



Staff Report

Finance and IT Services

Report To: Committee of The Whole
Meeting Date: April 3, 2017
Report Number: FAF.17.20
Subject: 2016 Investment Report
Prepared by: Debbie Brown, Budget Analyst

A. Recommendations

THAT Council receive Staff Report FAF.17.20, entitled “2016 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.

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. 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 2016. There a number of reasons that contributed to this:

- Low interest rates,
- Recovering North American economy,
- Type and quality of investments available in 2016.

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

The Town’s General Revenue Fund holds a Term Deposit with TD Canada Trust at December 31, 2016 for \$7.5 million earning 1.06%. The monthly interest rate on the Town’s Bank Account is Prime less 1.85% with an average monthly rate of .85% during 2016.

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

At year-end 2016, approximately \$5 million was held with TD Canada Trust in a Term Deposit earning 1.02%.

There was approximately \$2.3 million on account with BMO Nesbitt Burns at the end of 2016. 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 \$42,114 in 2016 with an average rate of return on the portfolio of 1.7%.

Additionally, there is about \$4 million in three GICs with Meridian Credit Union at the end of 2016. The GICs mature in 2017. This account earned approximately \$54,324 in 2016 with a rate of return of 1.7%.

The Town has invested \$2.6 million with The One Investment Program, through AMO (Association of Municipalities of Ontario) and this account earned \$60,771.59 in interest in 2016, with an average rate of return on the investment of 2%. Since the Town joined The One Fund Investment Program in July 2015, the total amount invested by 135 Municipalities with this program was \$601M and now at December 31, 2016 they have increased to \$1.3B invested.

The 2017 outlook on interest revenue from investments is very similar to 2016. 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.

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 \$174,816 in interest on investments in 2016.

H. In consultation with

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

I. Attached

1. Summary of Investments

Respectfully Submitted,

Debbie Brown
Budget Analyst

Ruth Prince
Director of Finance and IT Services

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**Town of The Blue Mountains
2016 Investments**

FAF.17.20
Attachment 1

For the year ended December 31, 2016

BMO Nesbitt Burns

	Date Invested	Date of Maturity	Amount
Cash on Account at December 30, 2016			\$ 11,598.40
Montreal Trust GIC	01/15/2015	01/16/2017	\$ 216,335.00
Montreal Trust GIC	12/08/2014	12/08/2017	\$ 221,467.00
HSBC Bank GIC	02/09/2015	02/09/2017	\$ 100,000.00
Equitable Bank GIC	02/09/2015	02/09/2017	\$ 100,000.00
Home Trust GIC	02/09/2015	02/09/2017	\$ 100,000.00
Canadian Western Bank GIC	06/09/2015	06/09/2017	\$ 319,127.00
Royal Bank GIC	06/30/2015	07/03/2018	\$ 287,707.00
National Bank GIC	04/20/2016	04/20/2018	\$ 200,000.00
Peoples Trust GIC	05/30/2016	05/30/2018	\$ 100,000.00
National Bank GIC	06/30/2015	07/02/2019	\$ 100,000.00
Equitable Bank GIC	06/30/2016	07/02/2019	\$ 100,000.00
Laurentian Bank GIC	06/30/2016	07/02/2019	\$ 100,000.00
Montreal Trust GIC	06/30/2016	07/02/2019	\$ 18,900.00
Montreal Trust GIC	06/12/2015	06/12/2020	\$ 316,300.00
Total			\$ 2,291,434.00

One Fund

	Date Invested	Date of Maturity	Amount
Bonds	07/06/2015	12/31/2018	\$ 2,593,218.74

TD Canada Trust

	Date Invested	Date of Maturity	Amount
TD Canada Trust	11/23/2016	02/22/2017	\$ 5,000,000.00

Meridian Credit Union

	Date Invested	Date of Maturity	Amount
Meridian GIC	02/26/16	02/26/17	\$ 1,462,850.00
Meridian GIC	06/19/16	06/19/17	\$ 1,549,770.00
Meridian GIC	10/28/16	10/28/17	\$ 1,000,000.00
Total			\$ 4,012,620.00

Total Cash and Investments: \$13,897,273.14