



## TOWNSHIP OF SOUTHWOLD

### Report to Council

**MEETING DATE:** April 11, 2023

**PREPARED BY:** Michele Lant, Director of Corporate Services/Treasurer

**REPORT NO:** FIN 2023-09

**SUBJECT MATTER: Investment Summary**

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#### **Recommendation:**

THAT Council receive Report FIN 2023-09 Investment Report as at December 31, 2022 for information.

#### **Purpose:**

To advise Council on the status of municipal investments as at the 2022 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, 2022 is \$6,656,729 and are held in cash, market funds and bonds.

<b>Purpose</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
General	\$1,009,160.33	\$990,449.32	\$976,650.23
Water	\$5,482,985.52	\$5,383,870.19	\$5,346,259.12
Sewer	\$87,797.93	\$85,972.99	\$84,293.28
Parkland	\$76,785.95	\$75,600.60	\$74,378.82
<b>Total Cost</b>	<b>\$6,656,729.73</b>	<b>\$6,535,893.10</b>	<b>\$6,481,581.45</b>
<b>Total Market Value</b>	<b>\$6,250,018.30</b>	<b>\$6,558,842.78</b>	<b>\$6,668,229.86</b>

Purpose	2022	2021	2020
<b>Gain (Loss) if Disposed</b>	<b>(\$406,711.43)</b>	<b>\$22,949.68</b>	<b>\$186,648.41</b>

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:

2022 unaudited net investment earnings total \$121,143.77. Following is a detailed breakdown.

	2022		2021		2020	
CIBC	\$2,630,187.56		\$2,592,558.81		\$2,614,964.69	
Interest	\$50,877.71	1.93%	\$25,899.57	1.00%	\$40,939.73	1.57%
Realized Capital Gain/Loss	\$2,064.55	0.08%	(\$32,947.07)	-1.27%	(\$15,948.46)	-0.61%
Management Fees	(\$15,313.51)	-0.58%	(\$15,358.38)	-0.59%	(\$15,289.76)	-0.58%
<b>Net Earnings</b>	<b>\$37,628.75</b>	<b>1.43%</b>	<b>(\$22,405.88)</b>	<b>-0.86%</b>	<b>\$9,701.51</b>	<b>0.37%</b>
ONE Fund	\$4,026,542.17		3,943,334.29		3,866,616.76	
Interest	\$101,288.93	2.52%	\$94,462.53	2.40%	\$150,891.82	3.90%
Management Fees	(\$17,773.90)	-0.44%	(\$17,745.00)	-0.45%	(\$17,399.78)	-0.45%
<b>Net Earnings</b>	<b>\$83,515.02</b>	<b>2.07%</b>	<b>\$76,717.53</b>	<b>1.95%</b>	<b>\$133,492.04</b>	<b>3.45%</b>
<b>Total CIBC and ONE Fund Earnings</b>	<b>\$121,143.77</b>	<b>1.82%</b>	<b>\$54,311.65</b>	<b>0.83%</b>	<b>\$143,193.55</b>	<b>2.21%</b>

Interest revenue is higher compared to past years, with bank interest rates in January 2022 at 0.45% and December 2022 at 4.34%.

CIBC investments are held in various instruments with majority of the portfolio in short-term investments.

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. Staff will investigate the movement of CIBC investments to ONE Fund with ONE Fund showing higher returns over past years.

**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:**  
**Michele Lant, Director of Corporate Services/Treasurer**  
**"Submitted electronically"**

**Approved by:**  
**Jeff Carswell, CAO/Clerk**  
**"Approved electronically"**