

**THE CORPORATION OF THE TOWN OF GEORGINA**

**REPORT NO. DCAO-2024-0004**

**FOR THE CONSIDERATION OF  
COUNCIL**

April 10, 2024

**SUBJECT: INVESTMENTS – ANNUAL REPORT**

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**1. RECOMMENDATION:**

- 1. That Council receive Report No. DCAO-2024-0004 prepared by the Financial Controllershship and Reporting Division, Office of the Deputy CAO dated April 10, 2024 respecting the Investments – Annual Report.**

**2. PURPOSE:**

The purpose of this report is to provide an overview of the performance of the Town's investment portfolio for fiscal 2023 in accordance with the approved Investment Policy.

**3. BACKGROUND:**

The purpose of the Town's investment policy is to ensure that the Town of Georgina invests all available funds in a manner that will provide the highest rate of return while minimizing the degree of risk and maintaining an adequate level of solvency and liquidity, in conformity with the Municipal Act, S.O. 2001 and the Town's Investment Policy. Other primary objectives of the policy are the adherence to statutory requirements, the preservation of capital, maintaining liquidity, and earning a competitive rate of return.

The Town holds the majority of its investments with the One Investment Program. The One Investment Program is a co-mingled investment program designed specifically for the municipal and broader Ontario public sector that provides competitive rates of return over both the short and longer term.

**4. ANALYSIS:**

As of December 31, 2023 the Town has cash and investments of \$102,312,555 (Market Value \$103,426,446). The Town holds 79.1% of its available cash with LAS One Fund, which is in accordance with the Town's approved Investment Policy. Below is a description of each type of investment as well as a breakdown of investments by type and the percentage of the overall portfolio that they represent.

Cash – TD Bank

A sufficient balance is maintained in the operating account to ensure the Town can meet its day-to-day cash flow activities in an effective and efficient manner.

Term Deposit – TD Bank – Duration of 12 months

This Term Deposit offers a competitive interest rate with guaranteed return and no fees. Flexibility exists to cash this Term Deposit in full or in part.

High Interest Savings Account (HISA) – LAS One Fund – Duration 1+ Months

Offered through CIBC, Scotiabank and National Bank, the HISA preserves capital and maintains liquidity while maximizing short-term income via secure deposits with a Schedule One Canadian Bank under a master LAS/CHUMS savings account.

Bonds – LAS One Fund – Duration of 18 to 36 Months

The One Bond Portfolio is intended to provide a higher return over longer investment horizons than the HISA option. These higher returns are garnered primarily through investment in a diversified selection of federal, provincial and municipal bonds maturing within five years, as well as high quality bank paper. The portfolio manager is MFS Investment Management Canada.

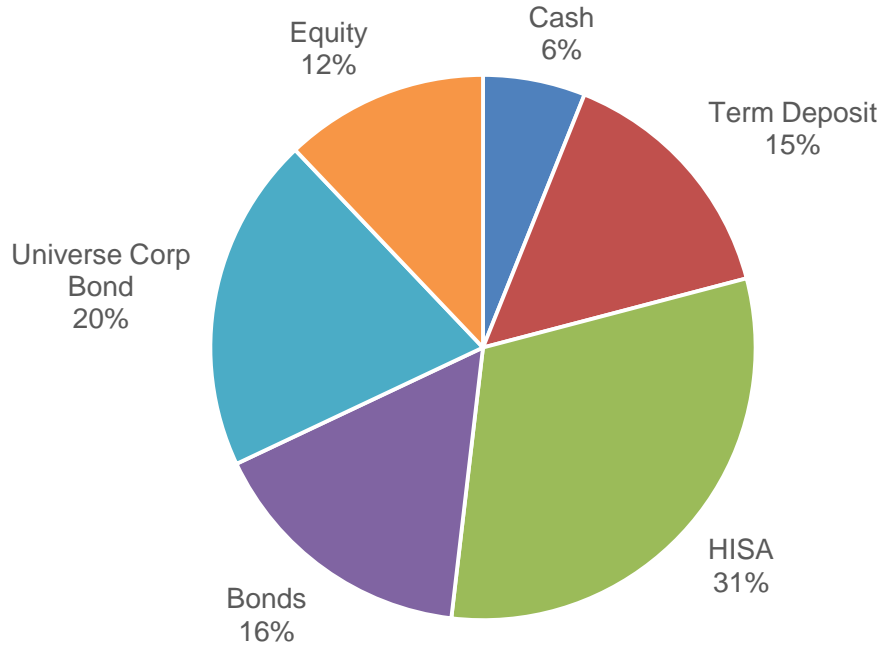
Universe Corporate Bonds – LAS One Fund – Duration of 3 to 5 Years

Launched in 2008, the One UCB Portfolio allows municipalities to invest in highly rated corporate bonds, maturing in the five to ten year range, which historically have produced greater investment returns with only incremental additional risk. The portfolio manager is MFS Investment Management Canada.

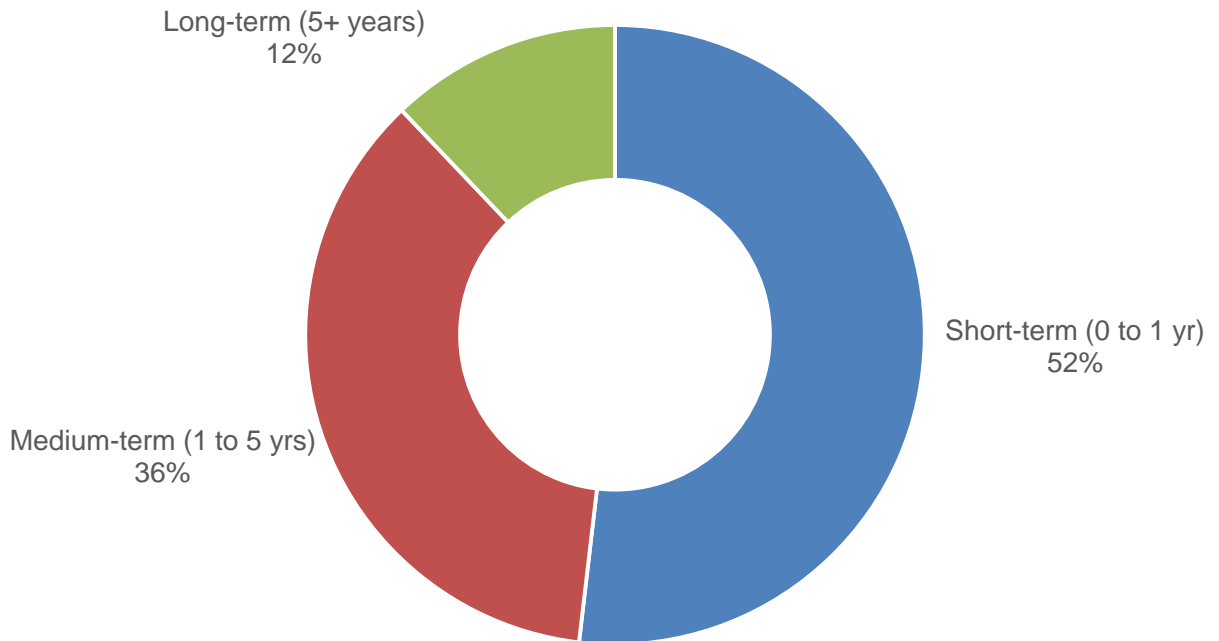
Canadian Equity Portfolio – LAS One Fund – Duration of 5+ Years

Launched in 2007, the One Equity Portfolio is an opportunity for Ontario municipalities to invest their long-term investment dollars in the equity market. The Portfolio Manager is Guardian Capital LP.

### Investment by Type



### Term of Investments



In 2023, the Town continued to diversify its investments between short, medium, and long-term. The Town continues to maintain the majority of its investments in short-term and medium-term options due to the cash flow needs identified in the 10-year capital plan over the next few years.

The Chart below highlights the opening balances, transactions, investment income earned, realized and unrealized gains (losses), and various benchmark comparators.

|  | Cash - TD    | GIC - TD     | High Interest Savings Account - LAS One Fund | Bond Fund - LAS One Fund | Universe Corporate Bond Fund - LAS One Fund | Equity - LAS One Fund | Totals             |
|--|--------------|--------------|--|--------------------------|---|-----------------------|--------------------|
| <b>Book Value January 1, 2023</b>                        | 9,356,196    | 20,317,216   | 20,254,070                                   | 16,145,170               | 19,887,364                                  | 11,693,958            | <b>97,653,974</b>  |
| <b>Market Value January 1, 2023</b>                      | 9,356,196    | 20,317,216   | 20,254,070                                   | 14,906,021               | 17,751,613                                  | 13,580,896            | <b>96,166,012</b>  |
| Deposits (Withdrawals):                                  |              |              |  |                          |   |                       |                    |
| - July 21, 2023 - Principal Transfer                     | 20,000,000   | (20,000,000) |  |                          |   |                       | -                  |
| - July 21, 2023 - Interest Paid                          |              | 706,000      |  |                          |   |                       | <b>706,000</b>     |
| - July 21, 2023 - Interest Transfer                      | 706,000      | (706,000)    |  |                          |   |                       | -                  |
| - August 31, 2023 - Principal Transfer                   | (20,000,000) |              | 20,000,000                                   |                          |   |                       | -                  |
| - October 17, 2023 - Principal Transfer                  | (15,000,000) | 15,000,000   |  |                          |   |                       | -                  |
| - December 4, 2023 - Principal Transfer                  | 10,000,000   |              | (10,000,000)                                 |                          |   |                       | -                  |
| - Investment Income Reinvested                           | 1,347,603    |              | 1,340,867                                    | 356,163                  | 492,209                                     | 316,650               | <b>3,853,492</b>   |
| - Capital Gains Reinvested                               |              |              |  |                          |   | 366,735               | <b>366,735</b>     |
| - Book Value - Cost Basis Adjustment                     |              |              |  | (1)                      | (0)   | 1                     | <b>1</b>           |
| - Market Value - Unrealized Gains (Losses)               |              |              |  | 330,524                  | 616,410                                     | 1,654,920             | <b>2,601,854</b>   |
| - Interest Earned and Accrued                            |              | 181,463      | 126,669                                      |                          |   |                       | <b>308,132</b>     |
| - Reversal of Previous Year's Accrual                    |              | (317,216)    | (64,334)                                     |                          |   |                       | <b>(381,550)</b>   |
| Other transactions                                       | (194,229)    |              |  |                          |   |                       | <b>(194,229)</b>   |
| <b>Book Value December 31, 2023</b>                      | 6,215,570    | 15,181,463   | 31,657,272                                   | 16,501,332               | 20,379,573                                  | 12,377,345            | <b>102,312,555</b> |
| <b>Market Value December 31, 2023</b>                    | 6,215,570    | 15,181,463   | 31,657,272                                   | 15,592,708               | 18,860,232                                  | 15,919,201            | <b>103,426,446</b> |
| <b>Investment Income Earned:</b>                         | 1,347,603    | 570,247      | 1,403,202                                    | 356,163                  | 492,209                                     | 683,386               | <b>4,852,810</b>   |
| - Allocated to Discretionary Reserves and Operating Fund | 757,070      | 570,247      | 220,216                                      | 291,776                  | 403,228                                     | 683,386               | <b>2,925,922</b>   |
| - Allocated to Obligatory Reserves and OCIF              | 590,533      | -            | 1,182,986                                    | 64,387                   | 88,981                                      | -                     | <b>1,926,887</b>   |

|  | Cash - TD | GIC - TD | High Interest Savings Account - LAS One Fund | Bond Fund - LAS One Fund | Universe Corporate Bond Fund - LAS One Fund | Equity - LAS One Fund |
|--|-----------|----------|--|--------------------------|---|-----------------------|
| <b>Return on Investment</b>                            |           |          |  |                          |   |                       |
| Including Unrealized gains (losses)                    | 5.1%      | 5.8%     | 5.1%   | 4.6%                     | 6.3%  | 17.2%                 |
| <b>Benchmarks for Comparison:</b>                      |           |          |  |                          |   |                       |
| - One year Government of Canada Treasury Bills         |           | 4.9%     |  |                          |   |                       |
| - Three month Government of Canada Treasury Bills      | 4.8%      |          | 4.8%   |                          |   |                       |
| - One Fund's Money Market Fund                         | 4.65%     |          | 4.65%  |                          |   |                       |
| - Scotia McLeod's All Government Short Term Bond Index |           |          |  | 5.7%                     | 5.7%  | 5.7%                  |
| - One Fund's Bond Fund                                 |           |          |  |                          | 4.6%  | 4.6%                  |
| - S&P/TSX Composite Index                              |           |          |  |                          |   | 8.1%                  |

In order to reduce the risk of losses, the Town has only invested funds that it does not require for 5+ years in the equity portfolio. These funds are generally the long-term repair and replacement reserves.

**5. RELATIONSHIP TO STRATEGIC PLAN:**

**Delivering service excellence:**

Ensure continued financial sustainability and accountability.

**6. FINANCIAL AND BUDGETARY IMPACT:**

The recommendations contained in this report have no direct financial impact and are for information purposes only. Annually, investment income earned is allocated to the operating budget, OCIF, and discretionary and obligatory reserves.

As per the Public Sector Accounting Board (PSAB) standards, the Town does not recognize unrealized gains or losses until the sale of the investment. To date, no investments have been sold that would result in a realized gain or loss.

**7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:**

The information presented in this report is administrative in nature; consequently, no specific public consultation or notice has been undertaken.

**8. CONCLUSION:**

This report has been prepared for information purposes as required by the Town's approved Investment Policy. As the Treasurer, I confirm, that in my opinion, all investments were made in accordance with the investment policies and goals adopted by the Town.

**APPROVALS**

Prepared By: Alison Yu, CPA, CMA  
Senior Financial Analysis

Reviewed By: Dina Havkin, CPA, CMA  
Manager of Financial Strategy and Planning / Deputy  
Treasurer

Recommended By: Rob Wheeler, CPA, CA  
Deputy Chief Administrative Officer / Treasurer

Approved By: Ryan Cronsberry  
Chief Administrative Officer