



City of
Peterborough

To: **Members of the Committee of the Whole**

From: **Sandra Clancy, Director of Corporate Services**

Meeting Date: **February 27, 2017**

Subject: **Report CPFS17-009
2016 Investment Report**

Purpose

A report to present the 2016 Investment Report as required under the provisions of the **Municipal Act, 2001**, as amended, and Ontario Regulation 438/97.

Recommendation

That Council approve the recommendation outlined in Report CPFS17-009 dated February 27, 2017, of the Director of Corporate Services, as follows:

That the 2016 Investment Report be received for information.

Budget and Financial Implications

There are no budget and financial implications to receiving the report.

The interest earned in the amount of \$2.73 million is an important source of revenue and is used as follows:

- a) \$2.37 million is general revenue which helps reduce tax requirements, and
- b) \$0.36 million is directed back to the Reserve in which the funds reside.

Background

Ontario Regulation 438/97(8) to the **Municipal Act, 2001**, as amended, stipulates the council of the municipality shall require the Treasurer of the municipality, to prepare and provide to the council, each year or more frequently as specified by council, an investment report which includes a number of information items including a statement by the Treasurer as to whether or not, in his or her opinion, all investments were made in accordance with the investment policies and goals adopted by the municipality.

The City's 2016 Investment Report is presented in the three attached Schedules:

- a) Schedule A which provides a monthly summary of key investment data by month for the year;
- b) Schedule B which lists all investments made or held as part of the City's investment portfolio during the year; and
- c) Schedule C which lists all investments with a term of one year or more outstanding at December 31, 2016.

Schedule A shows that, during 2016, the average cash and investment balance was \$126.3 million (2015 - \$127.8 million) and that 30 separate investments were made, including transfers into the CIBC Investment account. Total interest earned was \$2.73 million (2015 - \$2.42 million) with an overall rate of return of 1.80% (2015 – 1.59%). The average Prime Rate for the year was 2.70% (2015 – 2.78%).

Chart 1, also attached to this report, shows the average monthly cash and investment balances ranged from a low of \$105.4 million to a high of \$149.7 million.

All of the investments listed on the attached Schedule B have been made in accordance with the City's Investment Policies that were adopted by Council on October 2, 2000 as set out in staff report FAFS00-018 and updated on October 24, 2016 through Report CPFS16-031, dated October 17, 2016. The most recent amendment positions the City to invest in the One Fund Investment Program as administered by Local Authority Services (LAS), which is part of the family of services offered by the Association of Municipalities of Ontario (AMO). The One Investment Program currently offers five investment options ranging from a Short-term high Interest Savings Account option, Money Market, Bonds, through to a long-term (five plus years) investment option in the Equity market. Rates of return vary depending on the portfolio and length of time the investment is held, but range from a low of 1.15% with the high interest savings account through to 7.08% in the Equity Portfolio, if the product had been held since inception in 2007 (The One Investment Program Performance Report – December 2016).

The City's overall rate of return for 2016 was 1.80%. The Prime Interest Rate remained at 2.7% throughout the year, with short term rates averaging less than 1%. Our daily interest rate on cash held was 1.15% allowing the City to hold cash as investments matured during 2016. Long term investment rates began to rise in the second half of the year and \$33.4 million was reinvested at more favourable rates.

Submitted by,

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Director of Corporate Services

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Attachments:

Schedule A - 2016 Monthly Investment Report

Schedule B - List of Investments for 2016

Schedule C - Long Term Investments Outstanding At December 31, 2016

Chart 1 – Average Cash and Investment Balances for 2015 and 2016