

NANAIMO LADYSMITH PUBLIC SCHOOLS

**BUSINESS COMMITTEE
PUBLIC MEETING**

INFORMATION SHEET

DATE: November 10, 2021
TO: Business Committee
FROM: Mark Walsh, Secretary-Treasurer
SUBJECT: Investments

Background

Staff has previously reported to the Board that despite an increase in the District's cash on hand, there has been a decline in the amount of interest income received. Staff have determined potential alternative investment instruments to consider to protect the District's cash balance while at the same time provide a reasonable rate of return. However, prior to making any investment it is important for transparency, consistency, and accountability to have a structure to guide any such investments. The purpose of this memo is to outline a newly created AP associated with investments.

Discussion

The District currently has approximately \$30 million cash on hand. Approximately \$14.3 million is invested in the Central Deposit Program ("CDP") with the Province earning 0.95% interest and the remaining is in an account with a private financial institution earning 0.57% interest.

The significant amount of cash on hand is due to a variety of reasons. The District receives international student tuition revenue in concentrated amounts during certain months of the year, while expenditures occur more evenly throughout the year. The district also receives funds restricted for a specific purpose (child-care sites, various donations/grants for specific program deliverables) where there is a delay in the outlay of those funds. There may also be surplus funds set aside for future use or cash on hand to fund the employee future benefit balance.

In drafting the AP we have reviewed a number of school districts' policies and procedures as well as post-secondary institutions. We note the AP is largely based off the post-secondary examples.

The AP is intended to provide a guide to access financial instruments with higher returns. The AP envisions three types of investments dependent on the time horizon of the need for the funds:

1. Investments focused on liquidity (e.g. payroll or current capital/operational needs) that we require immediate access to. This is likely the bulk of the funds. While there are a number of options, currently, remaining with CDP is likely the best option.
2. Investments focused on generating additional return at an appropriate level of risk (e.g. multi-year projects or our computer refresh) with funds that we require capital certainty but do not require immediate access. Currently, staff have determined that we are able to access certain investment products available from the Municipal Financing Authority that would provide reasonable returns.
3. Investments focused on generating a higher level of return (e.g. employee future benefits, savings for future capital projects such as a Board office or a longer term capital project such as NDSS). These funds have a longer time horizon for their use. We have not contemplated any investments in this area at this time.

In addition to setting out the types of investment vehicles available, staff have also considered “loans” for an internal purpose. For instance, in the event that facilities had a project with a financial return (e.g. a GHG project) they could access funds and pay back the cash balance by decreasing their budget each year over a term as the cost savings materialize.

Finally, the AP envisions annual reporting to the Board of the status of the investments. We note that during budget time the anticipated return may be included as revenue.

Appendix A: Draft Administrative Procedure – Investments

