

Policy: **Investment and Internet Banking Policy**

Date Originally Approved: February 24, 2005

Motion: "That Council approves the adoption of the Investment and Internet Banking Policy and authorizes the referral of the Policy to the Minister of Service Nova Scotia Municipal Relation for approval." Motion carried.

This Policy is current as of: March 8, 2005

Municipality of the County of Colchester Investment and Internet Banking Policy

Cash Management Objectives

The Municipality manages its cash and investment portfolio with the following primary objectives:

- Safeguarding principal;
- Ensuring liquidity to meet daily cash needs; and,
- Maximizing investment earning within legislative requirements, Council approved policies, and fiduciary responsibilities.

Currency

All investments shall be denominated in Canadian dollars.

Types of Suitable Investment Instruments

- Guaranteed Investment Certificates issued by Canadian banks;
- Treasury Bills;
- Bankers Acceptances; and,
- Triple A Corporate Paper.

Authorized Institutions

Currently, the Municipality has a banking contract (to July 2008) with the Canadian Imperial Bank of Commerce ("CIBC"). While there is nothing in the Municipality's contract with CIBC that would prevent the Municipality from "shopping for rates" among other financial institutions, unless there is a significant differentiation in rates (i.e., 50 basis points), the Municipality will place its segregated investments with CIBC.

Investments that are placed outside of the CIBC must be authorized by the Chief Administrative Officer and the Director of Corporate Services (or their specific designate during absences) and placed only with the major Canadian banks (i.e., Scotiabank, Royal Bank of Canada, Toronto Dominion, Bank of Montreal).

Liquidity

Finance staff will ensure that there is always sufficient funds to meet daily cash needs, including the maintenance of minimum balance requirements stipulated in the Municipality's current banking agreement.

Normally, investments will be for short periods (i.e., 30 days or less). However, where finance staff, through cash management projections, is able to show that excess funds will be available for a longer

and specific period of time (i.e., August through December), investment terms may be extended. Also, where there are no penalties for early withdrawal (i.e., after 30 days), the Municipality may take advantage of longer terms to maximize earnings.

Excess available balances from the operating fund and the various reserves will be invested in segregated investment vehicles (i.e., segregated from the general operating fund current account) under this policy when the following criteria are met:

- Investment rate is 25 basis points or more than the rate paid within our current banking agreement (i.e., average bank prime less 1.90%); and,
- A minimum of \$ 500,000 (i.e., aggregate amount) is available for investment.

Reserve or trust funds with balances less than \$ 50,000 will not be aggregated for investment purposes. Additionally, Tatamagouche Water Utility funds will not be aggregated for investment purposes.

Capital Expenditures/Withdrawals from Reserves

A keen awareness must be maintained of pending capital requirements, as stipulated in the capital budget and other unplanned requirements.

Authority Levels

All investments must be authorized by two of the following individuals:

- Chief Administrative Officer;
- Director of Corporate Services; and,
- Finance Manager.

As indicated above, investments that are placed outside of the CIBC must be authorized by the Chief Administrative Officer and the Director of Corporate Services (or their specific designate during absences).

Accounting

While segregated records will always be maintained, the Municipality will manage its cash position on an aggregate basis. Earned interest will be allocated to accounts based on principal investment. As a specific example, funds from the operating account and the various reserve accounts will be aggregated for investment purposes.

Monitoring and Reporting

Cash balances are to be monitored on a daily basis by the Finance Manager to ensure liquidity

requirements are not being compromised.

A monthly reconciliation and detailed listing of all cash investments, including monthly and annual rates of return, will be provided to the Director of Corporate Finance and the Chief Administrative Officer on a monthly basis.

Internet Banking

On-line banking may be used to facilitate the transfer of funds for investment purposes. Transfers may be initiated on-line by the Director of Corporate Services, the Finance Manager or the Finance Assistant. In all instances, the on-line initiator of the transfer must have source documentation that is signed as per this policy (i.e., two of Chief Administrative Officer, Director of Corporate Services, Finance Manager).

Municipal Clerk's and Minister for Service Nova Scotia and Municipal Relation's Annotation For Official Policy Book	
Date of Notice to Council Members of Intent to Consider (7 days minimum): <u>December 9, 2004</u>	
Date of Passage of Current Policy: <u>January 27, 2005</u>	
I, Gary MacIsaac, certify that this Policy was adopted by Council as indicated above.	
_____	_____
Municipal Clerk	Date
APPROVED this _____ day of _____, 20____	

Minister for Service Nova Scotia and Municipal Relations	