



TOWNSHIP OF SOUTHWOLD

Report to Council

MEETING DATE: March 14, 2022

PREPARED BY: Jeff Carswell, Director of Corporate Services/Treasurer

REPORT NO: FIN 2022-08

SUBJECT MATTER: 2021 Investment Summary

Recommendation:

THAT Council receive Report FIN 2022-08 Investment Report as at December 31, 2021 for information.

Purpose:

To advise Council on the status of municipal investments as at the 2021 Year End.

Background:

To maximize the return on Township funds, some available funds are invested through CIBC and ONE Investment. These tend to be funds associated with reserves that are not immediately needed.

Comments/Analysis:

Investments are held with CIBC and the ONE Investment, a local government investment pool in which Ontario Municipalities may invest. ONE Investment is an incorporated not-for-profit which was started by Local Authorities Service Limited (a wholly owned subsidiary of the Association of Municipalities of Ontario), together with CHUMS Financing Corporation (a wholly owned subsidiary of the Municipal Finance Officers' Association of Ontario).

Total cost of investments at December 31, 2021 is \$6,535,893 and are held in cash, market funds and bonds.

Purpose	2021	2020	2019
General	\$990,449.32	\$976,650.23	\$953,615.06
Water	\$5,383,870.19	\$5,346,259.12	\$5,231,131.74
Sewer	\$85,972.99	\$84,293.28	\$81,370.08
Parkland	\$75,600.60	\$74,378.82	\$72,271.02
Total Cost	\$6,535,893.10	\$6,481,581.45	\$6,338,387.90
Total Market Value	\$6,558,842.78	\$6,668,229.86	\$6,346,444.22

Purpose	2021	2020	2019
Gain (Loss) if Disposed	\$22,949.68	\$186,648.41	\$8,056.32

Unlike private entities which are required to record investments at the lower of cost and market, under Public Sector Accounting Standards, municipalities currently record investments at cost. This accounting treatment results in the Township recognizing net investment earnings in our financial statements but not recognizing the change in market value of our portfolio.

Financial Implications:

2021 unaudited net investment earnings total \$54,311.65. Following is a detailed breakdown.

	2021		2020		2019	
CIBC	\$2,592,558.81		\$2,614,964.69		\$2,605,263.18	
Interest	\$25,899.57	1.00%	\$40,939.73	1.57%	\$59,382.00	2.28%
Realized Capital Gain/Loss	(\$32,947.07)	-1.27%	(\$15,948.46)	-0.61%	(\$25,212.81)	-0.97%
Management Fees	(\$15,358.38)	-0.59%	(\$15,289.76)	-0.58%	(\$14,998.46)	-0.58%
Net Earnings	(\$22,405.88)	-0.86%	\$9,701.51	0.37%	\$19,170.73	0.74%
ONE Fund	3,943,334.29		3,866,616.76		3,733,124.72	
Interest	\$94,462.53	2.40%	\$150,891.82	3.90%	\$104,561.67	2.80%
Management Fees	(\$17,745.00)	-0.45%	(\$17,399.78)	-0.45%	(\$16,762.93)	-0.45%
Net Earnings	\$76,717.53	1.95%	\$133,492.04	3.45%	\$87,798.74	2.35%
Total CIBC and ONE Fund Earnings	\$54,311.65	0.83%	\$143,193.55	2.21%	\$106,969.47	1.69%

While interest revenue is down compared to past years, the return on investments continues to be higher than bank interest rates which has been 0.45% over 2021.

CIBC investments are held in instruments with maturity dates from 2022 to 2023. Approximately 25% of the portfolio is invested in fixed income instruments with a maturity of 1-2 years. Total cash at December 31, 2021 is \$1,478,993. Investments scheduled to mature in 2022 carry a book value of approximately \$595,000. Instruments are reinvested upon maturity.

ONE Fund investments are held in several bond instruments, 98% of which are held in the Canadian Corporate Bond Portfolio which are recommended to be held for a minimum of four years.

Staff continually monitor cash flow needs and the ability to invest additional funds. It is anticipated additional funds from the Building Reserve and land sales could be invested in 2022.

Strategic Plan Goals:

The above recommendation helps the Township meet the Strategic Plan Goal of:

- Promoting residential, agricultural, commercial, and industrial development by ensuring policies and services are in place to support growth in The Township of Southwold.
- Promoting a healthy, naturally beautiful, and community-oriented municipality by encouraging and supporting involvement of volunteer organizations wishing to provide cultural and recreational activities in the Township of Southwold.
- Providing improved transportation and a strong commitment to asset management with a goal of maintaining the Township's infrastructure in the promotion of public safety
- Exercising good financial stewardship in the management of Township expenditures and revenues.
- Promoting public engagement, transparent government, and strong communications with all members of the community across various mediums for the strengthening of civic participation.

Respectfully Submitted by:
Jeff Carswell, Director of
Corporate Services/Treasurer
"Submitted electronically"

Approved by:
Lisa Higgs, CAO/Clerk
"Approved electronically"