

**2. SINKING FUND FINANCIAL STATEMENTS 2020**

**ÉTATS FINANCIERS DU FONDS D'AMORTISSEMENT 2020**

**COMMITTEE RECOMMENDATION**

**That Council approve the Sinking Fund Financial Statements for 2020.**

**RECOMMANDATION DU COMITÉ**

**Que le Conseil approuve les états financiers du fonds d'amortissement de 2020.**

**DOCUMENTATION/DOCUMENTATION**

1. Deputy City Treasurer's report, Corporate Finance, Finance Services Department dated May 13, 2021 (ACS2021-FSD-FIN-0010)

Rapport de la Trésorière municipale adjointe, Services des finances municipales, Direction générale des services des finances daté le 13 mai 2021 (ACS2021-FSD-FIN-0010)

2. Extract of draft Minutes, Audit Committee – May 25, 2021.

Extrait de l'ébauche du procès-verbal, Comité de la vérification, le 25 mai 2021.

**Report to  
Rapport au:**

**Audit Committee  
Comité de la vérification  
25 May 2021 / 25 mai 2021**

**and Council  
et au Conseil  
9 June 2021 / 9 juin 2021**

**Submitted on May 13, 2021  
Soumis le 13 mai 2021**

**Submitted by  
Soumis par:**

**Isabelle Jasmin, Deputy City Treasurer, Corporate Finance, Finance Services  
Department / Trésorière municipale adjointe, Services des finances municipales,  
Direction générale des services des finances**

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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2021-FSD-FIN-0010**

**SUBJECT: SINKING FUND FINANCIAL STATEMENTS 2020**

**OBJET: ÉTATS FINANCIERS DU FONDS D'AMORTISSEMENT 2020**

## **REPORT RECOMMENDATION**

**That the Audit Committee recommend Council approve the Sinking Fund Financial Statements for 2020.**

## **RECOMMANDATION DU RAPPORT**

**Que le Comité de la vérification recommande au Conseil d'approuver les états financiers du fonds d'amortissement de 2020.**

## **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, 2020. The value of the Sinking Fund portfolio including cash and accrued interest as at December 31, 2020 was \$132.73 million on an amortized cost basis and the market value of the investments portfolio was \$153.25 million.

The portfolio exceeds the actuarial requirements of \$132.21 million, which is the minimum amount required as at December 31, 2020 to accumulate sufficient funds to meet total sinking fund debentures at maturity. Total outstanding Sinking Fund Commitments of \$2.19 billion mature from 2026 to 2053. \$300 million was added in 2020.

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.

### **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**

There are no accessibility implications to receiving 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**

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, 2020.

### **DISPOSITION**

The Independent Auditor's Report on the 2020 Sinking Fund Financial Statements will be signed by the external auditor after the financial statements receive approval by Council.