

## **FINANCIAL INVESTMENTS**

### **Background**

The District mandates the core principles of conservative financial management as part of their stewardship role in the care and effective use of public funds which must be devoted to the education of all District students.

In order to generate investment revenue for the benefit of the District, cash that is available for investment shall be invested in minimal-risk financial instruments while gaining the maximum return on the funds invested.

### **Procedures**

#### **1. Scope**

This Administrative Procedure covers all funds invested by the District. This would include operating, capital and endowment funds. Principals will be invited to participate in investments with school generated funds in conjunction with District funds and this Administrative Procedure.

#### **2. Objectives**

To the extent possible, the District shall attempt to match investments with anticipated cash flow requirements and will do so by adhering to the following guiding principles in considering the purchase, disposal and administration of any District held investments:

##### **2.1. Capital Preservation**

Investment of funds shall only occur when principal is guaranteed. Investment of funds shall seek to preserve Capital, to insulate it from market volatility. Capital preservation shall be achieved through a "Total Return" approach to ensure income can cover capital erosion which may occur in the market.

##### **2.2. Liquidity Assurance**

The assurance of liquidity is the ability to fund operating commitments through the drawdown of the investment portfolio. The investment portfolio shall remain sufficiently liquid to meet all operating or cash flow requirements and limit temporary borrowing requirements. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist of securities with active secondary or resale markets.

##### **2.3. 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. Investment shall be limited to relatively low risk securities in anticipation of earning a fair return relative to the assumed risk.

### 3. Authority

- 3.1. The Secretary Treasurer has the overall responsibility for the prudent cash management and investment of funds. Investment shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. Transactions may be authorized by two of the following: Superintendent, Secretary Treasurer, or Board Chair.

### 4. Standards of Care

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

### 5. Reporting

- 5.1. As part of the audited financial statements, the Secretary-Treasurer shall prepare annual financial reports to the Board through the Superintendent. In addition, the results of school invested funds will be reported to the principals semi-annually or annually depending on the maturity of the investment.

Reference: Sections 22, 23, 65, 85 School Act  
Financial Information Act

Adopted: November 2019  
Revised: