



# Staff Report

## Finance and IT Services

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**Report To:** Committee of The Whole  
**Meeting Date:** April 4, 2018  
**Report Number:** FAF.18.27  
**Subject:** 2017 Investment Report  
**Prepared by:** Debbie Brown, Budget Analyst

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### A. Recommendations

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THAT Council receive Staff Report FAF.18.27, entitled “2017 Investment Report” for information purposes.

### B. Overview

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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. This report outlines the investment activities for 2017.

### C. Background

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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 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 2017. This is due to low interest rates, a recovering North American economy, and the type of investments available.

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.

### D. Analysis

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The monthly interest rate on the Town’s Bank Accounts are Prime less 1.85% with an average monthly rate of 1.07% this bank account earned interest in the amount of \$149,405 for the year. The Town’s General Revenue Fund holds a TD Term Deposit Investment at December 31,

2017 for \$7.5 million earning 1.61% and maturing May 28, 2018. The Term Deposits earned \$82,428 in interest in 2017.

The Town also holds loans for Capital Water and Wastewater Local Improvements on individual properties which earned \$158,468 in interest for the Town in 2017.

The Town's Reserve Funds are invested with a number of investment firms.

The Reserve Fund bank account with TD Canada Trust earned \$35,850 and \$15 million was held in two Term Deposits of \$7,500,000 each. The first earning 1.54% and maturing February 20, 2018 and then \$7,500,000 at 1.65% maturing June 11, 2018. The TD Term Deposits earned the Town \$55,181 in interest in 2017.

There was approximately \$2.33 million on account with BMO Nesbitt Burns at the end of 2017. 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 \$42,747 in 2017 with an average rate of return on the portfolio of 1.67%.

Additionally, there is about \$2.5 million in two Guaranteed Investment Certificates (GICs) with Meridian Credit Union at the end of 2017. The first GIC matures August 28, 2018 at 1.85% and the second matures November 10, 2018 at 2.15%. This account earned \$67,250 in 2017 with a rate of return of 1.7%.

The Town has invested \$2.652 million with The One Investment Program, through AMO (Association of Municipalities of Ontario). This account earned \$59,248 in interest in 2017, with an average rate of return on the investment of 1.96%. Since the Town joined The One Fund Investment Program in July 2015, this program's assets were \$601 million. At December 31, 2017 these assets have increased to \$1.675 billion invested with 148 Municipalities and public sector investors.

The 2018 outlook on interest revenue from investments is very similar to 2017. It is expected that interest rates are not going to change much over the next year. However, staff will continue to research opportunities to maximize the portfolio's returns and is investigating The One Fund High Interest Savings Account to deposit short term funds with a rate of 1.915% which is based on Prime less 1.535% for 2018.

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

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

## **F. Environmental Impacts**

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None.

## **G. Financial Impact**

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The Town earned a total of \$659,738 in interest on bank accounts and investments in the General and Reserve Funds in 2017, which included \$9,206 for the L.E. Memorial Library.

## **H. In consultation with**

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Sam Dinsmore, Deputy Treasurer/Manager of Budgets and Accounting  
Ruth Prince, Director of Finance and IT Services

## **I. Attached**

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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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## 2017 Investments

For the year ended December 31, 2017

### BMO Nesbitt Burns

	% Rate	Date Invested	Date of Maturity	Amount
Bank of Montreal GIC	1.30	2/9/2017	2/9/2018	\$ 100,000.00
Bank of Montreal GIC	1.30	2/9/2017	2/9/2018	\$ 100,000.00
BMO Trust GIC	1.30	2/9/2017	2/9/2018	\$ 100,000.00
Royal Bank GIC	1.30	2/9/2017	2/9/2018	\$ 137,000.00
National Bank GIC	1.65	4/20/2016	4/20/2018	\$ 200,000.00
Peoples Trust GIC	1.45	5/30/2016	5/30/2018	\$ 100,000.00
Bank of Montreal GIC	1.10	6/9/2017	6/11/2018	\$ 329,780.00
Royal Bank GIC	1.70	6/30/2015	7/3/2018	\$ 287,707.00
Bank of Montreal GIC	1.75	12/8/2017	12/10/2018	\$ 144,495.00
National Bank GIC	1.90	6/30/2015	7/2/2019	\$ 100,000.00
Equitable Bank GIC	1.80	6/30/2016	7/2/2019	\$ 100,000.00
Laurentian Bank GIC	1.60	6/30/2016	7/2/2019	\$ 100,000.00
Montreal Trust GIC	2.05	6/30/2016	7/2/2019	\$ 18,900.00
Home Trust GIC	1.78	2/9/2017	2/10/2020	\$ 100,000.00
Montreal Trust GIC	2.35	6/12/2015	6/12/2020	\$ 316,300.00
Home Equity Bank GIC	2.46	12/8/2017	12/8/2020	\$ 100,000.00
<b>Total</b>				<b>\$ 2,334,182.00</b>

### One Fund

	% Rate	Date Invested	Date of Maturity	Amount
Bonds	1.95	7/15/2015	12/31/2018	\$ 2,652,467.00

### TD Canada Trust

	% Rate	Date Invested	Date of Maturity	Amount
Term Deposit	1.54	11/21/2017	2/20/2018	\$ 7,500,000.00
Term Deposit	1.65	6/11/2017	6/11/2018	\$ 7,500,000.00
<b>Total</b>				<b>\$15,000,000.00</b>

### Meridian Investments

	% Rate	Date Invested	Date of Maturity	Amount
Cash Account with Meridian				\$ 370.00
18 month GIC	1.85	2/28/2017	8/28/2018	\$ 1,486,000.00
1 year GIC	2.15	11/10/2017	11/10/2018	\$ 1,020,500.00
<b>Total</b>				<b>\$ 2,506,869.00</b>

**Total Reserve Fund Investments: \$22,493,519.00**

### TD Canada Trust

	% Rate	Date Invested	Date of Maturity	Amount
Term Deposit - General	1.61	11/28/2017	5/28/2018	\$ 7,500,000.00
GIC – Library	0.90	9/26/2016	9/26/2018	\$ 106,224.00
<b>Total</b>				<b>\$ 7,606,224.00</b>

**Total General Fund Investments: \$ 7,606,224.00**

**Total General and Reserve Fund Investments: \$30,099,743.00**