



REPORT

To: ONE Joint Investment Board
From: Suzanna Dieleman, Manager, Investment Services
Date: February 17, 2021
Re: Annual Supplemental Report Template
Report: 21-005

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the content of the Annual Transaction Report, as shown in the template in Appendix A
2. Authorize staff to make minor adjustments to the report to meet municipal reporting needs.

2. SUMMARY

In accordance with the ONE JIB Agreement, ONE Investment is required to provide each of the Participating Municipalities with an Annual Investment Report that includes a statement about the performance of the Participating Municipality's Managed Assets and such other information that the council of the Participating Municipality may require or that, in the opinion of its treasurer, should be included, as required by the Regulation.

It is necessary that ONE JIB provide this information consistently to all investors, meeting municipal financial reporting requirements under the Municipal Act and providing the appropriate audit support related to PSAB PS 3450 Standard for Financial Instruments.

ONE JIB is also required to provide a statement of compliance to all Participating Municipalities, incorporating suitable information to enable the treasurer of the Participating Municipality to state whether or not the Managed Assets have been invested and are held in a manner consistent with the Participating Municipality's Investment Policy Statement and Investment Plan.

3. BACKGROUND

Compliance with the Investment Plan

The ONE JIB Agreement sets out certain reporting requirements to satisfy municipal treasurers that their assets have been invested in compliance with their Investment Plan along with the performance results of the assets. The relevant sections are quoted below.

1.01 Annual Investment Report.

ONE JIB shall prepare and provide to the council of each of the Participating Municipalities, no less frequently than once annually, an investment report that includes a statement about the performance of the Participating Municipality's Managed Assets during the period covered by the report and such other information that the council of the Participating Municipality may require or that, in the opinion of its treasurer, should be included as required by the Regulation.

1.02 Compliance Reporting.

ONE JIB shall prepare or arrange for the preparation and delivery of such compliance reports as may be reasonably requested by a Participating Municipality. Such compliance report shall provide information so as to enable the treasurer of the Participating Municipality to state whether or not the Managed Assets have been invested and are held in a manner consistent with the Participating Municipality's Investment Policy Statement and Investment Plan.

Compliance with PS 3450 – Financial Instruments

Accounting Standard PS 3450, pertaining to Financial Instruments, requires certain details with respect to both cost and market values be included on the Statement of Financial Position, Statement of Operations, and Statement of Remeasurement Gains and Losses. Sufficient information must be reported to municipal investors to enable full and compliant reporting in municipal records of account and, ultimately, their audited financial statements.

The Transaction Report along with the Municipal Performance Report – Q4 address the performance requirements. The compliance reporting will be issued starting in July 2021 to mark the first full year of the investments. The template will confirm compliance with applicable regulations and legislation and include a statement pertaining to audit of underlying funds in accordance with industry standards. The template for this reporting will come forward to ONE JIB in the spring of 2021.

4. ANALYSIS

There is a need to develop a standard annual transaction report template

ONE Investment has distribution policies in place for its Prudent Investment funds. These policies include the quarterly distribution of interest income on the Fixed Income funds and annual distribution of dividend income on the Equity funds. Furthermore, annual distributions will occur for net realized gains for all funds. There is a need to develop a standard report template that provides sufficient information for municipal investors to complete their financial statements in accordance with the financial securities reporting standard PS3450, as well as provide audit assurance as to compliance with applicable legislation.

The following information is needed in the annual transaction report:

- Income received and reinvested during the course of the year
- Realized net gains reinvested during the course of the year
- Unrealized net gains held within the fund

- Book value at the end of the fiscal year
- Market value at the end of the fiscal year
- Value of any tier or founding member discounts reinvested during the year
- Detailed transaction list for the fiscal year

5. CONCLUSION

ONE staff have developed an Annual Transaction Report Template for municipal investors that will contain sufficient information to meet the obligations in the ONE JIB Agreement and satisfy reporting requirements. The Annual Transaction Report will allow investors to complete their audited financial statements in accordance with PS3450 and provide suitable assurance as to compliance with applicable legislation for audit purposes and with the Investment Policy Statement and Investment Plan.

Drafted by: Suzanna Dieleman, Manager Investment Services (A)

Approved for submission by: Judy Dezell and Donna Herridge - Co-Presidents/CEO