



June 22, 2022

Ernst & Young LLP
Chartered Professional Accountants
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Ottawa, ON K1A 6B9

In connection with your audit of the consolidated financial statements of the City of Ottawa (the "City") as of December 31, 2021 and for the year ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the City in accordance with Canadian public sector accounting standards.

We understand that the purpose of your audit of our consolidated financial statements is to express an opinion thereon and your audit was conducted in accordance with Canadian generally accepted auditing standards, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of financial statement information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, as of June 22, 2022, which are true to the best of our knowledge and belief:

Financial statements and financial records

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated December 2, 2021, for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge that, as members of management of the City, we are responsible for the fair presentation of the consolidated financial statements. We believe the consolidated financial statements referred to above present fairly, in all material respects, the financial position, results

of operations and cash flows of the City in accordance with Canadian public sector accounting standards.

4. The significant accounting policies adopted in the preparation of the consolidated financial statements are fully and fairly described in the financial statements.
5. As members of management of the City, we believe that the City has a system of internal controls adequate to permit the preparation of accurate consolidated financial statements in accordance with Canadian public sector accounting standards. We have disclosed to you any significant changes in our processes, controls, policies, and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
6. We are not aware of any significant deficiencies in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since December 31, 2021.
7. From June 9, 2021 (the date of our last management representation letter) through the date of this letter, we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the consolidated financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.
8. We have disclosed to you and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the consolidated financial statements, including disclosures.

Other information

1. Other information comprises financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report, which is defined as a document, or a combination of documents, with the following characteristics:
 - (a) contains or accompanies the financial statements and our auditor's report thereon,
 - (b) is typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation or custom, and
 - (c) the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements.

We are responsible for the other information and have informed you of all of the documents that we expect to issue that may comprise other information

We intend to prepare and issue the *2021 Financial Statement Discussion and Analysis* and the *2021 Financial and Statistical Schedules* and will provide you with the final version of the other information when available. We will provide you with the other information prior to the issuance of the documents, so that you may complete your required procedures.

Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the City's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge our responsibility for the design, implementation and maintenance of programs and internal control to prevent and detect fraud and error.
3. We have disclosed to you the results of our assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud.

We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with laws and regulations, including fraud, known to us that may have affected the entity (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), including non-compliance matters:

- Involving financial improprieties
- Related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the City's consolidated financial statements
- Related to laws and regulations that have an indirect effect on amounts and disclosures in the consolidated financial statements, but compliance with which may be fundamental to the operations of the City's business, its ability to continue in business, or to avoid material penalties
- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

Uncorrected misstatements

1. We believe that the effects of those uncorrected financial statement misstatements aggregated by you during your audit, as summarized in the accompanying schedule, are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. In addition, to the extent that uncorrected misstatements have been subsequently identified in the current period that affect prior year consolidated financial statements, we have evaluated the effect of correcting prior year consolidated financial statements and believe that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the prior year consolidated financial statements taken as a whole.
2. We believe that the uncorrected misstatements in disclosures, summarized in the accompanying schedule, accumulated by you during the current audit and pertaining to the periods presented, both individually and in the aggregate, do not materially affect the fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards.

Independence

1. We are not aware of any business relationship between the City and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.
2. We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the City's audit.

Completeness of information

1. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation of the consolidated financial statements such as records, documentation and other matters
 - (b) Additional information that you have requested from us for the purpose of the audit
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence
2. We have made available to you all minutes of the meetings of members, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting.
3. We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the consolidated

financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

4. There are no transactions, events or conditions of a material nature, individually or in the aggregate, that have not been properly recorded in the accounting records underlying the consolidated financial statements, including those related to the COVID-19 pandemic.
5. We confirm the completeness of the information provided regarding the identification of related parties. We have disclosed to you the identity of the City's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, commitments, guarantees, non-monetary transactions and transactions for no consideration for the year, as well as related balances due to or from such parties at the year end. These transactions have been properly measured and disclosed in the consolidated financial statements.

Recognition, measurement and disclosure

1. We believe that the appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures used in the preparation of the consolidated financial statements, including those measured at fair value, are reasonable and supportable, and include the effects of the COVID-19 pandemic.
2. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.

Employee future benefits and legal liability estimates

1. We confirm that the significant judgements made in making the employee future benefits and legal liability estimates have taken into account all relevant information, and the effects of the COVID-19 pandemic, of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the employee future benefits and legal liability estimates.
3. We confirm that the significant assumptions used in making the employee future benefits and legal liability estimates appropriately reflect our intent and ability to carry out employee future benefits and litigation on behalf of the entity.
4. We confirm that the disclosures made in the consolidated financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of Canadian public sector accounting standards.

5. We confirm that appropriate specialized skills or expertise has been applied in making the employee future benefits and legal liability estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated financial statements including due to the COVID-19 pandemic.

Risks and measurement uncertainties

1. We have disclosed the assumptions we have made about the future, and all other major sources of estimation uncertainties, including the effects of the COVID-19 pandemic, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Ownership of assets

1. Except for properties capitalized under capital leases, the City has satisfactory title to all assets appearing in the consolidated statement of financial position, and there are no liens or encumbrances on the City's assets, nor has any asset been pledged, except as disclosed in the consolidated financial statements. All assets to which the City has satisfactory title appear in the consolidated statement of financial position.

Receivables and revenues

1. Receivables represent valid claims against the debtors indicated and do not include amounts for goods shipped or services provided subsequent to the statement of financial position date, goods shipped on consignment, or other types of arrangements not constituting sales. All revenues and the related costs incurred can be measured reliably. For sales of goods, revenues have not been recognized before the City has transferred to the buyer the significant risks and rewards of ownership, and the City has retained no continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. For services, revenue has been recognized by reference to the stage of completion of the transaction at the end of the reporting period to the extent that the outcome can be reliably estimated. If the outcome cannot be reliably estimated, revenue has been recognized only to the extent of recoverable expenses incurred. At the time of performance, ultimate collection of the receivables is reasonably assured.
2. Adequate provision has been made for losses, costs, and expenses that may be incurred subsequent to the consolidated statement of financial position date in respect of sales and services rendered prior to that date and for uncollectible accounts, discounts, returns, and allowances, etc., that may be incurred in the collection of receivables at that date.
3. We have disclosed to you all sales terms (both expressed and implied), including all rights of return or price adjustments and warranty provisions. We have made available to you all significant contracts, communications (either written or oral), and other relevant information pertaining to arrangements with our customers, including distributors and resellers.

4. We have adequately disclosed a description of our major revenue generating products and services, the types of arrangements (including multiple-element arrangements) used to deliver these products or services, and a description of the revenue recognition policies applicable to these products or services.

Financial instruments

1. The City has properly classified its financial assets. Investments with original maturity dates of more than 90 days are classified as investments on the consolidated statement of financial position. Investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value.
2. We have evaluated if there are indicators of impairment for all financial assets measured at cost or amortized cost, and where there has been a significant adverse change in the expected timing or amount of future cash flows from a financial asset or group of similar financial assets, we have assessed if a reduction in the carrying value is necessary. When an impairment is necessary, the carrying amount of the asset, or group of assets have been reduced to the highest of the cash flows expected to be generated by holding the asset, the amount that could be realized by selling the asset, and the amount the entity expects to realize by exercising any right to collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights. The amount of any impairment has been included in net income.

Arrangements with financial institutions

1. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the consolidated financial statements.

Investments in subsidiaries and affiliates

1. We have appropriately consolidated all profit-oriented organizations for which we directly or indirectly have a controlling financial interest. Additionally, we have consolidated all structured entities when the substance of our relationship with the structured entity indicates that we control the structured entity.
2. The modified equity method is used to account for the City's investment in the common stock of Hydro Ottawa Holding Inc. because Hydro Ottawa Holding Inc. is considered a government business enterprise. We have appropriately accounted for Hydro Ottawa Holding Inc.
3. We have evaluated if there are indicators of impairment for all investments accounted for using the equity method and where there has been a significant adverse change in the timing or amount of future cash flows from an investment, we have reduced the carrying amount of the investment to the higher of the present value of the cash flows expected to be generated by holding the investment and the amount that could be realized by selling the asset at the statement of financial position date. Any decline in value has been recorded in net income.

Tangible capital assets and assets under capital leases

1. All charges to capital asset accounts and additions under capital leases during the year represent actual additions and no expenditures of a capital nature have been charged to expense during the year.
2. All tangible and intangible capital assets sold or dismantled and all capital lease terminations during the year have been properly accounted for in the accounts.
3. Appropriate rates have been used to depreciate and amortize these assets over our estimation of their useful lives.
4. No events or changes in circumstances of the tangible capital assets have occurred that indicate the assets no longer have any long-term service potential to the City. Our estimates of future service potential are based on reasonable and supportable assumptions regarding the expected use of the assets.

Events of default under debt agreements

1. No events of default have occurred with respect to any of the City's debt agreements.

Liabilities and contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated financial statements.
2. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 18 to the consolidated financial statements all guarantees that we have given to third parties.
4. All liabilities have been discounted to reflect the time value of money, where such effect is material.
5. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.
6. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated financial statements or as the basis of recording a contingent loss.

Oral or written guarantees

1. There are no oral or written guarantees, including guarantees of the debt of others.

Purchase commitments

1. At the year-end, the City had no commitments that involve a high degree of speculative risk, when the taking of such risks is not inherent in the nature of the business, or commitments to make expenditures that are abnormal in relation to the financial position or usual business operations. (e.g., contracts or purchase agreements above market price; repurchase or other agreements not in the ordinary course of business; material commitments for the purchase of property, plant and equipment; purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices; losses from fulfillment of, or inability to fulfill, sales commitments, etc.).

Employee future benefits

1. We have disclosed to you all significant pension benefits, other retirement and post-employment benefits (as defined in Public Sector Accounting Standards section PS 3255) promised and have made available to you all significant summary plan descriptions, benefit communications, and all other relevant information, including plan changes, that constitute the plan.
2. We have disclosed to you all significant non-pension employee future benefits promised and have made available to you all significant summary plan descriptions, benefit communications, and all other relevant information, including plan changes, which constitute the plan for each significant other non-pension employee future benefits.
3. The source data used in the preparation of the actuarial present value of the pension benefits and other post-employment future benefits attributed to services rendered up to December 31, 2021 is complete and accurate. All employee future benefit plans have been included in the valuations provided to you.
4. All assumptions used in the preparation of the actuarial present value of accrued pension and other post-employment future benefits attributed to services rendered up to December 31, 2021, including, but not limited to, the determination of the discount rate, are our best estimate of the most likely set of conditions affecting future events. The significant assumptions used are: discount rate – 2.20% to 4.60%; inflation rate – 2.00% to 3.00%; salary increase rate – 1.50% to 2.50%; health care inflation rate – 5.90% grading down to 4.00% in 2040. These assumptions are internally consistent, are consistent with the asset valuation method, and are consistent with the assumptions used in prior years.
5. The extrapolation of the actuarial present value of accrued employee future benefits to December 31, 2021 from the date of the most recent actuarial valuation has been properly prepared using source data which is complete and accurate. All assumptions used in the preparation of the extrapolation are consistent with the assumptions used in the preparation of

such valuation, and events occurring in the extrapolation period that materially affect the actuarial present value of accrued employee future benefits attributed to services rendered up to December 31, 2021 have been properly reflected in the determination of those accrued benefits.

6. No events have occurred subsequent to December 31, 2021 that materially affect the amount of the actuarial present value of accrued employee future benefits attributed to services rendered up to December 31, 2021.
7. All plan assets which are owned by the defined benefit plan, have been measured at fair value, and have been disclosed in Note 9 to the consolidated financial statements.
8. The benefit plan has good title to such assets.

Contributions and government transfers

1. We have disclosed all significant terms and agreements related to transfers received from governments.
2. Transfers without eligibility criteria or stipulations have been recognized as revenue once the transfer has been authorized.
3. Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.
4. Transfers with or without eligibility criteria, but with stipulations, have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with Section PS 3200, *Liabilities* of the CPA Public Sector Accounting Handbook.

Budgetary data

1. We have included budgetary data in our consolidated financial statements, which is relevant to the users of the consolidated financial statements and consistent with that originally planned and approved by City Council. Planned results and amounts were presented for the same scope of activities and on a basis consistent with that used for actual results.

Consolidated accounts and equity-accounted investments

1. All significant intercompany transactions have been disclosed to you and properly eliminated in the consolidated financial statements (intercompany profits in inventories and property, plant and equipment, intercompany balances, etc.).

Going concern

1. We have made an assessment of the City's ability to continue as a going concern.

Segmented information

1. The information about operating segments included in the notes to the consolidated financial statements has been prepared and presented in conformity with Section PS 2700 of the CPA Public Sector Accounting Handbook. We have appropriately identified our operating segments based on the existing accountability framework for government and the way in which operations are managed. In identifying segments, we have taken into consideration the definition of a segment and other factors including:
 - a. the objectives of disclosing financial information by segment;
 - b. the expectations of members of the community and their elected or appointed representatives regarding the key activities and accountabilities of the government;
 - c. the qualitative characteristics of financial reporting as set out in *Financial Statement Concepts*, Section PS 1000;
 - d. the homogeneous nature of the activities, service delivery, or recipients of the services;
 - e. whether the activities relate to the achievement of common outcomes or services as reflected in government performance reports and plans;
 - f. whether discrete financial information is reported or available; and
 - g. the nature of the relationship between the government and its organizations (within the reporting entity).

Differences between the measurements used in reporting operating segment information and those used in the consolidated financial statements are adequately disclosed in the notes to the consolidated financial statements.

Use of the work of a specialist

1. We agree with the findings of the specialists in evaluating the valuation of the liabilities associated with certain future benefits provided by the City to its employees, including retirement and post-employment benefits, and benefits related to pension agreements. We have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect of the value or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

Subsequent events

1. Subsequent to December 31, 2021, no events or transactions have occurred or are pending, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, that would have a material effect on the consolidated financial statements at that date or for the period then ended, or that are of such significance in relation to the City's affairs to require mention in a note to the consolidated financial statements in order to make them not misleading regarding the consolidated financial position, results of operations, or cash flows of the City.

Comparative figures

1. In connection with your audit of the comparative consolidated financial statements for the year ended December 31, 2021, we represent, to the best of our knowledge and belief, the following:
 - ▶ There have been no significant errors or misstatements, or changes in accounting policies that would require a restatement of the amounts from the consolidated financial statements for the year ended December 31, 2020 which are shown as comparative amounts in the consolidated financial statements for the year ended December 31, 2021. Any differences in the comparative amounts from the amounts in the consolidated financial statements for the year ended December 31, 2020 are solely the result of reclassifications for comparative purposes.

Isabelle Jasmin, Deputy City Treasurer

Date

Wendy Stephanson, Chief Financial Officer

Date

Steve Kanellakos, City Manager

Date