



Staff Report

Finance – Budgets & Accounting

Report To: Committee of the Whole Meeting
Meeting Date: May 24, 2022
Report Number: FAF.22.062
Title: 2021 Investments
Prepared by: Brenna Agnew, Accounting Analyst

A. Recommendations

THAT Council receive Staff Report FAF.22.062, entitled “2021 Investments” 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, and also ensuring an adequate level of liquidity within the legislated guidelines. This report outlines the investment activities for 2021.

C. Background

In accordance with the Town’s Investment Policy Section V, Part (a), Council shall be provided an update on investments annually or as requested.

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

D. Analysis

Investments held by the Town at December 31, 2021 totaled \$72.8 million (2020 - \$67.1 million), detailed in Attachment #1. The increase of \$5.7 million is related to an increase in Reserve and Reserve Funds.

These investments generated \$582,685 in interest revenue for the Town (2020 - \$1,147,159). The decreased interest revenue in comparison to 2020 is due to a lower rate of return as a result of the COVID-19 pandemic.

The Town's bank accounts with TD earn interest at prime less 1.95%. These accounts earn an interest of 0.50%. 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 has been the best short term investment for the Town, which ended the year at 0.715%. This rate was consistent from June to December and was up from the January rate of 0.165%.

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

The 2022 outlook on interest revenue from investments is an improvement over the two previous years. For 2022, staff have moved investment instruments into a HISA with One Fund at a rate of 3.00% – with a maximum deposit of \$25 million. The HISA rate in January 2021 was 0.165% and at December 2021 reached 0.715%. Other short-term investments are also displaying improved rates for 2022. Staff will continue to research opportunities to maximize the portfolio's returns.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

None.

G. Financial Impacts

The Town earned a total of \$582,685 in interest on bank accounts and investments in the General and Reserve Funds in 2021 compared to \$1,147,159 earned in 2020.

Interest income of \$582,685 was allocated as follows:

Development Charges: \$ 185,520

Reserve Funds: \$ 225,081

General Fund (offset taxation): \$172,084

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

Ruth Prince, Director of Finance & Information Technology Services

Sam Dinsmore, Deputy Treasurer/Manager of Budgets and Accounting

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to staff Brenna Agnew, Accounting Analyst at finance@thebluemountains.ca.

J. Attached

1. Summary of Investments

Respectfully submitted,

Brenna Agnew
Accounting Analyst

Ruth Prince
Director Finance & Information Technology Services

For more information, please contact:

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Report Approval Details

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Attachments:	- 2021 Investments.docx
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This report and all of its attachments were approved and signed as outlined below:

Sam Dinsmore - May 11, 2022 - 9:07 AM

Ruth Prince - May 11, 2022 - 9:25 AM