

Report to Council

Report Title: 2024 Annual Investment Report
Prepared By: Trish Serratore, Chief Financial Officer
Department: Finance
Date: April 8, 2025
Report Number: FIN2025-08 **File Number:** C11FIN

Attachments:

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2025-08 - 2024 Annual Investment Report, prepared by Trish Serratore, Chief Financial Officer for information purposes.

Report:

Background:

Ontario 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, 2024, amounted to \$6,774,092 (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 was consistent with prior year and totaled \$50,435.50 (2023, \$50,435.50 and 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 2024. Overall, there is an increase in both the short-term and long-term investments cumulative of \$467,274.

Long-Term Investments:

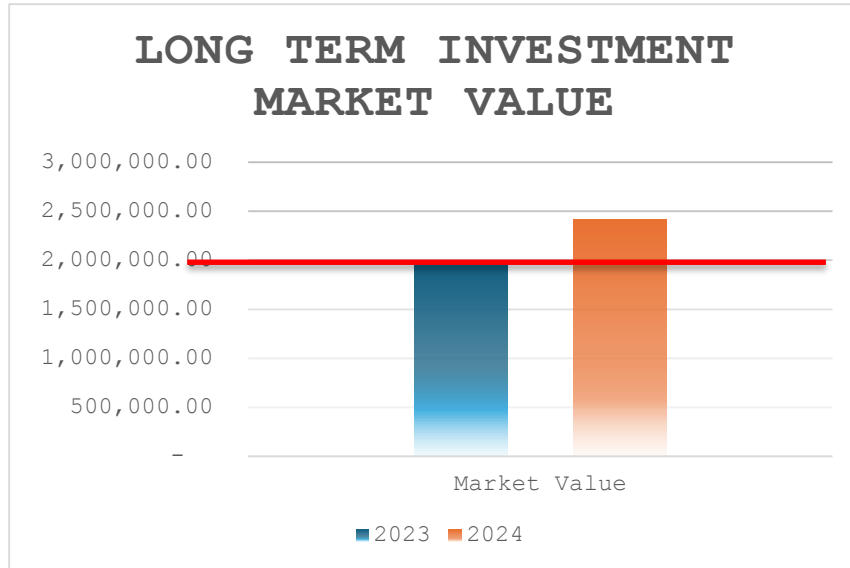
While long-term investments saw a slight decline in 2023, 2024 marked a strong recovery, leading to a capital gain of \$453,350. The two key notes in the portfolio—TSX Bank Company and TSX Large Cap—have experienced significant growth since their inception. The average indicative return across both notes is 33.92%, with cumulative returns at maturity of 27.09% and 40.75%, respectively.

As we continue to see interest rates dropping further over the course of 2025. This will be beneficial to the Principal Protected Notes (PPNs) in our portfolio of investments as one of the determinants of value is the rate of interest at any given moment. As interest rates go down the value of the note goes up therefore as interest rates drop further in 2025, we will continue to see the appreciation of the notes.

In February 2025, the Municipality realized the profits from these notes and reinvested them into new notes to secure principal protection on the accumulated gains. Given the favorable pricing environment for PPNs, this strategy will allow for a higher upside participation rate, aligning with the strong financial market outlook for the coming years.

Table 1. Current Investments Held by the Municipality:

Year	Description	Book Value	Gain/(Loss)	Market Value December
2023	CIBC – Long-term	\$2,000,000	(\$32,770)	\$1,967,230
2024	CIBC – Long-term	\$2,000,000	\$453,350	\$2,420,580
	Total Investment	\$2,000,000	\$420,580	\$2,420,580



Short-term Investment:

Year	Description	Book Value	Interest Income as of December	Market Value December
2023	CIBC – Short-term	\$1,800,000	\$23,347	\$1,823,347
2024	CIBC – Short-term	\$1,800,000	\$51,530	\$1,874,877
	Total Interest Income		\$74,877	

*Not accounting for unrealized capital gains/losses

Interest income earned on the short-term investments was allocated to the reserve funds, as of December 2024

Breakdown by Reserve Fund:

Reserve Fund	2024	2023
Equipment - Infrastructure	\$2,862.78	\$1,297.06
Equipment - Roads	\$22,902.22	\$10,376.44
Utilities	\$22,902.22	\$10,376.44
Equipment - WSIB	\$2,862.78	\$1,297.06
Total Interest Earned in 2023	\$51,530.00	\$23,347.00

Trust Funds:

Brockton’s Cemetery Care and Maintenance funds were invested into a short-term GIC with Bank of Montreal (BMO) with a maturity 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.

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	\$175,042	5.170%	\$1,010.48	May 1, 2025
Total Interest earned			\$1,010.48	

All investments are consistent with the investment policies and goals adopted by the Municipality of Brockton. Next steps, staff will review Reserve Fund balances and unallocated funds for future investment opportunities.

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
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Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer