



Staff Report

Finance and IT Services

Report To: Special Committee of The Whole
Meeting Date: May 27, 2019
Report Number: FAF.19.036
Subject: 2018 Investment Report
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive Staff Report FAF.19.036, entitled “2018 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 2018.

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, 2018 totaled \$58.9 million – (2017 - \$49.7 million). The increase of \$9.2 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 \$875,025 (2017 – \$660,420) 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 1.60% for the first half of 2018 but increased to 2.10% by years end. 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. The average rate of return for the year in this account was 2.09%. The HISA increased rates three times in January, July and October as The Bank of Canada increased rates; the HISA rate is based on Bank Prime less 1.535%. The Town has worked with TD over the past year to receive competitive interest rates.

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 1.37% to 3.31% with loses 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 2019 outlook on interest revenue from investments is very similar to 2018. 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.

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 \$875,025 in interest on bank accounts and investments in the General and Reserve Funds in 2018 compared to \$660,420 earned in 2017.

Interest income of \$875,025 was allocated as follows:

Development Charges:	\$	146,869
Reserve Funds:	\$	471,615
General Fund:	\$	256,541

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

Wanda Robertson, Accounting Analyst
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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2018 Investments

For the year ended December 31, 2018

BMO Nesbitt Burns

	% Rate	Date Invested	Date of Maturity	Amount
Bank of Montreal GIC	2.10	12/02/2018	12/2/2019	\$ 342,681
Bank of Montreal GIC	2.10	20/04/2018	22/04/2019	\$ 100,000
Royal Bank GIC	1.95	07/05/2018	07/05/2019	\$ 298,746
Bank of Montreal GIC	2.10	13/06/2018	13/06/2019	\$ 347,390
National Bank GIC	1.90	30/06/2015	02/07/2019	\$ 100,000
Equitable Bank GIC	1.80	30/06/2016	02/07/2019	\$ 100,000
Laurentian Bank GIC	1.60	30/06/2016	02/07/2019	\$ 100,000
Montreal Trust GIC	2.05	30/06/2016	02/07/2019	\$ 18,900
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
People's Trust GIC	2.70	30/05/2018	30/05/2020	\$ 100,000
Bank of Montreal	2.67	12/02/2018	12/02/2021	\$ 100,000
Total				\$ 2,224,017

Meridian Investments

	% Rate	Date Invested	Date of Maturity	Amount
1 year GIC	3.20	19/11/2018	19/11/2019	\$ 1,043,001
1 year GIC	2.92	31/08/2018	31/08/2019	\$ 1,527,747
Total				\$ 2,570,748

TD Canada Trust

	% Rate	Date Invested	Date of Maturity	Amount
Term Deposit	2.46	10/12/2018	09/04/2019	\$ 7,636,286
Term Deposit	2.45	31/10/2018	28/02/2019	\$ 8,000,000
Total				\$ 15,636,286

One Fund

	% Rate	Date Invested	Date of Maturity	Amount
High Interest Savings Account	Prime less 1.535%	Various times	indefinitely	\$ 24,292,294
Total				\$ 24,292,294

Total General and Reserve Fund Investments:	\$ 44,723,345
Blue Mountains Attainable Housing	\$ 226,553
Blue Mountains Public Library	\$ 107,026
Total Consolidated Temporary Investments	\$ 45,056,924