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**STAFF REPORT: Finance and IT Services**



**REPORT TO:** Committee of the Whole  
**MEETING DATE:** April 4, 2016  
**REPORT NO.:** FAF.16.20  
**SUBJECT:** 2015 Investment Report  
**PREPARED BY:** Debbie Brown, Budget Analyst

**A. Recommendations**

THAT Council receive Staff Report FAF.16.20, entitled “2015 Investment Report”; for information purposes.

**B. Background**

The Town’s financial investments are governed by the Council approved “Investment Policy” FS.08.11, as amended. The purpose of the policy is to invest all available funds in a prudent manner so as to maximize the rate of return while minimizing the degree of risk to the principal, while ensuring an adequate level of liquidity within the legislated guidelines.

In accordance with the Town’s Investment Policy Section V, Part (a), Council shall be updated on the status of the investments on an annual basis or upon request. In general, fixed income investments experienced another flat year of returns in 2015. In this investment environment, returns greater than 2% have not been experienced since 2008 and the return on the Town’s portfolio is reflective of this again in 2015. There a number of reasons that contributed to this:

- Low interest rates,
- Recovering North American economy,
- Type and quality of investments available in 2015.

Typically, the Town invests in fixed income type securities over shorter terms. The Town has been able to achieve relative moderate returns, given the low interest environment by diligently working with professionals in the field.

The Town’s General Revenue Fund holds a Term Deposit with TD Canada Trust at December 31, 2015 for \$5 million earning 1%. The monthly interest on the Town’s Bank Account was revised on July 1, 2015, and the new rate is Prime less 1.85% with an average monthly rate of 1% during 2015.

The Town’s Reserve Funds are invested in a number of investment vehicles. At year-end 2015, approximately \$7.5 million was held with TD Canada Trust in a Term Deposit earning 1%.

There was approximately \$2.24 million on account with BMO Nesbitt Burns at the end of 2015. This account generally earns interest at a better rate than our primary bank and invests in a more diversified range of fixed income securities in accordance with the

Town's Investment Policy. This account earned approximately \$38,993 in 2015 with an average rate of return on the portfolio of 1.75%.

Additionally, there is about \$1.53 million in a GIC and cash accounts with Meridian Credit Union at the end of 2015. The GIC matures June 19, 2016 with \$1.4 million available on demand at the current rate of 1.10% as of December, 2015. This account earned approximately \$18,687 in 2015 with a rate of return of 1.1%.

We have invested \$2.5 million with The One Investment Program, through AMO (Association of Municipalities of Ontario) in 2015. This account earned \$32,447 in interest since opening the account on July 6, 2015, with an average rate of return on the investment of 2.61%.

The 2016 outlook on interest revenue from investments is very similar to 2015. After much discussion with professionals in the field, Staff does not expect interest rates to change much over the year. However, Staff will continue to research opportunities to maximize the portfolio's returns.

### **C. The Blue Mountains' Strategic Plan**

Goal #4: Promote a Culture of Organizational and Operational Excellence  
4. To Be A Financially Responsible Organization

### **D. Environmental Impacts**

N/A

### **E. Financial Impact**

The 2016 Budget reflects the lower than historic rates of return. Finance continues to monitor the Town's investment portfolio maximizing returns at an acceptable level of risk in accordance with the Town's Investment Policy.

### **F. In Consultation With**

Ruth Prince, Director of Finance & IT Services

### **G. Attached**

1. Summary of Investments

Respectfully submitted,

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Debbie Brown  
Budget Analyst

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Ruth Prince  
Director of Finance and IT Services

For more information, please contact:  
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Town of The Blue Mountains  
2015 Summary of Investments

FAF.16.20  
Attachment 1

Investments	Date Invested	Date Matures	Total
BMO Nesbitt Burns			
Cash on Account @ Dec 31st			\$ 8,651
Vancity GIC	February 9, 2015	February 9, 2016	\$ 71,733
Montreal Trust GIC	April 16, 2015	April 18, 2016	\$ 108,000
People's Trust GIC	May 27, 2015	May 27, 2016	\$ 100,000
Laurentian Bank GIC	June 30, 2014	June 30, 2016	\$ 100,000
Montreal Trust GIC	June 30, 2014	June 30, 2016	\$ 100,000
Montreal Trust GIC	January 15, 2015	January 16, 2017	\$ 216,335
HSBC Bank GIC	February 9, 2015	February 9, 2017	\$ 100,000
Equitable Bank GIC	February 9, 2015	February 9, 2017	\$ 100,000
Home Trust GIC	February 9, 2015	February 9, 2017	\$ 100,000
Cdn Western Bank GIC	June 9, 2015	June 9, 2017	\$ 319,127
Montreal Trust GIC	December 8, 2014	December 8, 2017	\$ 221,467
Royal Bank GIC	June 30, 2015	July 3, 2018	\$ 287,707
National Bank GIC	June 30, 2015	July 2, 2019	\$ 100,000
Montreal Trust GIC	June 12, 2015	June 12, 2020	\$ 316,300
<b>Total BMO Nesbitt Burns Statement</b>			<b>\$ 2,249,320</b>

One Fund Program	July 6, 2015	December 31, 2018	\$ 2,532,447
Meridian GIC	December 19, 2014	June 19, 2016	\$ 1,532,250
TD Canada Trust	November 24, 2015	February 2, 2016	\$ 7,500,000
<b>Total Investments</b>			<b>\$ 13,814,017</b>

<b>Cash Account with Meridian</b>			<b>\$ 1,461,608</b>
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<b>Total Cash &amp; Investments</b>			<b>\$ 15,275,625</b>
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