

Report to Council

Report Title: 2023 Annual Investment Report
Prepared By: Trish Serratore, Chief Financial Officer
Department: Finance
Date: August 13, 2024
Report Number: FIN2024-24 **File Number:** C11FIN

Attachments:

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2024-24 - 2023 Annual Investment Report, prepared by Trish Serratore, Chief Financial Officer for information purposes.

Report:

Background:

Regulation 438/97 requires the Treasurer to provide an annual report of investments made by the Municipality. The report is to include:

- A statement outlining the performance of the investments during the period covered by the report;
- A description of the estimated proportion of the total investments invested in its own long-term and short-term securities in relation to the total investment of the Municipality. A description of material changes, if any, in that proportion since the previous year's report;
- A statement by the Municipality, in their opinion, all investments are consistent with the investment policies and goals adopted by the Municipality;
- A record of the date of acquisition or disposal of securities; including a statement of the purchase and sale price of each security; and
- Such other information that Council may require or in the opinion of the Treasurer, should be included.

The objectives of the Municipality's investment policy are to ensure:

- Adherence to statutory requirements;
- Preservation of capital;
- Maintaining liquidity; and
- Earning a competitive rate of return

Analysis:

Investments held by the Municipality as of December 31, 2023, amounted to \$6,273,340 (2022 - \$2,478,340). Below is an outline of the total investments held by the Municipality.

Westario Power

The Municipality owns 12.61% of the outstanding common shares of Westario Power Holdings Inc. equaling 1,261 Common Shares with a value of \$2,303,593.

Dividends received during the year totaled \$50,435.50 (2022 - \$100,871)

CIBC Investments

During the 2023 budget deliberations there was a lot of discussion from Council on investments and using some of the Reserve Funds currently available for some long-term investments while interest rates are at their peak.

On March 28, 2023, Council passed a motion – Invest Reserve Funds that requested a portion of the reserve funds be invested in a Guaranteed Investment Trust (GIC) with a cashable or non-cashable feature and within the interest rate range of 4.5 to 5.5%.

Below is a summary of the total investments with CIBC as of December 2023 and June 2024. Overall, there is an increase in both the short-term and long-term investments of \$159,530 as of June 2024.

Table 1. Current Investments Held by the Municipality:

| Description | Starting Balance July 2023 | Balance as of December 2023 | Gain/(Loss) as of December 2023 | Balance as of June 2024 | Gain/(Loss) as of June 2024 | Gain/(loss) Percentage |
|-------------------------|----------------------------|-----------------------------|---------------------------------|-------------------------|-----------------------------|------------------------|
| CIBC – Long-term | \$2,000,000 | \$1,967,230 | (\$32,770) | \$2,017,460 | \$17,460 | 0.87% |
| CIBC – Short-term | \$1,800,000 | \$1,823,347 | \$23,347 | \$1,942,070 | \$142,070 | 7.89% |
| Total Investment | \$3,800,000 | \$3,790,577 | (\$9,423) | \$3,959,530 | \$159,530 | 4.20% |

Interest income earned on cash balances and investments was allocated to the reserve funds, as of December 2023:

Breakdown by Reserve Fund:

| Reserve Fund | Amount |
|--------------------------------------|--------------------|
| Equipment - Infrastructure | \$1,297.06 |
| Equipment - Roads | \$10,376.44 |
| Utilities | \$10,376.44 |
| Equipment - WSIB | \$1,297.06 |
| Total Interest Earned in 2023 | \$23,347.00 |

Trust Funds:

Brockton’s Cemetery Care and Maintenance funds are held in separate trust accounts and are illustrated below. The GIC that matured in October 2023 has since been reinvested in a GIC.

Table 2. Current Investments Held by the Municipality Which are Part of the Cemetery Trust Fund:

| Description | Amount | Interest Rate | Annual Interest \$ | Maturity |
|------------------------------|-----------|---------------|--------------------|------------------|
| BMO – GIC | \$135,000 | 4.75% | \$6,412.50 | October 11, 2023 |
| BMO Home Equity GIC | \$39,747 | 2.50% | \$993.68 | April 5, 2024 |
| Total Interest earned | | | \$7,406.18 | |

Both GIC’s have been re-invested at 5.17% with a maturity date of May 1, 2025.

The interest earned on the Cemetery Trust Fund is allocated to the operating budget to assist with the care and maintenance costs of the cemetery.

All investments are consistent with the investment policies and goals adopted by the Municipality of Brockton.

Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- Recommendations help move the Municipality closer to its Vision Yes
- Recommendations contribute to achieving Heritage, Culture, and Community N/A
- Recommendations contribute to achieving Quality of Life N/A
- Recommendations contribute to achieving Land Use Planning and the Natural Environment N/A
- Recommendations contribute to achieving Economic Development N/A
- Recommendations contribute to achieving Municipal Governance Yes

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer