

**GENERAL COMMITTEE MEETING**  
**FINANCE DEPARTMENT**

**REPORT FIN-2026-13**  
**April 28, 2026**

**SUBJECT:** 2025 Investment Report & Investment Policy

**AUTHOR:** Melanie Steele, MBA CPA CA  
City Treasurer

**APPROVER:** Stephanie Nagel, BBA, CGA, CPA, MPA  
General Manager of Corporate and Enterprise  
Services/CFO

---

**RECOMMENDATION:**

THAT the General Committee receive report FIN-2026-13, 2025 Investment Report & Investment Policy, for information.

**RELATIONSHIP TO STRATEGIC PLAN:**

This recommendation is aligned with Council's strategic priority of ensuring "**Economic Growth**" for creating a diverse economy through partnerships and emerging markets to ensure sustainable growth and quality employment.

**EXECUTIVE SUMMARY:**

Staff have prepared a proposed investment policy update focused on improving clarity and transparency for both staff and Council. This policy was last updated in 2013 and is heavily prescribed by the *Municipal Act, 2001*, S.O. 2001, c. 25 (the "*Municipal Act, 2001*") legislation and regulations. It is an important element that helps the City manage its financial resources. Ensuring it is current and comprehensive is of critical importance to maintaining financial stewardship and accountability.

The annual investment report resulting from this policy is an important tool to inform both Council and the public on how the City has managed its funds throughout the year. For 2025, it is the Treasurer's opinion that all investments were made in accordance with the investment policies and goals adopted by the City of Welland.

This report seeks to highlight the updates in the draft investment policy and related reporting to Council. Staff will look to bring a final policy update to Council for approval in May.

## **BACKGROUND:**

Section 418 of the *Municipal Act, 2001* provides the legislative authority for the City to invest funds. Ontario Regulation 438/97, Eligible Investments, as amended, states that before a municipality invests in a security prescribed under the Regulation, the Council of the municipality shall adopt a statement of the municipality's investment policies and goals. This Regulation is periodically updated, with the last significant update occurring in 2018.

The City's current investment policy, [FIN-001-0005](#), was established in 1985 and last reviewed and updated in 2013.

## **DISCUSSION:**

While the founding principles of the existing policy (including prudence, preservation of principal, liquidity, credit risk, and diversification) remain in place in the updated policy, it does provide more clarity on these items.

The updated policy (Appendix I):

- Is organized in new sections guided by a table of contents to make it more usable;
- Includes expanded definitions and schedules;
- Provides additional clarity on roles, responsibilities and reporting requirements; and
- Aligns with municipal best practices to make the policy a more transparent and useful tool for staff.

In alignment with this policy update, staff have developed a new and improved annual investment report framework for Council and the public (Appendix II).

This revised reporting is more easily readable and includes more relevant information for Council including clear confirmation that the investment portfolio is adhering to policy requirements, information about the investment portfolio's performance, and analysis of how investment earnings align to the City's budget.

This new reporting template will form the basis for future annual investment reports and staff will look for continuous improvements. This report includes all our investments and cash holdings, including loans provided to our partners (Welland Hydro and the Niagara Central Dorothy Rungeling Airport). The reason for including loans is that the earnings on these loans form part of our annual investment income.

The City's investments are an important tool that maximize City revenues and provide funding for both the operating budget and projects (through allocation of income to some reserves/reserve funds). There are various sources that provide the funds that allow the City to invest, the most significant of which are summarized in the table below, as of December 31, 2025. The working funds

represent the amount held by the City to manage the day-to-day operations of the City's operating and capital programs.

| <b>Source of Funds</b>                       | <b>Amount<br/>(in millions)</b> | <b>% of<br/>Portfolio</b> |
|--|---------------------------------|---------------------------|
| Reserves *                                   | \$75.2                          | 62%                       |
| Restricted Deferred Revenue Reserves Funds * | \$31.8                          | 26%                       |
| Grant funding received but not yet spent     | \$5.3                           | 4%                        |
| Working funds                                | \$9.2                           | 8%                        |
| <b>Total Investment &amp; Cash Holdings</b>  | <b>\$121.5</b>                  | <b>100%</b>               |

\*Aligns with 2025 Summary of Reserves and Deferred Revenue Funds published in [FIN-2026-09](#).

Appendix III provides Council and the public with a summary presentation on the policy and annual reporting.

### **FINANCIAL:**

In 2025, the Canadian interest rate market was defined by a steady transition toward a lower-rate environment, as the Bank of Canada executed four 25-basis-point cuts to bring the overnight rate from 3.25% down to 2.25% by year-end. As a result of this, short-term yields eased downward; however, the broader bond market 10-year yields actually rose slightly (ending the year at approximately 3.40%) as investors balanced cooling inflation against resilient long-term growth and geopolitical uncertainty.

A summary of the City's current investment and cash holdings on December 31, 2025, and annual performance are outlined in Appendix II. The overall investments and cash holdings portfolio earned investment income of \$4.8 million resulting in an overall rate of return of approximately 3.9%. The City holds both short and long-term investments in our portfolio and as such the downward market transition resulted in lower overall investment income in 2025. In 2025, the City reinvested many maturing short-term investments at lower rates but had limited opportunity to make long-term investments changes since our long-term investments did not mature during the year.

Staff continuously monitor market activity to maximize returns for the City given that investment income is a significant financial tool leveraged in our budget.

### **ATTACHMENTS:**

- Appendix I Draft Investment Policy
- Appendix II Investment & Cash Holdings Report – December 31, 2025
- Appendix III Summary Presentation