



## **PURPOSE**

To govern the investment of surplus cash and reserves of the Corporation of the Municipality of Temagami in accordance with Ontario Regulation 438/97, the Ontario Municipal Act and other relevant legislations, as amended from time to time.

The Municipality of Temagami shall invest surplus operating funds for the purpose of obtaining a suitable return on investment of cash that has been received by the Municipality from the payment of property taxes, government transfers and other sources in advance of the need for payment of municipal financial obligations. The Municipality of Temagami shall invest funds placed in reserves for future capital expenditures for the purpose of obtaining a suitable return on investment that will reduce the amount of capital required to fund the intended projects.

The goals and objectives for the investing of surplus funds are as follows, in priority order:

- (i) Adherence to statutory requirements;
- (ii) Preservation of capital;
- (iii) Maintaining liquidity;
- (iv) Minimizing administrative costs; and
- (v) Competitive rate of return.

## **3. APPLICATION**

### **3.1 Adherence To Statutory Requirements:**

All investment activities shall be governed by the Municipal Act, 2001 as amended. Investments will be those deemed eligible under Ontario Regulation 438/97, or as authorized by subsequent provincial regulations, and as further defined in this policy.

### **3.2 Preservation Of Capital:**

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Staff will mitigate credit and interest risk by:

- (i) Investing in only those investments as defined under 3.1;
- (ii) Limiting investments to the safer (i.e. higher rated) types of securities
- (iii) Structuring the investment portfolio so that securities mature to meet ongoing cash flow requirements.

### **3.3 Maintaining Liquidity:**

The investment portfolio shall remain sufficiently liquid to meet all operating or cash flow requirements by investing operating funds primarily in shorter-term securities or approved investment pools. Temporary borrowing requirements shall be minimized or eliminated, where possible, by structuring the portfolio such that securities mature concurrent with anticipated cash

demands.

### **3.4 Minimizing Administrative Costs:**

Recognizing that the Municipality of Temagami does not have an investment department and that Municipality shall invest primarily in Guaranteed Investment Certificates (GICs), which are secure investments, the Municipality shall attempt to minimize administrative requirements by investing in short-term GIC's with the Bank of Nova Scotia.

### **3.5 Competitive Rate Of Return:**

The Municipality shall maximize the rate of return earned on the investment portfolio without compromising the other objectives listed above. Investments are generally limited to relatively low risk securities in anticipation of earning a fair return relative to the assumed risk. Utilization of opportunities for investing in approved Investment Pools will be considered as a means of improving the rate of return.

## **4. ADMINISTRATION**

### **4.1. Authority to make Investments**

Subsection 286 (1) of the Municipal Act, 2001, as amended establishes the authority of the Municipal Treasurer to make investments on behalf of the Corporation of the Municipality of Temagami. The Treasurer is hereby authorized to:

- (i) Enter into arrangements with banks, investment dealers and brokers, and other financial institutions for the purchase, sale or redemption, issuance, transfer and safekeeping of securities;
- (ii) Perform all other related acts in the day-to-day operation of the investment program.

### **4.2. Controls**

The Municipal Treasurer is responsible for the development and maintenance of suitable procedures to provide for effective control and management of investments. The procedures shall include the following requirements:

- (i) The Treasurer or staff designate along with a signing officer from Council as appointed by a By-law of the Municipality of Temagami shall jointly confirm by signature all investments entered into on behalf of the Municipality of Temagami, with the exception of investments of GIC's with the Bank of Nova Scotia, which shall require the signature of the Treasurer or designate, along with any other signing officer as appointed by a By-law of the Municipality of Temagami. This exception shall be permitted as the Bank of Nova Scotia is instructed to take the funds to be invested in the name of the Municipality from the Municipality's general bank account and to deposit the funds into the same bank account upon maturity of the investment.
- (ii) All cash management transactions are recorded and interest earnings distributed in accordance with generally accepted accounting principles for Ontario municipalities.
- (iii) Periodic reviews are carried out to determine whether or not the investment guidelines provided by this policy are being followed and to evaluate the adequacy of internal controls.
- (iv) All securities shall be held in the name of the Corporation of the Municipality of Temagami.

### **4.3. Ethics and Conflicts of Interest**

- (i) Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
- (ii) Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.
- (iii) Investment officers acting in accordance with written procedure and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risks or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidation or the sale of securities are carried out in accordance with the terms of this Policy.

## **5. REPORTING REQUIREMENTS**

### **5.1 Annual Report**

The Treasurer shall submit an annual investment report to Council, including a management summary that provides an analysis of the status of the current investment portfolio. The report will include the following:

- (i) A listing of individual securities held at the end of the reporting period;
- (ii) The percentage of the total portfolio which each type of investment represents;
- (iii) A statement about the performance of the investment portfolio during the period;
- (iv) A statement by the Treasurer as to whether or not, in his or her opinion, all investments were made in accordance with the investment policies and goals adopted by the Municipality;
- (v) Such other information that the Council may require or that, in the opinion of the Treasurer, should be included.

### **5.2 Report of Inconsistency**

If an investment made by the Municipality is, in the Treasurer's opinion, not consistent with the investment policies and goals, the Treasurer shall report the inconsistency to Council within 30 days after becoming aware of the inconsistency.

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