: If you leave the fair market value blank you may notice that it will suggest that the fund has an investment loss.

Fund information should be carried forward each year to reduce the amount of data entry needed.

Beginning balances should be retained for you.

What you need to enter are: new contributions, realized capital gains/losses, principal withdrawals, and verify ending balances are correct.

For income, enter interest and dividends as income and any expenditures and verify ending balances.

Make sure the ending balances are not negative.

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Add market value at the bottom.

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Reporting: Note that while each perpetual care fund must be reported separately, we are now allowing the trustees to submit an attached file to the MS9, this will allow you to report the funds collectively on the portal form page only. You also may still report the funds individually on the MS9 report as seen here in this slide.

Under this update, you will be able to enter one fund as a cemetery location and then attach the list of individual funds that make up the amounts for the cemetery location.

For Example: on the fund page of the portal, report one fund as “The Eastside Cemetery Fund” then upload the document that lists all the funds separately by clicking on the “instruments” button and attaching the file. To report the cemetery perpetual care funds collectively under the new method, I will review how to attach a file in a later slide.

Investing: You may invest these funds together (place in same account) to increase the rate of return or growth on the funds. When investing together – choose the “how invested option” of “Common investment,” unless the funds are held at the NH PDIP. We will also see this in a future slide.

Red Flags: a red flag will be triggered for any fund that has a principal withdrawal or a negative ending balance. Perpetual care and income-only funds should not have principal withdrawals except for any professional investment fees.

SLIDE 7

Under RSA 31:25-c, Report to the Attorney General, the trustees shall report annually to the attorney general any securities retained under the provisions of RSA 31:25-a, which shall appear as an addendum to the annual report required to be filed under RSA 31:38. This is the filing of the MS10 report.

MS10 Report: this report, (Currently) is only for those funds held in common. “Common Investment” means any funds pooled together for greater investment power (held in same account). It is not for one large fund that is held in several investments. That is a single investment.

On this report, you should report the investments and not the funds again. It should be reported as cost basis or book value and match the MS9 report for the amount of funds held in common.

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Again, the market value has a separate section at the bottom. You could have this section match the FMV of the MS9.

Investments include: bank savings accounts, CDs, Money Markets, Stocks, Bonds and Mutual Funds and the like (REITs, etc.). The due dates for the MS10 are the same due dates as the MS9.

Due dates for filing the MS9 & MS10 are on the first day of the 3rd month following the fiscal year end. Towns with fiscal year end 12/31 are due 3/1. Towns with fiscal year end 06/30 are due 9/1.

SLIDE 8

New for the MS10 report is the ability to upload year-end and full activity statements for the funds, rather than having to enter the individual investments. This can reduce the data entry needed.

Statements (whenever possible) should be added with the cost basis total and not market value in order to match the MS9 report. If you can only use the market value for the MS10, please be sure to add the market value to the funds on the MS9 report so that the CTU can match the reports/funds together.

The CTU will review the types of investments, the risk, and percentage of diversifications among the funds to compare to the town investment policy.

NOTE: every town should have and submit to us annually their investment policy for the trust funds, even if it is simple. Or, you may report the minutes to a meeting when the trustees decided not to make any changes to the investment policy.