

709 Financial Investments

Approved: November 16, 2010

Policy

The Board mandates the core principles of conservative financial management. In order to generate investment revenue for the benefit of the School District, cash that is available for investment shall be invested in minimal-risk financial instruments.

The Director of Financial Services is responsible for cash management and investment of funds and is authorized to invest available cash in order to generate investment revenue.

All financial investments will be subject to on-going internal controls and the annual audit.

Cash management and investment of funds will be prioritized as follows:

a. Capital Preservation

Investment of funds shall only occur when principal is guaranteed. This may be accomplished through the placement of funds with institutions that have achieved the highest creditworthiness in the marketplace and earned a public reputation as a good credit risk.

The following criteria shall be considered:

- Financial instruments are guaranteed as to repayment of principal and interest by:
 - o The Government of Canada or by any of the Provinces of Canada
 - o Canadian Chartered Banks and Trust companies incorporated under the laws of Canada
 - o Credit unions incorporated under the Credit Union Act (British Columbia)
 - o Certain programs, such as Bond Funds as provided by the Municipal Finance Authority (MFA), BC Investment Management Corporation (BCIMC), or other programs offered by chartered banks, trust companies or credit unions as described above
- Investments shall reflect the creditworthiness of the offering institution with a minimum of an AA rating, as determined by agencies qualified to provide creditworthiness ratings; i.e., Dominion Bond Rating Service, Canadian Bond Rating Service, Standard and Poor's, Moody's
- Credit risk minimization shall be achieved through diversification whenever possible and appropriate.

b. Liquidity Assurance

The assurance of liquidity is the ability to fund operating commitments through the drawdown of the investment portfolio. The following types of investment instruments are considered liquid, subject to the preservation of capital requirements guidelines above:

- Treasury bills, demand deposits, term deposits
- Bankers' acceptances and bankers' deposit notes
- Tradable promissory notes or bonds
- Investment in the MFA or BCIMC funds
- Liquid investment portfolios provided through chartered banks.

c. Optimizing Returns

Optimizing returns is obtained through monitoring of marketplace opportunities and realigning the portfolio accordingly, balanced with the Capital Preservation and Liquidity Assurance guidelines described above.