

## Report to Council

<b>Report Title:</b>	Investment Policy Update		
<b>Prepared By:</b>	Trish Serratore, Chief Financial Officer		
<b>Department:</b>	Finance		
<b>Date:</b>	November 25, 2025		
<b>Report Number:</b>	FIN2025-28	<b>File Number:</b>	C11FIN
<b>Attachments:</b>	Draft Updated Investment Policy		

### **Recommendation:**

That the Council of the Municipality of Brockton hereby receives Report Number FIN2025-28 - Investment Policy Update, prepared by Trish Serratore, Chief Financial Officer and in doing so approves a By-Law coming forward adopting the updated Investment Policy as presented.

### **Report:**

#### **Background:**

Provincial legislation requires City Council to review and update the Investment Policy on an annual basis as required. Municipal investments are highly restricted through the Municipal Act and supporting regulations. Investments are generally restricted to high quality money market and bond investments.

The Municipality of Brockton's Investment Policy (Policy F12-0500-15) was originally approved by Council on April 13, 2015 under By-Law 2015-028 in accordance with Section 418 of the Municipal Act and Ontario Regulation 438/97. The purpose of the policy was to govern the investment of surplus cash, reserves, and reserve funds in a prudent and compliant manner, while maximizing returns and maintaining liquidity.

The original policy provided foundational direction for determining surplus funds available for investment, permitted investment institutions, and reporting obligations of the Chief Financial Officer.

#### **Analysis:**

The revised Investment Policy represents a substantial improvement over the original 2015 version and introduces a more comprehensive, modern, and transparent framework for managing municipal investments.

#### **Expanded Definitions and Clarification of Roles**

One of the most significant updates is the addition of a detailed Definitions section. The original policy contained no definitions, leaving considerable room for interpretation. The revised policy now includes an extensive list of terms related to investment management, financial risk, liquidity, duration, and reserve

classifications. It clarifies the statutory responsibilities of the Chief Financial Officer, the nature of reserve and reserve funds, and the meaning of diversification. This ensures that Council, staff, and auditors all share a consistent understanding of the terminology used throughout the policy.

### **Enhanced Determination of Surplus Funds and Investment Objectives**

The original 2015 policy briefly referenced determining the amount of surplus funds available for investment but did not describe the considerations involved in making that determination. The revised policy now requires the CFO to undertake a more structured assessment of liquidity needs, cash flow timing, capital preservation requirements, and the expected duration of fund availability. It emphasizes that all investments must align with the Municipality's need for liquidity and its broader financial planning framework, including reserves and asset management commitments.

### **Updated and Clarified Eligible Investments**

One of the major improvements in the revised policy is the detailed articulation of eligible investment instruments. While the original policy only referenced the Municipal Act and O. Reg. 438/97, it did not specify which investments were permitted under the regulation. The updated policy explicitly identifies allowed securities, including government and municipal bonds, debentures, promissory notes, agency securities, and deposit instruments from Schedule I, II, and III banks. This clarity is essential for ensuring full legislative compliance and providing direction when evaluating investment opportunities.

### **Modernized Investment Process and Strengthened Internal Controls**

The original policy referenced outdated practices such as placing investments by telephone or fax and lacked any description of internal controls or procedural requirements. The revised policy establishes a formal framework for investment execution, including designation of authorized staff, documentation of all transactions, and distribution of interest earnings to the appropriate funds. It also outlines expectations for annual internal reviews to ensure compliance with the policy and effectiveness of internal controls. This modern approach greatly enhances accountability and aligns with current municipal financial practices.

### **Introduction of Prudent Investor Considerations**

Council has already approved Brockton's ability to invest under the Prudent Investor regime through ONE Investment. While this authority is in place, staff have not yet initiated the transition or explored implementation. The revised policy acknowledges this approval and ensures the Municipality is positioned to evaluate and potentially adopt the Prudent Investor model in the future as part of its long-term investment strategy.

### **Improved Reporting, Oversight, and Transparency**

The reporting requirements in the original policy were limited to providing Council with an annual listing of investments. The revised policy significantly expands this requirement, mandating an annual investment report that includes performance summaries, compliance statements, and disclosure of any inconsistencies or corrective actions. This enhanced reporting framework ensures that Council receives meaningful, timely, and comprehensive information necessary to exercise effective oversight of the Municipality's investment portfolio.

## Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- Recommendations help move the Municipality closer to its Vision N/A
- Recommendations contribute to achieving Heritage, Culture, and Community N/A
- Recommendations contribute to achieving Quality of Life N/A
- Recommendations contribute to achieving Land Use Planning and the Natural Environment N/A
- Recommendations contribute to achieving Economic Development N/A
- Recommendations contribute to achieving Municipal Governance N/A

## Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

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## Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

## Reviewed By:



Sonya Watson, Chief Administrative Officer