



Staff Report

Finance and IT Services

Report To: Committee of The Whole
Meeting Date: May 5, 2020
Report Number: FAF.20.064
Subject: 2019 Investment Report
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive Staff Report FAF.20.064, entitled "2019 Investment Report" for information purposes.

B. Overview

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 2019.

C. Background

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.

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

Cash and Temporary Investments held by the Town at December 31, 2019 totaled \$70.7 million – (2018 - \$58.9 million). The increase of \$11.8 million is related to an increase in Deferred Revenue (Development Charges Collected, Developer Contributions) and an increase in Reserve and Reserve Funds.

These investments generated \$1,660,687 (2018 – \$1,035,309) in interest revenue for the Town. The increase is due to the Town having more cash, and the Town utilizing the High Interest Savings Account with the ONE Fund.

The Town's bank accounts with TD earn interest at prime less 1.85%. These accounts earned interest of 2.10%. The majority of the Town's operating cash comes in four times a year on tax due dates.

Over the past year, the High Interest Savings Account (HISA) with the ONE Investment Fund which ended the year at 2.41% has been the best short term investment for the Town. This rate was consistent for the whole year. The HISA decreased its rate to 1.415% on March 17, 2020 as The Bank of Canada decreased; the HISA rate is based on Bank Prime less 1.535%.

The ONE Investment Fund also offers a Money Market, Bond, Universe Corporate Bond and Canadian Equity Portfolios. These funds had 5 year rate of returns from 1.31% to 2.53% with losses occurring within those 5 years.

The Town's investments are diversified into cash and cash equivalents, variable rate deposits such as high interest cash accounts and Guaranteed Investment Certificates (G.I.C.).

The 2020 outlook on interest revenue from investments is not going to be as similar to 2019. It is expected that interest rates will continue to decrease over the last year; however, staff will continue to research opportunities to maximize the portfolio's returns.

E. The Blue Mountains' Strategic Plan

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

F. Environmental Impacts

None.

G. Financial Impact

The Town earned a total of \$1,660,687 in interest on bank accounts and investments in the General and Reserve Funds in 2019 compared to \$1,035,309 earned in 2018.

Interest income of \$1,660,687 was allocated as follows:

Development Charges:	\$ \$402,414
Reserve Funds:	\$ \$898,035
General Fund:	\$ \$360,238

This interest earned is included in the Town's operating budget. Interest Earned on the Reserve Funds and Development Charges is available to fund projects.

H. In consultation with

Sam Dinsmore, Deputy Treasurer/Manager of Budgets and Accounting

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Ruth Prince at directorfit@thebluemountains.ca.

J. Attached

1. Summary of Investments

Respectfully Submitted,

Ruth Prince
Director of Finance and IT Services

For more information, please contact:
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2019 Investments

For the year ended December 31, 2019

BMO Nesbitt Burns

	% Rate	Date Invested	Date of Maturity	Amount
Home Trust GIC	1.78	09/02/2017	10/02/2020	\$ 100,000
Montreal Trust GIC	2.35	12/06/2015	12/06/2020	\$ 316,300
Home Equity Bank GIC	2.46	08/12/2017	08/12/2020	\$ 100,000
Bank of Montreal GIC	2.63	20/04/2018	20/04/2020	\$ 100,000
Bank of Montreal GIC	2.31	24/04/2019	04/24/2020	\$ 100,000
People’s Trust GIC	2.70	30/05/2018	30/05/2020	\$ 100,000
Bank of Montreal GIC	2.22	20/06/2019	22/06/2020	\$ 100,000
Bank of Montreal GIC	2.22	20/06/2019	22/06/2020	\$ 100,000
Bank of Montreal GIC	2.22	20/06/2019	22/06/2020	\$ 169,000
Bank of Montreal GIC	2.21	02/07/2019	02/07/2020	\$ 100,000
Bank of Montreal GIC	2.21	02/07/2019	02/07/2020	\$ 118,900
Bank of Montreal GIC	2.21	02/07/2019	02/07/2020	\$ 100,000
Bank of Montreal	2.67	12/02/2018	12/02/2021	\$ 100,000
Royal Bank of Canada	2.20	05/07/2019	02/07/2020	\$ 298,746
Cash				\$ 2,460
Total				\$ 1,905,406

Meridian Investments

	% Rate	Date Invested	Date of Maturity	Amount
1.5 year GIC	2.70	19/03/2019	01/03/2021	\$ 1,572,853
1.5 year GIC	2.40	19/11/2019	21/05/2021	\$ 1,075,982
1 Year Cashable	2.50	13/09/2019	13/09/2020	\$ 1,000,000
Total				\$ 3,648,835

TD Canada Trust

	% Rate	Date Invested	Date of Maturity	Amount
Term Deposit	2.20	09/12/2019	09/03/2020	\$ 7,811,860
Term Deposit	2.15	30/12/2019	29/01/2020	\$ 8,217,709
Term Deposit	2.25	31/12/2019	31/03/2020	\$ 9,048,279
Total				\$ 25,077,849

One Fund

	% Rate	Date Invested	Date of Maturity	Amount
High Interest Savings Account	Prime less 1.535%	Various times	indefinitely	\$ 28,903,648
Total				\$ 28,903,648

Total General and Reserve Fund Investments:	\$ 59,535,738
Blue Mountains Attainable Housing	\$ 102,778
Blue Mountains Public Library	\$ 125,094
Total Consolidated Temporary Investments	\$ 59,763,610