



**Meeting Date:** July 5, 2023

**Submitted by:** Tiffany Farrell, Director of Corporate Services

**Report No:** CPS-34-2023

**Subject:** Treasurers Investment Report 2022

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**Recommendation:**

THAT Report CPS-35-2023, re: Treasurer's Investment Report 2022 be approved.

**Purpose:**

To provide Council with the Treasurer's Investment Report for 2022.

**Background:**

This report is to comply with the annual reporting requirements for investments in accordance with section 418 of the Municipal Act, 2001 and related regulation O. Reg. 438/97. Which states:

If a municipality has an investment in a security prescribed under this Regulation, 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 the council, an investment report. O. Reg. 438/97, s. 8 (1).

(2) The investment report referred to in subsection (1) shall contain,

- (a) a statement about the performance of the portfolio of investments of the municipality during the period covered by the report;
- (b) a description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
- (c) a statement by the treasurer as to whether or not, in his or her opinion, all investments are consistent with the investment policies and goals adopted by the municipality;
- (d) a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security; and

(e) such other information that the council may require or that, in the opinion of the treasurer, should be included. O. Reg. 438/97, s. 8 (2); O. Reg. 655/05, s. 6.

(2.1) The investment report referred to in subsection (1) shall contain a statement by the treasurer as to whether any of the following investments fall below the standard required for that investment during the period covered by the report:

1. An investment described in subparagraph 1 iii, v.1, v.2, vi.1, vi.2 or vi.3 of section 2.
2. An investment described in paragraph 3.1, 4, 6.1, 7, 7.1, 7.2 or 8 of section 2.
3. An investment described in subsection 9 (1). O. Reg. 292/09, s. 4.

### **Analysis:**

The Municipality held no short-term or long-term investments in 2022.

For 2022, the Municipality only had cash balances, invested with the Bank of Montreal in treasury accounts. These accounts are primarily used instead of short-term investments to enhance liquidity, while still generating a return. Since there is no liquidity risk as funds are not locked into fixed term financial instruments, this results in a modest rate of return.

Due to the fact that all investments, held as at December 31, 2022 are cash or loans, there are no unrealized gains resulting from these investments.

The Municipality had an average cash balance of \$56,895,511.50 for 2022 and earned \$1,354,802.42 (2021- \$415,791.76) in interest.

The Municipality earns investment income by way of interest income on the general bank account and the reserve fund bank account. The Municipality receives interest at a rate of the deposit reference rate (equivalent to the prime lending rate by the Bank of Canada), less 1.525% on its general and reserve account cash balances between \$0 and \$40,000,000, and interest at a rate of the deposit reference rate (equivalent to the prime lending rate by the Bank of Canada), less 1.70% on its general and reserve account cash balances between \$40,000,001-\$60,000,000. In 2022, the average prime rate was 4.2% (2021-2.45%), generating an average return of 2.675% (2021-0.925%).

## Investment Holdings in Own Issues

The Municipality's total investment holdings in its own issues (Middlesex Centre debenture issues that are purchased internally) as at December 31, 2022 and December 31, 2021. Total invested in municipally owned investment holdings at year end:

Type	2021	2022
Municipal Drains	\$128,171.14	\$118,053.00
Timberwalk Pumping Station Bylaw 2014-008	\$806,461.66	\$757,959.00
Medical Centre	\$62,284.00	\$31,141.00

Total interest earned on municipally owned investments holdings in its own debenture issues:

Type	2021	2022
Municipal Drains	\$4,507.68	\$5,126.85
Timberwalk Pumping Station Bylaw 2014-008	\$34,123.99	\$32,258.47
Medical Centre	Nil	Nil

Staff will be working on a new investment policy for 2023.

## Treasurer's Statement

In my opinion, the investments held by The Municipality of Middlesex Centre during the calendar year of 2022 were all consistent with the Municipality's investment policies G.G. 4.09 and did not fall below the standards set out in section 418 of the Municipal Act, 2001 and related regulation O. Reg. 438/97.

### **Financial Implications:**

As noted above

### **Strategic Plan:**

This matter aligns with following strategic priorities:

- Responsive Municipal Government

This report responds directly to Objective 5.3 – Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

### **Attachments:**

N/A