



9.2.1

THE CORPORATION OF THE TOWN OF PARRY SOUND
RESOLUTION IN COUNCIL

NO. 2022 – 080

DIVISION LIST

YES NO

DATE: June 21, 2022

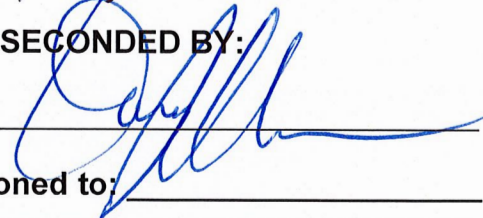
- Councillor V. BACKMAN
- Councillor P. BORNEMAN
- Councillor R. BURDEN
- Councillor B. HORNE
- Councillor B. KEITH
- Councillor D. McCANN
- Mayor J. McGARVEY

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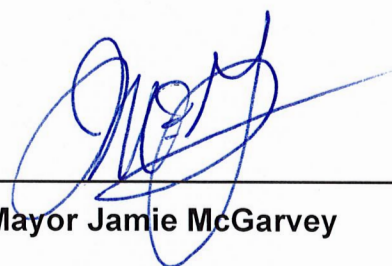


SECONDED BY:



CARRIED: ✓ DEFEATED: _____ Postponed to: _____

That Council accepts the 2021 Annual Investment Report attached as Schedule A, in accordance with Town's Investment Policy.



Mayor Jamie McGarvey



Schedule A to Resolution 2022 - 080

2021 Annual Investment Report

1. Introduction

The Town's Investment Policy stipulates that the Treasurer for the Town reports to Council annually by June 30th regarding the Town's investment activities. The Investment Policy was approved on January 20, 2015 and revised on July 3, 2018 by Council.

2. Securities Held

The investment objectives specified in the Investment Policy, in a priority order, include:

- a) Adherence to statutory requirements
- b) Preservation and security of capital
- c) Maintenance of liquidity
- d) Realizing a competitive rate of return

Historically, the Town maintained surplus operating and long-term funds in interest bearing accounts with Canadian chartered banks. In 2016, a portion of the money was invested in Guaranteed Investment Certificates (GICs) with CIBC Wood Gundy.

The updated investment policy that establishes investment objectives, principles and guidelines for the prudent investment allowed staff to take advantage of the various investment instruments available in the market. Staff invested funds in fixed income securities, as well as the High Interest Savings Account (HISA) and equity portfolio offered by the One Investment Program. This program is a pooled investment designed for municipalities and operated by Local Authority Services (LAS) and Chums Financial Corp (a subsidiary of the Municipal Finance Officers' Association of Ontario)

Below are categories of the securities held by the Town as at December 31, 2021, with individual securities listed in *Appendix A – List of Securities Held*.

- Operating bank accounts held with a Canadian chartered bank (Bank of Nova Scotia)
- Guaranteed Investment Certificates (GICs) and bonds held with CIBC Wood Gundy
- Fixed income securities (fixed rate bonds) and GICs held with BMO Nesbitt Burns
- High Interest Savings Account (HISA) with the One Investment Program
- Equity portfolio of the One Investment Program
- Loan to the West Parry Sound District Museum
- Investment in Lakeland Holdings Inc.

The bank accounts held with the Bank of Nova Scotia are interest bearing accounts earning interest at prime less 1.65%.

The HISA and equity holdings with the One Investment Program has a high level of liquidity as withdrawals from the program take only one business day. HISA, had an interest rate of 0.715% (Prime less 1.835%) as of year end compared to 0.915% at this time last year and 2.415% back in 2019 (Prime less 1.535%). The HISA is regarded as a safe investment vehicle when compared with the equity investment, which involves a high level of risk as preservation of capital is not guaranteed in equity investments.

The GICs are not as liquid in that early redemption will result in penalties.

The fixed rate bonds (fixed income securities) held with BMO Nesbitt Burns have maturity dates. However, Bonds are tradable in the secondary market, which provides liquidity. Caution should be given to bond investments as the market value of a bond fluctuates with the interest rate in the market.

Due to the reduced liquidity of GICs and bonds, investments in these instruments were structured in such a way that funds were divided into smaller portions, the maturity dates of which are laddered, so that the Town will redeem a portion of the investment in each year.

The loan to the West Parry Sound District Museum has no fixed terms of repayment. During 2021, the museum repaid \$877 of the loan principle.

3. Portfolio Mix and Realized / Unrealized Gains or Losses

The Town's investment portfolio is summarized as follows:

	2021				2020	
	Balance at December 31 (\$)	% of Portfolio	Realized Gain	Unrealized Gain/ (loss) (\$)	Balance at December 31 (\$)	Realized Gain
Operating Bank Accounts	33,331,351	75.4%	171,346	-	10,624,901	95,385
High Interest Savings Account - One Investment	2,617	0.0%	10,505	-	14,536,500	137,365
Guaranteed Investment Certificates	3,105,093	7.0%	41,392	-	3,565,723	40,751
Fixed Rate Bonds	888,380	2.0%	48,258	-	410,605	35,864
Equity - One Investment	1,011,726	2.3%	82,205	157,511	929,521	29,521
Loan to West Parry Sound District Musuem	21,688	0.0%	320	-	22,566	411
Investment in Lakeland Holdings Inc.	5,855,104	13.2%	311,400	-	5,855,104	311,400
Total Cash and Investments	44,215,959	100.00%	665,427	157,511	35,944,920	650,697

The investment duration of the GICs and fixed rate bonds held by the Town ranges from 1 to 5 years. The total holdings in these two categories were 11% of the portfolio, which is within the target range of 0% to 60% specified in the Investment Policy.

The portfolio had a balance of \$44,215,959 at the end of 2021 and generated total investment income of \$665,427 during the year, compared to \$650,697 in 2020. This is a increase in investment earnings of \$14,730. In addition, 2021 had an unrealized gain of \$157,511 from the equity holdings. The unrealized gain is the difference between the market value and the book value of the securities.

4. Portfolio Summary by Fund

The Town's portfolio consists of general funds, trust funds, reserve funds and other investments.

4.1 General Fund

The general fund, including the general operating account and reserves, were invested in the following instruments:

Amounts in \$	2021		2020	
	Balance at December 31	Investment Income	Balance at December 31	Investment Income
Scotia Bank - General Operating Account	28,272,924	142,954	7,895,650	65,421
GICs - CIBC	2,323,968	38,028	2,314,327	40,751
BMO Nesbitt Burns	1,526,140	48,258	1,518,851	35,864
One Investment HISA	2,617	9,478	12,246,088	109,586
Total General Funds	32,125,650	238,719	23,974,915	251,622

4.2 Trust Funds

The trust funds, which are not available for the general use of the Town's operations, are invested in the interest-bearing accounts with Nova Scotia Bank. The balances of the trust funds at December 31, 2021 and investment income in 2021 are as follows:

Amounts in \$	2021		2020	
	Balance at December 31	Investment Income	Balance at December 31	Investment Income
Sylvan Acres Cemetery	182,719	1,487	187,176	2,107
Hillcrest Cemetery	121,146	975	121,340	1,402
Trinity Memorial Garden	1,873	14	1,745	22
Total Trust Funds	305,738	2,476	310,261	3,530

4.3 Reserve Funds

Investment for the Reserve funds, which are under either contractual obligations or legislative restrictive, are listed as follows:

Amounts in \$	2021		2020	
	Balance at December 31	Investment Income	Balance at December 31	Investment Income
Capital Asset Legacy Fund	1,176,476	83,518	1,092,958	30,310
Capital Replacement Reserve Fund	1,252,762	8,870	1,243,511	10,652
Lot Levy	93,027	325	92,526	1,242
Development Charges	19,008	152	18,926	221
Water Development	135,576	566	134,793	1,774
Municipal Property	114,097	502	102,020	1,353
Parking	120,071	413	119,428	1,665
Sewer Development	131,758	535	131,006	1,730
Pool - in trust	112,175	701	111,407	795
EMS Severance	583,014	4,644	578,370	6,758
EMS Surplus	322,980	2,573	320,408	6,807
EMS Equipment / Capital	65,126	519	64,607	1,989
WPS Association	1,523	12	1,511	18
Smelter Wharf	421,390	1,611	419,041	5,483
Bobby Orr Hall of Fame Reserve Fund	386,145	4,186	143,964	2,089
Treetops Reserve Fund	2,139	17	2,022	22
Provincial Public Transit Gas Tax	110,920	884	110,036	752
BOHF Scholarship	16,360	130	16,230	208
BOHF Special Project	-	-	240,676	3,300
Federal Gas Tax	790,018	2,126	785,821	7,481
Fire Training Facility	8,132	65	7,973	94
Splashpad Reserve	45,082	164	44,836	599

Mainstreet Revitalization	-	-	3	470
Total Reserve Funds	\$5,907,778	\$112,512	\$5,782,074	\$85,814

Of the \$5,907,778 reserve funds, \$4,752,687 was invested in interest bearing accounts with Bank of Nova Scotia, \$143,150 in GICs, and the remaining \$1,011,726 in the equity portfolio of the One Investment Program. Investments in the high interest savings account were transferred back to Bank of Nova Scotia accounts which had a higher rate of interest.

4.4 Other Investments

Other investments are not cash equivalents and consist of:

Amounts in \$	2021		2020	
	Balance at December 31	Investment Income	Balance at December 31	Investment Income
Loan to West Parry Sound District Museum	21,688	320	22,566	411
Investment in Lakeland Holdings Inc.	5,855,104	311,400	5,855,104	311,400
Total Trust Funds	5,876,792	311,720	5,877,670	311,811

5. Statement of Compliance

All investments adhere to the approved Investment Policy. In addition, all investments meet the eligibility requirements set out by Ontario Regulation 438/97 of the *Municipal Act, 2001*, which specifies limits for each type of investment that can be held.

Appendix A

List of Securities Held - As at December 31, 2021

Interest Bearing Accounts

	Financial Institution	Balance	Interest Rate
Operating accounts	Bank of Nova Scotia	\$28,272,924	Prime - 1.65%
High Interest Savings Account (HISA)*	One Investment	\$2,617	Prime - 1.835%
Total		\$28,275,541	

* As of December 31, 2021, the interest on the HISA (One Investment) was 0.715%, down from 2.415% back in 2019. The general bank account is earning 0.800% as of year end.

Guaranteed Investment Certificates

Issuer	Face Value	Maturity Date	Interest Rate
Canadian Western Bank GIC	\$200,000	2022-05-05	2.0300%
CIBC Trust Full Ser	\$200,000	2024-05-15	2.4000%
CIBC Trust Full Ser	\$140,000	2024-08-30	2.3500%
Bank of Montreal	\$208,246	2023-01-11	2.9600%
Bank of Montreal	\$700,000	2024-11-24	2.5800%
HSBC Bank GIC Annual Flat	\$200,000	2025-05-06	2.2500%
Canadian Western Bank GTD Cert A	\$200,000	2025-09-24	1.6500%
Laurentian Bank of Canada GTD Investment Cert A	\$500,000	2025-11-03	1.3400%
Laurentian Bank of Canada GTD Investment Cert A	\$200,000	2026-05-13	1.7000%
Laurentian Bank of Canada GTD Investment Cert A	\$505,000	2026-11-16	2.0000%
Canadian Western Bank GIC	\$200,000	2022-05-05	2.0300%
Total	\$3,053,246		

Fixed Rate Bonds

Issuer	Face Value	Maturity Date	Coupon Rate
CIBC Income and Growth DPTNS	\$500,000	2022-11-01	1.0000%
Bank of Nova Scotia	\$198,093	2021-10-28	1.6100%
Bank of Montreal	\$198,495	2022-07-11	2.2700%
Bank of Montreal	\$205,000	2030-11-21	2.6000%
Total	\$1,101,588		

Equity – One Investment

Face Value	\$1,011,726
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