

FINANCE

Policy 611-R (previously Policy 811-R)

Investments

1.0 INVESTMENT OBJECTIVES

It is the policy of the Board of Education of School District #38 (Richmond) to invest public funds in a manner responsive to the public trust. Revenue from investments will be used in a manner that will best serve the interests of the District.

Investment of funds shall be governed by the following investment objectives:

- 1.1 **Preservation and Safety of Principal**
Investments of the District shall be made in a manner that strongly favours preservation of capital.
- 1.2 **Liquidity**
The investment portfolio is an integral component in the District's cash management process. As such, the portfolio will remain sufficiently liquid to enable the District to meet all operating requirements, which might be reasonably anticipated.
- 1.3 **Yield**
The investment portfolio shall be designed with the objective of attaining an overall yield commensurate with the District's preservation of capital and liquidity.

2.0 AUTHORITY

- 2.1 The Secretary-Treasurer or designate is responsible for cash management and investment of available cash in order to generate investment revenue.
- 2.2 Investments may be in one or more of the following:
 - a) **Operating Fund** – investment maturity shall be scheduled to coincide with projected cash flow needs.
 - Interest-bearing accounts, fixed deposits, notes, certificates and other short-term paper of or guaranteed by a savings institution;
 - Securities that are obligations of or guaranteed by the Federal or Provincial governments, Canadian chartered banks, trust companies or credit unions;
 - Securities issued by the Municipal Finance Authority of British Columbia.
 - b) **Capital and Special Purpose Funds** – investment maturity shall be timed according to anticipated need.
 - Interest-bearing accounts, fixed deposits, notes, certificates and other short-term paper of or guaranteed by a savings institution;
 - Securities that are obligations of or guaranteed by the Federal or Provincial governments, Canadian chartered banks, trust companies or credit unions;
 - Securities issued by the Municipal Finance Authority of British Columbia;
 - Commercial Paper, Money Market Funds;
 - Fixed Income Securities: Canadian Government and Agency Securities, Corporate Notes and Bonds of Investment Grade rated B or better, Mutual Funds;
 - Equity Securities: Common Stocks, Mutual Funds.

- 2.3 The District shall not engage or invest in foreign currency.
- 2.4 The District shall not invest in securities that are not denominated in Canadian Dollars.
- 2.5 Such investments may be made in or through financial institutions other than the District's primary bank. Credit risk will be minimized through diversification. It is not prudent to invest all funds with one financial institution, but when practical invest with more than one institution. It is recognized, however, that there may be situations where this is not practicable or desirable.
- 2.6 Such investments need to be made in or through financial institutions which are members of Canada Deposit Insurance Corporation (CDIC) or Credit Union Deposit Insurance Corporation (CUDIC), except for fixed income or equity securities.
- 2.7 Investments shall be made with judgment and care – under prevailing circumstances – that a person of prudence, discretion and intelligence would exercise in the management of the person's own affair, not for speculation, but for investment, considering the probable safety of capital and the probable revenue to be derived.
- 2.8 Investments shall be made in accordance with Policy 803.5.1-R Authorized Signatures.

3.0 SAFEKEEPING AND CUSTODY

All purchased securities shall be held in safekeeping by either the District, the district's account in a third party financial institution, the district's account in a pooled investment program managed by the Provincial government or the district's safekeeping account in its designated depository bank.

Transfers of securities in safekeeping shall be processed with written confirmations. The confirmation will be used for documentation and retention purposes. Securities rendered for payment will always be sent directly to the District's designated depository bank.

4.0 LOCAL PRIORITY

All other things being equal, investments will be negotiated with local financial institutions.

Where there is only marginal benefit to be gained from financial institutions outside of the District, then the Secretary-Treasurer or designate is authorized to negotiate an investment with a local financial institution.

5.0 REPORTING

Each quarter, in conjunction with the preparation of the Government Reporting Entity Financial Report required by the Ministry, Financial Services staff shall prepare a statement of the Board's investments, containing the following information:

- Principal amount
- Description of the Investment
- Yield to Maturity
- Accrued Income to Maturity

This report shall be presented to the Audit Committee for review.