

**Report to  
Rapport au:**

**Council  
au Conseil  
10 June 2020 / 10 juin 2020**

**Submitted on June 4, 2020  
Soumis le 4 juin 2020**

**Submitted by  
Soumis par:**  
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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2020-FSD-FIN-0011**

**SUBJECT: SINKING FUND FINANCIAL STATEMENTS 2019**

**OBJET: ÉTATS FINANCIERS DU FONDS D'AMORTISSEMENT 2019**

## **REPORT RECOMMENDATIONS**

That Council approve the Sinking Fund Financial Statements for 2019.

## **RECOMMANDATIONS DU RAPPORT**

**Que le Conseil approuve l'ébauche des états financiers du fonds  
d'amortissement de 2019.**

## **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 of Ottawa (City) general fund in accordance with section 409 of the 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 Municipal Act, 2001.

## **DISCUSSION**

The accounts for the sinking fund have been closed and audited for the year ending December 31, 2019. The value of the Sinking Fund portfolio including cash and accrued interest as at December 31, 2019 was \$95.09 million on an amortized cost basis and the market value was \$97.11 million.

The portfolio exceeds the actuarial requirements of \$94.65 million which is the minimum amount required as at December 31, 2019, to accumulate sufficient funds to meet total sinking fund debentures at maturity. Total outstanding Sinking Fund Commitments of \$1,892 million mature from 2020 to 2053. \$470 million was added in 2019.

In 2019, Council approved a levy reduction for By-law 72 of 1999 for a debenture that matured on September 10, 2019. The approval was supported by staff analysis indicating forecast earnings would exceed actuarial requirements base in existing interest rate expectations. The levy was reduced by \$703,466 from \$3,210,575 to \$2,507,109.

The Audited Financial Statements (Document 1) are attached to this report. The Statements will be signed by the external auditor after receiving approval by Council. Document 2 is a signed communication provided by the external auditor describing the audit of the Sinking Fund Financial Statements.

## **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)**

This is a city-wide administrative report and Councillor comments are not applicable.

**ADVISORY COMMITTEE(S) COMMENTS**

Not required.

**LEGAL IMPLICATIONS**

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

**RISK MANAGEMENT IMPLICATIONS**

There are no risk impediments to approving the recommendation in this report.

**ASSET MANAGEMENT IMPLICATIONS**

There are no asset management implications to approving the recommendation in this report.

**FINANCIAL IMPLICATIONS**

The financial implications are detailed in the report.

**ACCESSIBILITY IMPACTS**

The City of Ottawa must comply with the Accessibility for Ontarians with Disability Act, 2005 ("AODA") in particular the Accessibility Standards for Customer Service, O. Reg. 429/07 as well as the Integrated Accessibility Standards, O. Reg. 191/11.

**ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications with this report.

**TECHNOLOGY IMPLICATIONS**

There are no technology implications with this report.

**TERM OF COUNCIL PRIORITIES**

This report supports the City's on-going commitment to financial sustainability and transparency.

**SUPPORTING DOCUMENTATION**

Document 1 – Sinking Fund Financial Statements for the year ended December 31, 2019

Document 2 – Sinking Fund 2019 Audit Results

**DISPOSITION**

The financial statements will be signed by the external auditor after receiving approval by Council.