



TOWNSHIP OF SOUTHWOLD

Report to Council

MEETING DATE: March 25, 2024

PREPARED BY: Michele Lant, Director of Corporate Services/Treasurer

REPORT NO: FIN 2024-08

SUBJECT MATTER: Investment Summary

Recommendation:

THAT Council receive Report FIN 2024-08 Investment Summary as at December 31, 2023 for information.

Purpose:

To advise Council on the status of municipal investments as at the 2023 Year End.

Background:

To maximize the return on Township funds, some available funds are invested through CIBC and ONE Investment. These tend to be funds associated with reserves that are not immediately needed.

Comments/Analysis:

Investments are held with CIBC and the ONE Investment, a local government investment pool in which Ontario Municipalities may invest. ONE Investment is an incorporated not-for-profit which was started by Local Authorities Service Limited (a wholly owned subsidiary of the Association of Municipalities of Ontario), together with CHUMS Financing Corporation (a wholly owned subsidiary of the Municipal Finance Officers' Association of Ontario).

Total cost of investments at December 31, 2023 is \$6,881,344 and are held in cash, market funds and bonds.

Purpose	2023	2022	2021
General	\$1,025,516.42	\$1,009,160.33	\$990,449.32
Water	\$5,687,443.95	\$5,482,985.52	\$5,383,870.19
Sewer	\$89,998.79	\$87,797.93	\$85,972.99
Parkland	\$78,384.73	\$76,785.95	\$75,600.60
Total Cost	\$6,881,343.89	\$6,656,729.73	\$6,535,893.10
Total Market Value	\$6,602,214.46	\$6,250,018.30	\$6,558,842.78

Purpose	2023	2022	2021
Gain (Loss) if Disposed	(\$279,129.43)	(\$406,711.46)	\$22,949.68

Unlike private entities which are required to record investments at the lower of cost and market, under Public Sector Accounting Standards, municipalities currently record investments at cost. This accounting treatment results in the Township recognizing net investment earnings in our financial statements but not recognizing the change in market value of our portfolio.

Financial Implications:

2023 unaudited net investment earnings total \$224,927.67. Following is a detailed breakdown.

	2023		2022		2021	
CIBC	\$2,754,282.89		\$2,630,187.56		\$2,592,558.81	
Interest	\$147,512.25	5.36%	\$50,877.71	1.93%	\$25,899.57	1.00%
Realized Capital Gain/Loss	(\$7,740.00)	-.28%	\$2,064.55	0.08%	(\$32,947.07)	-1.27%
Management Fees	(\$15,676.92)	-0.57%	(\$15,313.51)	-0.58%	(\$15,358.38)	-0.59%
Net Earnings	\$124,095.33	4.51%	\$37,628.75	1.43%	(\$22,405.88)	-0.86%
ONE Fund	\$4,127,061.00		\$4,026,542.17		\$3,943,334.29	
Interest	\$119,051.38	2.88%	\$101,288.93	2.52%	\$94,462.53	2.40%
Management Fees	(\$18,219.04)	-0.44%	(\$17,773.90)	-0.44%	(\$17,745.00)	-0.45%
Net Earnings	\$100,832.34	2.44%	\$83,515.02	2.07%	\$76,717.53	1.95%
Total CIBC and ONE Fund Earnings	\$224,927.67	3.27%	\$121,143.77	1.82%	\$54,311.65	0.83%

Interest revenue remains higher compared to past years, with bank interest rates in January 2023 at 4.34% and December 2023 at 5.20%.

CIBC investments are held in Imperial Money Market Pool with all of the portfolio in short-term investments.

ONE Fund investments are held in several bond instruments, 98% of which are held in the Canadian Corporate Bond Portfolio which are recommended to be held for a minimum of four years.

Staff continually monitor cash flow needs and the ability to invest additional funds. Staff had previously suggested investigating the movement of CIBC investments to

ONE Fund with ONE Fund showing higher returns, but in 2023 CIBC investments showed a higher return than ONE Fund so no movement is suggested at this time.

Strategic Plan Goals:

The above recommendation helps the Township meet the Strategic Plan Goal of:

- Managed Growth
- Welcoming and Supportive Neighbourhoods
- Economic Development
- Fiscal Responsibility and Accountability

Respectfully Submitted by:
Michele Lant, Director of Corporate Services/Treasurer
"Submitted electronically"

Approved by:
Lisa Higgs, CAO/Clerk
"Approved electronically"