

2. SINKING FUND FINANCIAL STATEMENTS 2016

COMMITTEE RECOMMENDATION

That Council approve the Sinking Fund Financial Statements for 2016.

RECOMMANDATION DU COMITÉ

Que le Conseil approuve les états financiers du fonds d'amortissement de 2016.

DOCUMENTATION/DOCUMENTATION

Deputy City Treasurer's report, Corporate Finance dated 10 May 2017 (ACS2017-CSD-FIN-0011)

Rapport de la Trésorière municipale adjointe, Finances municipales daté 10 mai 2017 (ACS2017-CSD-FIN-0011)

**Report to
Rapport au:**

**Audit Committee
Comité de la vérification
25 May 2017 / 25 mai 2017**

**and Council
et au Conseil
14 June 2017 / 14 juin 2017**

**Submitted on May 10, 2017
Soumis le 10 mai 2017**

**Submitted by
Soumis par:**

**Isabelle Jasmin, Deputy City Treasurer, Corporate Finance / Trésorière
municipale adjointe, Finances municipales**

**Contact Person
Personne ressource:**

**Mark Martin, Manager Treasury, Gestionnaire Trésorerie
613-580-2424 ext.21307, mark.martin@ottawa.ca**

Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2017-CSD-FIN-0011

SUBJECT: SINKING FUND FINANCIAL STATEMENTS 2016

OBJET: ÉTATS FINANCIERS DU FONDS D'AMORTISSEMENT 2016

REPORT RECOMMENDATION

That the Audit Committee recommends Council approve the Sinking Fund Financial Statements for 2016.

RECOMMANDATION DU RAPPORT

Que le Comité de vérification recommande au Conseil d'approuver les états financiers du fonds d'amortissement de 2016.

BACKGROUND

When a sinking fund or term debenture is issued, an annual levy contribution is required to be made by the City to a sinking fund, which together with interest earnings derived from the investment of these funds, will accumulate to an amount that will be sufficient to pay the debentures principal balance owing at the maturity.

When the sinking fund balance is in excess of the principal amount of the debenture issue at the maturity date, that excess may be transferred to the City general fund in accordance with section 409 of the Ontario *Municipal Act, 2001*.

When the forecasted Sinking Fund balance, factoring in future levy contributions and expected future interest earnings, is anticipated to be in excess of the principal amount of the debenture issue due at maturity, Council may reduce the annual levy contribution in accordance with Section 409 of the Ontario *Municipal Act, 2001*

DISCUSSION

The accounts for the sinking fund have been closed and audited for the year ending December 31, 2016. The value of the Sinking Fund portfolio including short-term investments (cash) as at December 31, 2016 was \$104.34 million on an amortized cost basis and the market value was \$107.98 million. The portfolio exceeds the actuarial requirements of \$102.32 million which is the minimum amount required as at December 31, 2016, to accumulate sufficient funds to meet total sinking fund debentures at maturity. Total outstanding Sinking Fund Commitments of \$1,031.84 million mature from 2018 to 2053. A new commitment of \$170.00 million was added in 2016.

The Audited Financial Statements are attached as Document 1. The Statements will be signed by the Auditor after they have been approved by Council. A signed communication provided by the Auditor describing their audit of the Sinking Fund Financial Statements is included in Document 2.

RURAL IMPLICATIONS

There are no rural implications as a result of this report.

CONSULTATION

The public consultation process is not applicable.

COMMENTS BY THE WARD COUNCILLOR(S)

Not applicable.

ADVISORY COMMITTEE(S) COMMENTS

Not applicable.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk impediments to implementing the recommendations with this report.

ASSET MANAGEMENT IMPLICATIONS

Not applicable.

FINANCIAL IMPLICATIONS

As described in this report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts with this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications with this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications with this report.

TERM OF COUNCIL PRIORITIES

There are no specific term of council priorities associated with this report.

SUPPORTING DOCUMENTATION

(distributed separately and held on file with the City Clerk and Solicitor)

Document 1 – Sinking Fund Financial Statements 2016 and Document 2 - Ernst and Young LLP Sinking Fund Audit Results are attached.

DISPOSITION

Following consideration by the Audit Committee, the recommendation will be forward to Council for approval.