

Subject: Sinking Fund Financial Statements 2021

File Number: ACS2022-FSD-FIN-0007

Report to Audit Committee on 13 June 2022

and Council 22 June 2022

Submitted on June 2, 2022 by Isabelle Jasmin, Deputy City Treasurer, Corporate Finance, Finance Services Department

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Ward: Citywide

Objet : États financiers du fonds d'amortissement 2021

Dossier : ACS2022-FSD-FIN-0007

Rapport au Comité de la vérification

le 13 juin 2022

et au Conseil le 22 juin 2022

Soumis le 2 juin 2022 par Isabelle Jasmin, Trésorière municipale adjointe, Services des finances municipales

Personne ressource : Luke Senecal, Gestionnaire, Comptabilité et Rapports, Direction générale des services des finances

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That the Audit Committee recommend Council approve the Sinking Fund Financial Statements for 2021.

RECOMMANDATION DU RAPPORT

Que le Comité de vérification recommande au Conseil d'approuver les états financiers du fonds d'amortissement de 2021.

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, 2021. The value of the Sinking Fund portfolio including cash and accrued interest as of December 31, 2021, was \$186.92 million on an amortized cost basis and the market value of the investments portfolio was \$200.09 million.

The portfolio exceeds the actuarial requirements of \$186.47 million, which is the minimum amount required as of December 31, 2021, to accumulate sufficient funds to meet total sinking fund debentures at maturity. Total outstanding Sinking Fund Commitments of \$2.42 billion mature from 2030 to 2053. \$225 million was added in 2021.

The Audited Financial Statements (Document 1) are attached to this report. The Independent Auditor's Report will be signed by the external auditor after the financial statements receive approval by Council

FINANCIAL IMPLICATIONS

The financial implications are detailed in the report.

LEGAL IMPLICATIONS

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

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.

CONSULTATION

The public consultation process is not applicable for this report.

ACCESSIBILITY IMPACTS

There are no accessibility implications to receiving this report.

ECONOMIC IMPLICATIONS

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

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications with this report.

RISK MANAGEMENT IMPLICATIONS

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

RURAL IMPLICATIONS

There are no rural implications as a result of 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, 2021.

DISPOSITION

The Independent Auditor's Report on the 2021 Sinking Fund Financial Statements will be signed by the external auditor after the financial statements receive approval by Council.