



City of  
**Peterborough**

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**To:** Members of the General Committee

**From:** Richard Freymond, Commissioner, Finance & Corporate Support Services

**Meeting Date:** April 22, 2025

**Report:** 2024 Investment Report, Report FCSFS25-007

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## **Subject**

A report to present the 2024 Investment Report, as required under the provisions of the **Municipal Act, 2001**, as amended, and Ontario Regulation 438/97(8).

## **Recommendation**

That Council approve the recommendation outlined in Report FCSFS25-007, dated April 22, 2025 of the Commissioner of Finance and Corporate Support Services as follows:

That the 2024 Investment Report, outlined in report FCSFS25-007, dated April 22, 2025, of the Commissioner of Finance and Corporate Support Services, be received for information.

## **Executive Summary**

- This report is presented to meet the Municipal Act requirement to provide Council with an investment report each year
- In 2024 the City earned \$2.60 million in investment income on General Investments (\$2.78 million budget)
- In 2024 the City earned \$4.64 million in investment income on investments held in the Legacy Fund (\$1.50 million budget)

- Schedule A, B, C and Chart 1 in the Appendix of this report provide details about the General Investments of the City throughout 2024 and at December 31, 2024
- Schedule D in the Appendix of this report provides details about the investments held in the Legacy Fund
- All investments were made in accordance with the City's investment policies

## Background

Ontario Regulation 438/97(8) to the **Municipal Act, 2001**, as amended, stipulates 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 Council, an investment report which includes a number of information items, including a statement by the Treasurer as to whether or not, in his or her opinion, all investments were made in accordance with the investment policies and goals adopted by the municipality.

The City's 2024 Investment Report is presented in this report and in the attached Schedules.

## Strategic Plan

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Pursue service excellence in governance to support long-term fiscal sustainability of the City while respecting the impact of decisions on taxpayers

Investment income provides non-property tax revenue used in the operating budget, with income earned on general investments, and the capital budget, with income earned on the Legacy Fund investments

## Budget and Financial Implications

There are no budget and financial implications to receiving this report.

Interest earned on investments, bank accounts and in the Legacy Fund in 2024 was \$9.37 million. This is an important source of revenue, and was used as follows:

- a) \$2.60 million is general revenue which helps reduce tax requirements through the Operating Budget (budget \$2.78 million), and
- b) \$2.13 million is directed to various individual reserves in which the funds reside (2023 - \$3.66 million).
- c) \$4.64 million is interest earned on the Legacy Fund (budget \$1.50 million).

## General Investments

- Schedule A provides a summary of key investment data by month for the year;
- Schedule B lists all investments made or held as part of the City's investment portfolio during the year; and
- Schedule C lists all investments outstanding at December 31, 2024.

Schedule A shows that during 2024 the average cash and investment balance was \$122.12 million (2023 - \$157.31 million), and that 5 separate investments were made.

Total interest earned, was \$4.73 million (2023 - \$5.71 million). The City's overall rate of return for 2024 was 3.03% (2023 – 2.92%). The average Prime Interest Rate was 4.48% (2023 average Prime rate – 4.77%).

Chart 1, also attached to this report, shows the average monthly cash and investment balances ranged from a low of \$80.4 million to a high of \$182.1 million (2023 - \$126.9 million to \$194.9 million).

The reserve interest was reduced this year due to a change in the number of reserves receiving interest. This allowed more investment revenue to be allocated to general revenue. Cash balances started strong and ended stronger in 2024, though they were lower than usual mid-year due to operating cash flow requirements. Staff were able to secure some longer-term investments with attractive rates.

The City earned an average rate of 5.03% on its bank account balances with CIBC from January to December 2024.

## Legacy Fund Investments

Schedule D provides a summary of key investment data by month for the year and lists all investments outstanding at December 31, 2024, and a table with details of the principal originally invested in the Legacy Fund.

Council approved Report CLSFS21-020 dated May 10, 2021, establishing a Legacy Fund with the amounts available from the sale of PDI assets.

The funds are held in ONE Fund in a combination of Government Bond, Corporate Bond and Equity portfolios, as well as a High Investment Savings Account (HISA). Table 1 in this report details the book value of the investments held in the Legacy Fund at the end of 2024.

With approval of Report CLSFS21-020, Council also approved this recommendation:

- e) That up to 50% of the proceeds from the sale of assets of Peterborough Distribution Inc. be held in a High Investment Savings Account, or other

highly liquid investment, until a Council decision about investing in City of Peterborough Holdings Inc. has been made.

As a result, 50% of the Legacy Fund principal is held in the ONE Fund High Interest Savings Account (HISA) until Council provides further direction about those funds.

**Table 1  
Investments Held in Legacy Fund at December 31, 2024, Book Value**

ONE Fund HISA	\$	31,230,986
ONE Fund Government Bond	\$	8,068,743
ONE Fund Corporate Bond	\$	8,135,445
ONE Fund Equity	\$	19,857,447
	\$	<u>67,292,622</u>

The HISA is a fully liquid account that earns high interest calculated daily, with no service charges or fees.

The Government Bond portfolio consists of conservatively managed short-term bonds where preservation of capital is the prime concern. This portfolio is ideal for an investment horizon of 18 months to 3 years.

The Corporate Bond portfolio provides higher rates of return with corporate and government bonds, debentures, and/or promissory notes. This portfolio is ideal for an investment horizon of more than 4 years.

The Equity portfolio consists of equity securities issued by Canadian corporations and provides long-term investment returns through capital growth and dividend yield. This portfolio is ideal for long-term investments.

Throughout 2024, the Legacy Fund investments earned \$4.64 million (2023 - \$2.61 million). The investment income is held in a reserve. The effective overall rate of return on the Legacy Fund for 2024 was 6.86% (2023 – 3.51%).

**Conclusion**

Overall, the City earned more investment income in 2024 than in 2023 and more than was budgeted for in 2024, primarily due to the equity fund returns from the ONE Fund investments. The General Investments earned less than usual, due to lower than average cash balances throughout 2024 due to cash flow requirements impacted the amount available for investment resulting in lower interest earned for the year.

All of the investments listed in this Report have been made in accordance with the City’s investment policies.

## Attachments

Appendix:

Schedule A – General Investments – 2024 Monthly Investment Report

Schedule B – General Investments – List of Investments for 2024

Schedule C - General Investments – Long Term Investments Outstanding at December 31, 2024

Chart 1 – General Investments – Average Month End Cash & Investment Balances

Schedule D – Legacy Fund – 2024 Monthly Investment Report and List of Investments Outstanding at December 31, 2024

Submitted by,

Richard Freymond

Commissioner, Financial Services and Corporate Support Services

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