



THE CORPORATION OF THE TOWN OF PARRY SOUND
RESOLUTION IN COUNCIL

NO. 2025 - 058

DIVISION LIST

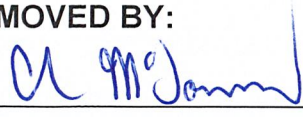
YES NO

DATE: May 20, 2025

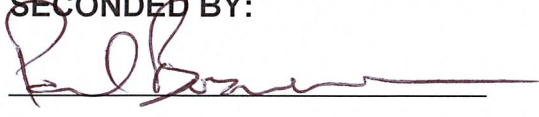
- Councillor G. ASHFORD
- Councillor J. BELESKEY
- Councillor P. BORNEMAN
- Councillor B. KEITH
- Councillor D. McCANN
- Councillor C. McDONALD
- Mayor J. McGARVEY

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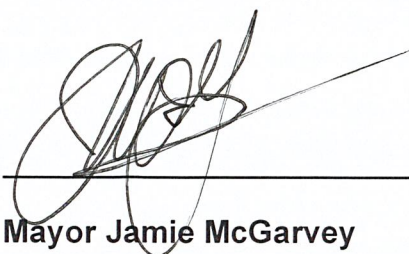


SECONDED BY:



CARRIED: DEFEATED: _____ Postponed to: _____

That Council accepts the 2024 Annual Investment Report attached as Schedule A, in accordance with Town's Investment Policy.



Mayor Jamie McGarvey



2024 Annual Investment Report

1. Introduction

The Town's Investment Policy stipulates that the Treasurer for the Town reports to Council annually regarding the Town's investment activities. The Investment Policy was approved on January 20, 2015 and revised on July 3, 2018 by Council.

2. Securities Held

The investment objectives specified in the Investment Policy, in a priority order, include:

- a) Adherence to statutory requirements
- b) Preservation and security of capital
- c) Maintenance of liquidity
- d) Realizing a competitive rate of return

Historically, the Town maintained surplus operating and long-term funds in interest bearing accounts with Canadian chartered banks. In 2016, a portion of the money was invested in Guaranteed Investment Certificates (GICs) with CIBC Wood Gundy.

The updated investment policy that establishes investment objectives, principles and guidelines for the prudent investment allowed staff to take advantage of the various investment instruments available in the market. Staff invested funds in fixed income securities, as well as the High Interest Savings Account (HISA) and equity portfolio offered by the One Investment Program. This program is a pooled investment designed for municipalities and operated by Local Authority Services (LAS) and Chums Financial Corp (a subsidiary of the Municipal Finance Officers' Association of Ontario)

Below are categories of the securities held by the Town as at December 31, 2024, with individual securities listed in *Appendix A – List of Securities Held*.

- Operating bank accounts held with a Canadian chartered bank (Bank of Nova Scotia)
- Guaranteed Investment Certificates (GICs) and bonds held with CIBC Wood Gundy
- Fixed income securities (fixed rate bonds and a step-up rate note) and GICs held with BMO Nesbitt Burns
- High Interest Savings Account (HISA) with the One Investment Program
- Equity portfolio of the One Investment Program
- Loan to the West Parry Sound District Museum
- Investment in Lakeland Holdings Inc.

The bank accounts held with the Bank of Nova Scotia are interest bearing accounts earning interest at prime less 1.65%.

The HISA and equity holdings with the One Investment Program have a high level of liquidity as withdrawals from the program take only one business day. HISA, now has a lower interest rate at Prime less 1.675% to Prime less 1.735% depending on the account. As a result, most of the funds have been moved to the Town's general bank account which is earning a higher interest rate. The HISA is regarded as a safe investment vehicle when compared with the equity investment, which involves a high level of risk as preservation of capital is not guaranteed in equity investments.

The GICs are not as liquid in that early redemption will result in penalties.

The fixed rate bond (fixed income securities) held with BMO Nesbitt Burns has a maturity date. However, Bonds are tradable in the secondary market, which provides liquidity. Caution should be given to bond investments as the market value of a bond fluctuates with the interest rate in the market. In 2021, a principal protected note investment was made. In addition, in 2022 a step-up bond investment was made with fixed rates that increase per year. This step-up bond investment was called early in 2024 and 14.2% was earned over the two-year term.

Due to the reduced liquidity of GICs and bonds, investments in these instruments were structured in such a way that funds were divided into smaller portions, the maturity dates of which are laddered, so that the Town will redeem a portion of the investment in each year.

The loan to the West Parry Sound District Museum has no fixed terms of repayment. During 2024, the museum repaid \$1,938 of the loan principle and \$492 in interest.

In 2023 a loan was made to the Parry Sound Area Municipal Airport of \$2.3 million dollars. By-law 2022-7264 set an expectation to be repaid within 5 years and earn interest no less than the rate being earned by the Town's bank accounts. As a result, although no payment of interest has been made yet, interest has been accrued under those terms at the bank rate. A minimum interest amount of \$121,764 is payable for 2024.

3. Portfolio Mix and Realized / Unrealized Gains or Losses

The Town's investment portfolio is summarized as follows:

	2024				2023	
	Balance at December 31 (\$)	% of Portfolio	Realized Gain	Unrealized Gain/ (loss) (\$)	Balance at December 31 (\$)	Realized Gain
Operating Bank Accounts	43,294,734	76.1%	1,806,468	-	42,637,853	1,864,102
High Interest Savings Account - One Investment	59,244	0.1%	2,937	-	56,307	2,881
Guaranteed Investment Certificates	3,796,573	6.7%	130,893	-	3,342,053	91,259
Fixed Rate Bonds	205,555	0.4%	69,223	-	807,457	64,888
Equity - One Investment	1,370,933	2.4%	244,941	387,296	1,513,288	64,964
Loan to West Parry Sound District Museum	7,510	0.0%	492	-	9,448	652
Loan to Airport	2,300,000	4.0%	121,764	-	2,300,000	60,451
Investment in Lakeland Holdings Inc.	5,855,104	10.3%	311,400	-	5,855,104	311,400
Total Cash and Investments	56,889,653	100.00%	2,688,118	387,296	56,521,510	2,460,596

The investment duration of the GICs and fixed rate bonds held by the Town ranges from 1 to 5 years. The total holdings in these two categories were 6.7% of the portfolio, which is within the target range of 0% to 60% specified in the Investment Policy.

The portfolio had a balance of \$56,889,653 at the end of 2024 and generated total investment income of \$2,688,118 during the year, compared to \$2,460,596 in 2023. This is an increase in investment earnings of \$227,522. The average interest rate went from 5.279% in 2023 to 5.029% within the Town’s general bank account in 2024. In addition, 2024 had an unrealized gain of \$387,296 from equity holdings.

4. Portfolio Summary by Fund

The Town’s portfolio consists of general funds, trust funds, reserve funds and other investments.

4.1 General Fund

The general fund, including the general operating account and reserves, were invested in the following instruments:

Amounts in \$	2024		2023	
	Balance at December 31	Investment Income	Balance at December 31	Investment Income
Scotia Bank - General Operating Account	33,256,645	1,324,037	33,642,906	1,412,305
GICs - CIBC	2,264,110	126,354	2,451,582	87,508
BMO Nesbitt Burns	1,575,924	69,223	1,540,456	64,888
One Investment HISA	59,244	2,937	56,307	2,881
Total General Funds	37,155,924	1,522,552	37,691,252	1,567,581

4.2 Trust Funds

The trust funds, which are not available for the general use of the Town’s operations, are invested in the interest-bearing accounts with Bank of Nova Scotia. The balances of the trust funds at December 31, 2024 and investment income in 2024 are as follows:

Amounts in \$	2024		2023	
	Balance at December 31	Investment Income	Balance at December 31	Investment Income
Sylvan Acres Cemetery	226,614	11,021	205,107	10,422
Hillcrest Cemetery	146,424	7,165	134,546	6,804
Trinity Memorial Garden	2,222	111	2,111	106
Total Trust Funds	375,260	18,297	341,764	17,332

4.3 Reserve Funds

Investment for the Reserve funds, which are under either contractual obligations or legislative restrictive, are listed as follows:

Amounts in \$	2024		2023	
	Balance at December 31	Balance at December 31	Balance at December 31	Investment Income
Capital Asset Legacy Fund	1,605,573	256,672	1,736,197	75,920
Capital Replacement Reserve Fund	3,885,467	194,262	3,691,206	166,257
Lot Levy	96,062	4,803	91,259	4,750
Development Charges	47	3	43	201
Water Development	173,567	8,678	164,889	8,245
Municipal Property	204,399	10,219	194,180	9,764
Parking	136,214	6,811	129,403	6,611
Sewer Development	169,472	8,473	160,999	8,044
Pool - in trust	48,756	2,438	46,318	3,077
EMS Severance	661,533	33,074	628,458	32,106
EMS Surplus	1,093,235	54,658	1,038,577	46,476
EMS Equipment / Capital	348,095	17,403	330,692	14,411
WPS Association	1,728	86	1,642	84
Smelter Wharf	551,996	27,598	524,398	26,121
Bobby Orr Hall of Fame Reserve Fund	437,501	18,427	419,111	17,119
Treetops Reserve Fund	2,427	121	2,306	118
Provincial Public Transit Gas Tax	247,692	12,384	235,308	21,630
BOHF Scholarship	18,563	928	17,635	901
Federal Gas Tax ¹	908,218	45,408	862,811	58,868
Splashpad Reserve ²	51,064	2,553	48,510	2,479
WPS Rec Centre Donations	554,247	8,615	N/A	N/A
Total Reserve Funds	11,195,855	713,614	10,323,942	503,180

Of the \$11,195,855 in reserve funds, \$9,662,829 was invested in interest bearing accounts with Bank of Nova Scotia, \$162,092 in GICs, and the remaining \$1,370,933 in the equity

portfolio of the One Investment Program. \$59,244 is still invested in the high interest savings accounts through One Investment. The Town’s general bank account continued to hold a higher interest rate as compared to the high interest savings accounts offered by one investment throughout 2024.

4.4 Other Investments

Other investments are not cash equivalents and consist of:

Amounts in \$	2024		2023	
	Balance at December 31	Investment Income	Balance at December 31	Investment Income
Loan to West Parry Sound District Museum	7,510	492	9,448	652
Loan to Parry Sound Area Municipal Airport	2,300,000	121,764	2,300,000	60,451
Investment in Lakeland Holdings Inc.	5,855,104	311,400	5,855,104	311,400
Total Trust Funds	8,162,614	433,655	8,164,552	372,504

5. Statement of Compliance

All investments adhere to the approved Investment Policy. In addition, all investments meet the eligibility requirements set out by Ontario Regulation 438/97 of the *Municipal Act, 2001*, which specifies limits for each type of investment that can be held.

Appendix A

List of Securities Held - As at December 31, 2024

Interest Bearing Accounts

	Financial Institution	Balance	Interest Rate
Operating accounts	Bank of Nova Scotia	\$33,256,645	Prime - 1.65%
High Interest Savings Account (HISA)*	One Investment	\$59,244	Prime - 1.675% to Prime -1.735%
Total		\$33,315,889	

Guaranteed Investment Certificates

Issuer	Face Value	Maturity Date	Interest Rate
HSBC Bank GIC Annual Flat	\$200,000	2025-05-06	2.2500%
Canadian Western Bank GTD Cert A	\$200,000	2025-09-24	1.6500%
Laurentian Bank of Canada GTD Investment Cert A	\$500,000	2025-11-03	1.3400%
Laurentian Bank of Canada GTD Investment Cert A	\$207,000	2025-05-20	3.9700%
Laurentian Bank of Canada GTD Investment Cert A	\$200,000	2026-05-13	1.7000%
Laurentian Bank of Canada GTD Investment Cert A	\$505,000	2026-11-16	2.0000%
Bank of Montreal GIC Annual	\$200,000	2027-07-19	4.8000%
CIBC GTD Investment Cert A	\$160,000	2029-08-30	3.8500%
Manulife Bank of Canada GTD Investment Cert A	\$640,000	2029-12-06	3.7200%
Bank of Montreal	\$232,000	2029-05-17	4.8000%
Total	\$3,044,000		

Bonds

Issuer	Face Value	Maturity Date	Coupon Rate	Year
Bank of Montreal	\$205,000	2030-11-21	2.6000%	
Total	\$205,000			

Equity – One Investment

	Book Value	Fair Market Value
Equity Investments	\$1,125,992	\$1,513,288
Unrealized Gain		\$387,296