

To:	Warden Hicks and Members of Grey County Council
Committee Date:	June 23, 2022
Subject / Report No:	FR-CW-13-22
Title:	2021 Investment Report
Prepared by:	Sue Murray, Manager Budgets and Accounting Mary Lou Spicer, Director of Finance
Reviewed by:	Mary Lou Spicer, Director of Finance
Lower Tier(s) Affected:	
Status:	

Recommendation

1. **That Report FR-CW-13-22 regarding the 2021 Investment Report be received for information.**

Executive Summary

This report provides information on the County's 2021 investment returns. Section 418 of the *Municipal Act, 2001* provides authority for a municipality to invest money that it does not require immediately in prescribed securities. The prescribed securities are outlined in Ontario Regulation 438/97.

The current Regulation forms part of the County's Cash and Investment Policy.

Subsection 8(1) of Ontario Regulation 438/97 states that if a municipality has an investment in a security under the Regulation, the council of the municipality shall require the treasurer to prepare and provide an investment report each year.

Background and Discussion

The County's financial investments are governed by the Council approved "Cash and Investment Management Policy". The policy applies to all investments of Revenue Funds, Reserves and Reserve Funds, and Trust Funds of the County of Grey. The assets of the County shall be invested and reinvested in consideration of the following:

- Ensure the preservation of the capital in the overall portfolio.

- Remain sufficiently liquid to meet all operating or cash flow requirements and to minimize temporary borrowing requirements.
- Obtain a competitive rate of return to maximize the return earned on its portfolio by seeking competitive bids for investment products, seeking information and advice from the financial sector professionals and to assess the market conditions to the County's need for cash.
- Ensure that the net revenue budgeted from investments in a fiscal year and used in the calculation of the County's tax rate is not greater than 1% of own purpose levy and that any revenue that is budgeted that exceeds this threshold shall be placed in a one-time funding reserve for the use in funding non-recurring expenditures.
- The County shall invest only in securities that are expressed or payable in Canadian dollars.

This report has been prepared to provide detail of the County's cash holding and investment portfolio as of December 31, 2021.

2021 Cash Holdings and Investments

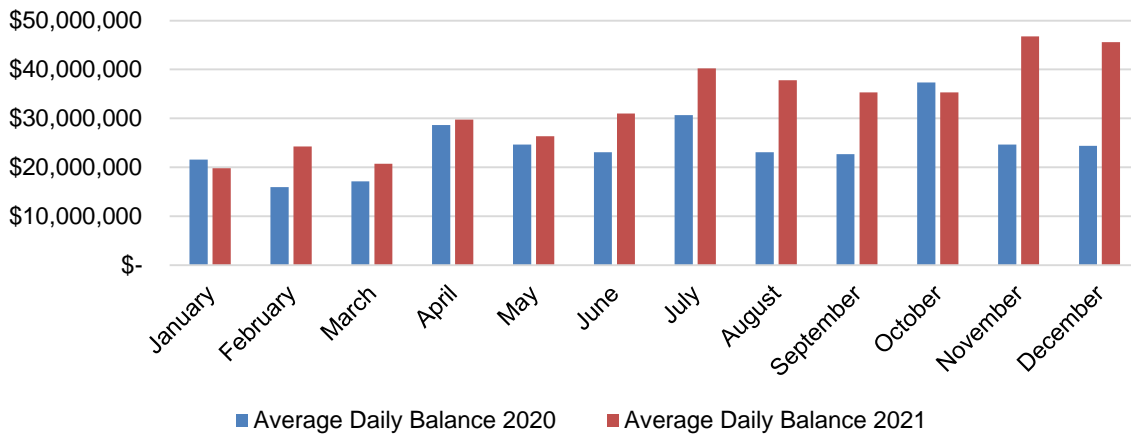
The attached worksheet titled Investment Activity Report – 2021, provides a snapshot of the cash holdings and investments held by the County at December 31, 2021. The County's portfolio totaled approximately \$103.1 million with net investment income earning \$822,706 in 2021.

Cash On Hand and On Deposit

The County's cash on hand and on deposit are funds generally used to meet the general cash flow requirement of the organization.

Interest on the County's general bank account was earned at a rate of Bank Prime less 1.75% from January to March and Bank Prime less 1.84% from April to December. Interest earnings are calculated on daily balances and applied to the various bank accounts. The average bank interest rate earned in 2021 was 0.65% compared to 1.05% in 2020. The average daily bank balance in the general account was higher than 2021 which can be attributed to investments reaching maturity which were returned to the general bank account and not re-invested. Due to lower investment rates in 2021, staff determined that the interest earned in our bank account was similar to a 2 to 3 year GIC and term deposit rates. Staff continue to observe current interest rates and as interest rates rise staff will reinvest in 2022. The chart below represents the average daily bank balance in the general bank account between 2021 and 2020.

Average Daily Balance in General Bank Account



Investments

In 2021 investment earnings were generated from term deposits, guaranteed investment certificates (GICs), and investments in the One Investment Program (Canadian Bond Portfolio and Canadian Corporate Bond Portfolio), operated by the Local Authority Services (LAS), which is a corporation of the Association of Municipalities of Ontario (AMO) and CHUMS, which is a wholly owned subsidiary of the Municipal Finance Officers' Association (MFOA).

In 2021, purchases continued to be made with shorter maturities in order to keep funds available for higher rates of return as these became available.

Since 2013, the County of Grey has invested funds in the Canadian Corporate Bond Portfolio and the Canadian Bond Portfolio within the ONE Investment Program.

The Canadian Bond Portfolio and the Canadian Corporate Bond Portfolio contain a diversified selection of federal, provincial, municipal bonds, high quality bank paper, and corporate bonds. The County's 2021 closing book value of the Canadian Bond Portfolio and Canadian Corporate Bond Portfolio was \$3,763,195 as compared to the market value of \$3,628,196 for these investments.

The 2022 budget for investment income reflects the impact COVID-19 pandemic has had on interest rates. Staff will continue to seek opportunities to maximize the portfolio's returns and utilize COVID relief funding to offset any losses in investment revenue.

Legal and Legislated Requirements

Section 418 of the *Municipal Act, 2001* provides authority for a municipality to invest in prescribed securities, money that it does not require immediately. The prescribed securities are outlined in Ontario Regulation 438/97.

Subsection 8(1) of Ontario Regulation 438/97 states that if a municipality has an investment in a security under the Regulation, the council of the municipality shall require the treasurer to prepare and provide an investment report each year.

Financial and Resource Implications

The 2021 General Administration Budget had estimated investment income to be realized in the amount of \$1,076,100. The 2021 year-end actual investment income was \$840,136. The County transfers any excess interest revenue earned above 1% of the tax levy to the One-Time Funding Reserve. In 2021, this transfer was decreased due to the shortfall earned in investment income. The cash and investment policy referenced below was approved in 2009; staff intends to update the policy this year.

Relevant Consultation

- Internal
- External (list) Ignatius Emmanuel, Manager, TD Direct Trade Investments, Jeff Brown, Senior Relationship Manager, Meridian Credit Union, Geoffrey Pennal, Portfolio Manager, CIBC Wood Gundy, David Parson, Managing Director, BMO Nesbitt Burns, David Schaus, Associate Advisor, RBC Dominion Securities, and Eleonore Schneider, Program Manager, One Investment.

Appendices and Attachments

[Attachment to FR-CW-13-22 Investment Activity Report - 2021](#)

[Cash and Investment Management Policy](#)

County of Grey
Investment Activity Report – 2020

	General Revenue	Reserve & Reserve Funds	Total	Issuer	Type of Instrument	Issue Date	Maturity Date	Purchase Price	Market Value	Rate / Yield	Investment Income 2020	% of Portfolio
Cash on hand and on deposit												
General	\$22,021,247.43			TD Canada Trust							\$243,524.42	
One Investment HISA	\$10,006,517.81			One Investment							\$14,293.78	
Provincial Offences	\$0.00			TD Canada Trust							\$697.73	
MTO - Commuter Grant	\$274,121.46			TD Canada Trust							\$3,847.93	
Social Services	\$0.00			TD Canada Trust							\$3,310.17	
Social Services	\$158,082.67			CIBC							\$0.00	
LTC - Rockwood Terrace	\$10,396.72			CIBC							\$0.00	
Development Charges		\$11,333,687.52		TD Canada Trust							\$102,304.87	
Total Cash	\$32,470,366.09	\$11,333,687.52	\$43,804,053.61					Average		1.050%	\$367,978.90	49.07%
Investment												
TD Canada Trust				Toronto Dominion Bank	Term Deposit	20-Dec-2019	21-Dec-2020	\$5,436,038.35		2.270%	\$120,355.35	0.00%
TD Canada Trust				Toronto Dominion Bank	GIC	24-Jun-2019	23-Jun-2020	\$5,367,019.58		2.140%	\$55,067.09	0.00%
TD Canada Trust				Toronto Dominion Bank	Term Deposit	22-Nov-2019	23-Mar-2020	\$3,362,586.44		2.210%	\$16,898.61	0.00%
TD Canada Trust				Toronto Dominion Bank	GIC	22-Oct-2019	21-Oct-2020	\$3,350,946.28		2.240%	\$60,665.91	0.00%
TD Canada Trust				Toronto Dominion Bank	Term Deposit	23-Mar-2020	22-May-2020	\$1,000,000.00		1.650%	\$2,712.33	0.00%
TD Canada Trust		\$1,002,712.33		Toronto Dominion Bank	Term Deposit	22-May-2020	16-Feb-2021	\$1,002,712.33		0.890%	\$5,452.28	1.12%
TD Canada Trust				Toronto Dominion Bank	Term Deposit	23-Mar-2020	22-Jun-2020	\$1,387,425.36		1.520%	\$5,257.77	0.00%
TD Canada Trust				Toronto Dominion Bank	Term Deposit	22-Jun-2020	21-Sep-2020	\$1,392,683.13		0.860%	\$2,986.07	0.00%
TD Canada Trust		\$1,395,669.20		Toronto Dominion Bank	Term Deposit	21-Sep-2020	22-Mar-2021	\$1,395,669.20		0.810%	\$3,128.20	1.56%
TD Canada Trust				Toronto Dominion Bank	Term Deposit	23-Mar-2020	22-Apr-2020	\$1,000,000.00		1.720%	\$1,413.70	0.00%
TD Canada Trust				Toronto Dominion Bank	Term Deposit	22-Apr-2020	22-Jun-2020	\$1,001,413.70		0.810%	\$1,355.61	0.00%
TD Canada Trust				Toronto Dominion Bank	Term Deposit	22-Jun-2020	21-Sep-2020	\$1,002,769.31		0.860%	\$2,150.05	0.00%
TD Canada Trust		\$1,004,919.36		Toronto Dominion Bank	Term Deposit	21-Sep-2020	22-Mar-2021	\$1,004,919.36		0.810%	\$2,252.40	1.13%
TD Canada Trust				Toronto Dominion Bank	Term Deposit	23-Jun-2020	24-Aug-2020	\$5,481,873.80		0.830%	\$7,728.69	0.00%
TD Canada Trust		\$3,000,000.00		Toronto Dominion Bank	Term Deposit	10-Aug-2020	8-Feb-2021	\$3,000,000.00		0.830%	\$9,755.34	3.36%
TD Canada Trust		\$3,000,000.00		Toronto Dominion Bank	Term Deposit	10-Aug-2020	7-May-2021	\$3,000,000.00		0.830%	\$9,755.34	3.36%
TD Canada Trust		\$3,000,000.00		Toronto Dominion Bank	Term Deposit	10-Aug-2020	7-May-2021	\$3,000,000.00		0.830%	\$9,755.34	3.36%
TD Canada Trust		\$3,426,007.48		Toronto Dominion Bank	GIC	21-Oct-2020	18-Jul-2021	\$3,426,007.48		0.780%	\$5,198.15	3.84%
TD Canada Trust		\$5,560,112.57		Toronto Dominion Bank	GIC	21-Dec-2020	21-Dec-2022	\$5,560,112.57		0.750%	\$1,146.77	6.23%
TD Canada Trust				Toronto Dominion Bank	GIC	9-Oct-2019	7-Apr-2020	\$16,483.49		2.160%	\$176.56	0.00%

County of Grey
Investment Activity Report – 2020

	General Revenue	Reserve & Reserve Funds	Total	Issuer	Type of Instrument	Issue Date	Maturity Date	Purchase Price	Market Value	Rate / Yield	Investment Income 2020	% of Portfolio
TD Canada Trust				Toronto Dominion Bank	GIC	7-Apr-2020	5-Aug-2020	\$16,483.49		0.880%	\$47.69	0.00%
TD Canada Trust		\$16,483.49		Toronto Dominion Bank	GIC	5-Aug-2020	4-Nov-2020	\$16,483.49		0.820%	\$33.70	0.02%
Bank of Nova Scotia				CIBC Wood Gundy	GIC	13-May-2016	13-May-2020	\$500,000.00		1.900%	\$3,487.67	0.00%
CIBC		\$500,000.00		CIBC Wood Gundy	GIC	13-May-2020	14-May-2021	\$500,000.00		1.300%	\$4,113.69	0.56%
CIBC		\$1,000,000.00		CIBC Wood Gundy	GIC	13-May-2020	15-May-2023	\$1,000,000.00		1.680%	\$10,632.33	1.12%
CIBC				CIBC Wood Gundy	GIC	16-May-2019	19-May-2020	\$1,000,000.00		2.270%	\$8,582.46	0.00%
CIBC		\$1,000,000.00		CIBC Wood Gundy	GIC	19-May-2020	23-May-2023	\$1,000,000.00		1.680%	\$10,356.16	1.12%
CIBC				CIBC Wood Gundy	GIC	14-May-2018	15-May-2020	\$1,000,000.00		2.400%	\$8,745.20	0.00%
CIBC		\$500,000.00		CIBC Wood Gundy	GIC	13-May-2016	13-May-2021	\$500,000.00		2.100%	\$10,500.00	0.56%
National Trust		\$5,000,000.00		CIBC Wood Gundy	GIC	23-Dec-2020	24-Dec-2021	\$5,000,000.00		0.850%	\$815.07	5.60%
National Trust		\$1,000,000.00		CIBC Wood Gundy	GIC	12-Dec-2019	12-Dec-2021	\$1,000,000.00		2.300%	\$23,000.00	1.12%
CIBC				CIBC Wood Gundy	GIC	10-Dec-2018	10-Dec-2020	\$2,000,000.00		3.070%	\$57,867.41	0.00%
CIBC		\$2,000,000.00		CIBC Wood Gundy	GIC	10-Dec-2020	12-Dec-2021	\$2,000,000.00		0.800%	\$920.55	2.24%
National Trust		\$4,000,000.00		CIBC Wood Gundy	GIC	11-May-2020	11-May-2022	\$4,000,000.00		1.730%	\$44,183.83	4.48%
Meridian				Meridian	Term Deposit	23-Aug-2018	23-Aug-2020	\$1,180,191.96		3.050%	\$24,079.31	0.00%
Meridian		\$1,109,012.92		Meridian	Term Deposit	26-Aug-2019	9-Feb-2021	\$1,109,012.92		2.700%	\$30,379.71	1.24%
Meridian		\$1,216,286.44		Meridian	GIC	23-Aug-2020	23-Aug-2022	\$1,216,286.44		1.500%	\$6,081.44	1.36%
RBC		\$3,000,000.00		RBC Dominion Securities	Deposit Note	31-May-2017	31-May-2027	\$3,000,000.00		2.200%	\$66,000.00	3.36%
One Fund - Can. Corp. Bond Portfolio		\$1,573,373.70		One Investment	Bond				\$1,624,349.20	3.010%	\$113,940.41	1.76%
One Fund - Can. Bond Portfolio		\$2,155,091.25		One Investment	Bond				\$2,072,307.14	1.560%	\$104,130.71	2.41%
Total Investments		\$45,459,668.74	\$45,459,668.74								\$851,108.90	50.93%
TOTAL CASH HOLDINGS AND INVESTMENTS			\$89,263,722.35								\$1,219,087.80	