

# Toronto District School Board

## **Policy P.025 BUS: Investment of Reserve Funds**

### **Statement**

The Toronto District School Board will invest funds that are temporarily surplus to its day-to-day operations and any funds held in reserves for whatever purpose in securities that are prescribed under Regulation 471/97, Eligible Investments, as amended from time to time, a copy of which is attached.

### **Investment Goals**

The goals of the Board are:

- to achieve the highest possible rate of return on any surplus funds invested in accordance with this policy;
- to utilize self-financing where practical and possible;
- to continue to utilize the services of the City of Toronto as long as the rate of return is competitive.

The Executive Officer, Business Services, and/or the Comptrollers of Budget and Revenue and Accounting will be responsible for making the following determinations in accordance with this policy:

1. The amount of surplus funds available to be invested and the length of time for which surplus funds are available for investment
2. The compliance of the investment policy and goals

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### Regulation Under the Education Act

#### Regulations 471/97

#### **Eligible Investments**

O. Reg. 471/97

1. A board does not have the power under section 241 of the Act to invest in a security other than a security prescribed under this Regulation.
2. The following are prescribed as securities that a board may invest in:
  1. Bonds, debentures, promissory notes or other evidence of indebtedness issued or guaranteed by,
    - i. Canada or a province or territory of Canada
    - ii. an agency of Canada or a province or territory of Canada.
    - iii. a municipality in Canada
    - iv. a board of similar entity in Canada
  2. Bonds, debentures, promissory notes or other evidence of indebtedness of a corporation if,
    - i. the bond, debenture or other evidence of indebtedness is secured by the assignment to a trustee, as defined in the *Trustee Act*, of payments that Canada or a province or territory of Canada has agreed to make or is required to make under a federal, provincial or territorial statute, and
    - ii. the payments referred to in subparagraph 1 are sufficient to meet the amounts payable under the bond, debenture or other evidence of indebtedness, including the amounts payable at maturity.
  3. Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments, issued, guaranteed or endorsed by,
    - i. a bank listed in Schedule I or II to the *Bank Act (Canada)*,
    - ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*,
    - iii. a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies, or
    - iv. the Province of Ontario Savings Office.
  4. Bonds, debentures or evidences of long-term indebtedness issued or guaranteed by an institution listed in paragraph 3.
  5. Short term securities, the terms of which provide that the principal and interest shall be fully repaid no later than three days after the day the investment was made, that are issued by,
    - i. the board of governors of a college of applied arts and technology established under section 5 of the *Ministry of Colleges and Universities Act*,
    - ii. a degree granting institution as authorized under section 3 of the *Degree Granting Act*, or
    - iii. a board as defined in the *Public Hospitals Act*.

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3. (1) A board shall not invest in a security under paragraph 4 of section 2 unless the bond, debenture, promissory note or evidence of indebtedness is rated,
  - (a) by Canadian Bond Rating Service Inc. as 'AA-' or higher;
  - (b) by Dominion Bond Rating Service Limited as "AA(low)" or higher;
  - (c) by Moody's Investors Services Inc. as "Aa3" or higher; or
  - (d) by Standard and Poor's Inc. as 'AA-' or higher.
- (2) If an investment under paragraph 4 of section 2 falls below the standard required under subsection (1), the board shall sell the investment within 90 days after the day the investment falls below the standard.
4. A board shall not invest in a security issued or guaranteed by a board or similar entity unless,
  - (a) the money raised by issuing the security is to be used for school purposes; and
  - (b) the security is to be repaid entirely from the taxes or charges levied on property, with grants or appropriations made by the government of Canada or a province or territory of Canada or a municipality, or from a combination of such taxes, charges, grants and appropriations.
5. (1) A board shall not invest in a security that is expressed or payable in any currency other than Canadian dollars.
- (2) Subsection (1) does not prevent a board from continuing an investment, made before this Regulation comes into force, that is expressed and payable in the currency of the United States of America or the United Kingdom.
- 5.1 A board shall not invest money from its general fund, its capital fund or a reserve fund in a security unless,
  - (a) the money is made repayable on or before the day on which the board requires the money; or
  - (b) any interest or other earnings from the investment are credited to the fund from which the money was invested.
6. Before a board invests in a security prescribed under this Regulation, the board shall, if it has not already done so, adopt a statement of the board's investment policies and goals.
7. (1) If a board has an investment in a security prescribed under this regulation, the board shall require the treasurer of the board to prepare and provide to the board, each year, or more frequently if so required by the board, an investment report.
- (2) The investment report referred to in subsection (1) shall contain,
  - (a) a statement about the performance of the portfolio of investments of the board during the period covered by the report;
  - (b) a description of the estimated proportion of the total investments of a board that are invested in its own long-term and short-term securities to the total investment of the board and a description of the change, if any, in that estimated proportion since the previous year's report;
  - (c) 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 board;

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- (d) a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security; and
  - (e) such other information that the board may require on that, in the opinion of the treasurer, should be included.
8. (1) Despite this Regulation, an investment by an old board or a school authority in bonds, debentures or other indebtedness of a corporation made before the day this Regulation comes into force may be continued if the bond, debenture or other indebtedness is rated,
- (a) by Canadian Bond Rating Service Inc. as "AA-" or higher;
  - (b) by Dominion Bond Rating Service Limited as "AA(low)" or higher;
  - (c) by Moody's Investors Services Inc. as "Aa3" or higher; or
  - (d) by Standard and Poor's Inc. as "AA-" or higher.
- (2) If the rating of an investment continued under subsection (1) falls below the standard required by that subsection, the board shall sell the investment within 90 days after the day the investment falls below the standard.
9. This Regulation comes into force on the day that section 113 of the *Education Quality Improvement Act, 1997*, comes into force.