

**Appendix 'A' -
Investment Policy Procedures**
to
Town of Newmarket
Investment Policy FIN.03.01

Purpose

The purpose of the Investment Policy Procedures shall guide Finance staff with investment operations. These procedures shall be reviewed and updated at least annually.

Legal Authority to Invest

The Council may authorize the Treasurer by bylaw to invest the Town's surplus funds in compliance with the Town's Investment Policy. The Treasurer may delegate the authority to select investment instruments in which the Town's funds may be placed to the Deputy Treasurer. The Treasurer approves the investments and retains ultimate responsibility as the fiduciary of the assets of the Town of Newmarket. The Treasurer and his/her designate shall perform their investment duties in good faith and in compliance with the Investment Policy. By so doing, they have no personal liability for their actions.

Cash Review

An overall Town cash flow model shall be prepared prior to making any investments. This model shall include: actual cash flow for the past quarter, short term (one year) forecast for operating purposes by month, and long term (5 years and beyond) cash flow forecast for reserves and reserve funds. Cash available for short-term and long-term investments will be determined from the model analysis. The model should be reviewed and revised periodically to incorporate the actual results and any new factors to be incurred.

The Treasurer or his/her designate shall review the cash balances daily and the investment portfolio monthly or as needed.

Investment Strategy and Performance Standards

The Town will implement a passive buy and hold strategy as opposed to an active strategy of buy and sell. The structure of the portfolio will always take into consideration the cash flow needs of the Town. Given the passive nature of the Town's investment strategy, the portfolio performance benchmark will be as follows:

- Short-term investment (within one year): prime -1.75%;
- Mid - and long-term investment: Government of Canada Marketable Bond Average Yield (5-10 years).

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Investment Selection

All investments must be in compliance with the investment parameters outlined by the Town's Investment Policy. Further restrictions on the allowable securities and their respective term and size are as follows:

- Government of Canada Securities: no limit;
- Provinces of Canada Bonds: no limit;
- Municipalities in Ontario: not exceeding three years, maximum 50%;
- Financial Institutions: six major Canadian chartered banks only – not exceeding five years, maximum 50%;
- Municipal Investment Pool such as One Fund – maximum 50%;
- Guaranteed Investment Certificates (GIC's) – must be offered by the six major Canadian chartered banks, no limit.

The Senior Financial Analyst shall research the investment products and provide recommendations to the Treasurer and his/her designee. The Treasurer will make the final decision on the purchase and sale of investment products.

Investment Transactions

Investment transactions are evidenced and substantiated by properly authorized supporting documentation. All the transactions shall be reviewed and approved by the Treasurer. All the documentation shall be kept in a separate filing system for at least seven years. Dual signatures are required for all cheques or electronic transfers for purchasing investment products. One of the signatures shall be from the Treasurer or the Deputy Treasurer; the other shall be from the Mayor or the Regional Councillor.

Accounting, Reporting & Auditing

The Senior Financial Analyst is responsible for the accounting of the investment transactions which includes but is not limited to: journal entries, account reconciliation, and any required analysis. The Senior Financial Analyst shall provide information and supporting documentation for all investment transactions as required by the auditors during the annual auditing process.

The Treasurer shall submit a report to Council on investment activities and returns annually, including but not limited to the following:

- Securities held at the end of the reporting period;
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities that are not intended to be held until maturity;
- Average weighted yield to maturity on investments as compared to applicable benchmarks;
- Percentage of total portfolio which each type of investment represents;

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- A statement by the Treasurer as to whether or not, in his or her opinion, all investments made were in line with the investment policies and procedures adopted by the Town; and
- Such other information that the Council may require or that, in the opinion of the Treasurer, shall be included.

Roles and Responsibilities:

The key persons and main tasks involved in the Town's investment activities are as follows:

Senior Financial Analyst	<ul style="list-style-type: none"> • Prepare and update cash flow model; • Research investment products and make recommendations to the Treasurer or his/her designee; • Execute investment transactions approved by the Treasurer; • Perform accounting duties related to investment transactions; • Keep all the records of the investment transactions; • Provide information and supporting documentation related to investment transactions to auditors.
Manager of Finance & Accounting	<ul style="list-style-type: none"> • Review the Senior Financial Analyst's work as listed above.
Treasurer	<ul style="list-style-type: none"> • Management responsibility for investment activities; • Establish appropriate systems of internal control, procedures, and reporting practices to support investment activities; • Report investment activities to Council.
Deputy Treasurer	<ul style="list-style-type: none"> • Back up the Treasurer for the activities listed above
Council	<ul style="list-style-type: none"> • Approve Investment Policy and Procedures and subsequent amendments; • Approve delegations to the Treasurer in relation to the investment activities.