

City of North Bay Report to Council

Report No: CORP-2025-055

Date: June 1, 2025

Originator: Laura Boissonneault

Business Unit: Corporate Services

Department: Financial Services Department

Subject: 2024 Report on Investment Activity

Closed Session: yes ☐ no ☒

Recommendation

That the annual report on investment activity for 2024 be received.

Background

In accordance with Ontario Regulation 438/97 and the City's Investment Policy, cash is invested in eligible investments in order to maximize interest revenues while at the same time preserving the principal amount and maintaining liquidity.

As investments mature, management makes decisions to either reinvest or cash in all or part of the investment, depending on interest rates and the cash requirements of the City at that time. Management relies on the advice of experts from investment firms and banks to assist in decision making.

The City's Investment Policy states that the Treasurer shall provide to Council an annual report on investment activity and returns.

Financial/Legal Implications

See Options/Analysis for Financial Implications.

Corporate Strategic Plan

- | | |
|---|--|
| ☐ Natural North and Near | ☐ Economic Prosperity |
| ☐ Affordable Balanced Growth | ☐ Spirited Safe Community |
| ☒ Responsible and Responsive Government | |

Specific Objectives

- Ensure the efficient and effective operations of the City, with particular consideration to the impact of decisions on the property tax rate

Options Analysis

2024 Investment Activity

The City's investment balance at the beginning of 2024 was \$33,069,319. During 2024, no additional investments were purchased while investments in the amount of \$9,460,965 matured or were sold. As at December 31, 2024 investments of \$23,608,354 were held by the City.

Cash and cash equivalents and investments increased during the year by \$7.2 million from \$137.8 million in 2023 to \$145 million in 2024. Total cash and investments include \$108.1 million in obligatory and discretionary reserve funds.

The City's Investment Policy restricts the amount of the portfolio that can be invested in authorized investment categories. As per the listing of investments held as at December 31, 2024 provided in Appendix A, the weightings of the City's portfolio are in compliance with the restrictions outlined by the Policy.

During 2024 the City's investment portfolio generated \$1,138,990 in investment income representing an increase of \$338,990 over the 2024 budget of \$800,000. Interest earned on the City's bank account was \$6,191,376, an increase of \$5,291,376 over the 2024 budget of \$900,000. These amounts represent the gross earnings from investments and bank balances before any investment revenue is allocated to obligatory and discretionary reserve balances.

Based on a weighted average investment balance, the City's average rate of return on the investment portfolio was 3.66%.

The current bank agreement pays interest at a rate of prime less 1.65%.

Investments held at December 31, 2024 have yields ranging from 1.15% to 5.25%.

Recommended Option

That the annual report on investment activity for 2024 be received.

Respectfully submitted,

Name: Laura Boissonneault, CPA, CGA

Title: Director, Financial Services / Deputy Treasurer

I concur with this report and recommendation

Name: Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Name: John Severino, P.Eng., MBA

Title: Chief Administrative Officer

Personnel designated for continuance:

Name: Laura Boissonneault, CPA, CGA

Title: Director, Financial Services / Deputy Treasurer

Attachments: Appendix A – 2024 Annual Report on Investment Activity