

## MANAGEMENT REPORT

**Date:** March 18, 2025  
**To:** Finance & Labour Relations Sub-committee  
**From:** Karmen Krueger, CPA,CA, Director of Corporate Services/Treasurer  
**Report Number:** FIN25-008  
**Attachments:** Cash and Investment Balances at December 31, 2024

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**Title:** Cash Holdings and Municipal Investment Performance 2024

**Objective:** To provide information on the City's various bank accounts and investment portfolios and report on the performance of municipal investments 2024.

**Background:** Section 418 of the *Municipal Act, 2001* governs the investment of funds that a Municipality does not require immediately. s. 418.1 indicates that the City can pass a by-law to allow investment in non-traditional investment types and following prudent investor guidelines.

Ontario Regulation 438/97 *Eligible Investments, Related Financial Agreements and Prudent Investment* further stipulates that, "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".

The City has not passed a by-law under O.Reg 438/97, relating to the Prudent Investor legislation, however it is still good practice to review investment performance on a regular basis. The City does have an investment policy F.1.7 that was last reviewed and updated in 2018. Review and update of this policy has been added to the Finance Division's 2025 work plan to ensure that all areas of the policy are still relevant and to capture changes in the investment industry. Sound cash flow and investment principles apply in the meantime, and any potential changes to the policy will come before Council for discussion at a later date.

## **Analysis:**

### **Investment Allocation as at 31 December 2024**

<b>Investment Description</b>	<b>Amount Invested</b>	<b>% of Total</b>
Cash and Cash Equivalents	\$ 62,610,437.37	55.77%
Bonds and Protected Notes	\$49,654,071.16	44.23%
<b>TOTAL</b>	<b>\$112,264,508.53</b>	<b>100%</b>

### **Bank Accounts and Short-Term Deposits**

The City of Stratford currently maintains nine (9) deposit bank accounts with RBC. Most funds are City operating and reserve funds, but several accounts are deposit balances held for the benefit of others (Library, BIA, Trust, Golf Course and two for Perth Stratford Housing Corporation).

All RBC deposits are currently paid interest at the negotiated rate of Prime minus 1.76%. This changed for the better in 2023, with the spread previously at P-1.85%.

Balances and 2024 interest earned are indicated on the summary attached. In 2024, the Prime rate changed three times:

From January 1-October 23 the rate was 6.45%

From October 24-December 11, the rate was 5.95%

From December 11-December 31, the rate was 5.45%

### **Investment Accounts**

The City also holds five (5) investment accounts with four (4) investment managers.

The benchmark for all investment management companies to surpass is that return the City could achieve simply by leaving city funds on overnight deposit in the bank, which on December 31, 2024 was 3.69%. The average portfolio return was 4.31% with 78% of the portfolio exceeding the benchmark and 22% underperforming in comparison.

### **Summary**

Interest earned on general accounts and investments is budgeted for as a revenue and used to offset general operating expenses.

Interest earned on reserve fund bank accounts and investments is retained in the reserve funds to help build funds for capital requirements.

Reserves and Reserve Funds committed at the end of 2023 in the Corporation's financial statements were \$80 million with the actual dollars to support those committed funds restricted in reserve fund banks and investments.

Staff continue to monitor the investment accounts and adjust as required based on the cash requirements for general operations and capital projects. As this report is being prepared in advance of the 2024 audited statements, there could be minor changes from what is noted herein.

**Statement By Treasurer as Required by Ontario Regulation 438/97, s.8(2)(c)**

All investments at the end of 2024 are consistent with the investment policies and goals adopted by the municipality. Reviews are undertaken with investment advisors on at least a quarterly basis to ensure holdings are consistent with the "eligible list" as defined by the *Municipal Act, 2001* and its Regulations.

**Financial Implications:**

**Financial impact to current year operating budget:**

None. This report is provided for information, noting the financial impact of income earned in the financial portfolio for 2024 is captured in the year-end results for the City.

**Financial impact on future year operating budget:**

None.

**Link to asset management plan and strategy:**

The investment holdings for reserve funds directly support the funding of the City's capital program and asset management plan and strategy.

**Alignment with Strategic Priorities:**

**Not applicable:** This report is provided for information and does not directly align with specific strategic priorities.

**Alignment with One Planet Principles:**

**Not applicable:** This report is provided for information and does not directly align with One Planet Principles.

**Staff Recommendation: THAT the report titled, "2024 Cash Holdings and Investment Performance" (FIN25-008), be received for information.**

**Prepared by:**

Karmen Krueger, CPA, CA, Director of Corporate Services/Treasurer

**Recommended by:**

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Joan Thomson, Chief Administrative Officer