

# **Consolidated Financial Statements**

**The City of Ottawa**

**December 31, 2013**

## **INDEPENDENT AUDITORS' REPORT**

To the Mayor and Members of Council

We have audited the accompanying consolidated financial statements of **The City of Ottawa**, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **The City of Ottawa** as at December 31, 2013 and the results of its operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ottawa, Canada,

July 9, 2014

Chartered Accountants

Licensed Public Accountants

# THE CITY OF OTTAWA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2013, with comparative information for 2012 [dollars in thousands]

<b>Financial assets</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 575,849	\$ 300,001
Accounts receivable [note 3]	436,974	288,198
Investments [note 4]	1,045,753	1,245,546
Investment in government business enterprises [note 5]	381,726	366,318
<b>Total</b>	<b>2,440,302</b>	<b>2,200,063</b>
<b>Liabilities</b>	<b>2013</b>	<b>2012</b>
Accounts payable and accrued liabilities [note 6]	736,215	544,553
Deferred revenue [note 7]	506,843	597,192
Employee future benefits and pension agreements [note 8]	435,923	433,155
Accrued interest	24,762	21,876
Landfill closure and post-closure liabilities [note 9]	6,611	7,996
Net long-term debt [note 10]	1,650,292	1,435,911
Mortgages payable [note 11]	221,880	220,677
Capital lease obligations [note 12]	116,314	118,878
<b>Total</b>	<b>3,698,840</b>	<b>3,380,238</b>
<b>Net debt</b>	<b>(1,258,538)</b>	<b>(1,180,175)</b>
<b>Non-financial assets</b>	<b>2013</b>	<b>2012</b>
Tangible capital assets [note 13]	12,658,942	11,816,118
Inventories	22,988	25,922
Prepaid expenses	17,501	17,491
<b>Total non-financial assets</b>	<b>12,699,431</b>	<b>11,859,531</b>
<b>Accumulated surplus [note 14]</b>	<b>\$ 11,440,893</b>	<b>\$ 10,679,356</b>

See accompanying notes

Contingencies and Commitments [note 15]

# THE CITY OF OTTAWA

## CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2013, with comparative information for 2012 [dollars in thousands]

<b>Revenue</b>	<b>2013 Budget [note 20]</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
Taxes available for municipal purposes [note 16]	\$ 1,517,940	<b>\$ 1,511,051</b>	\$ 1,462,797
Government transfers	974,789	<b>981,490</b>	611,463
Fees and user charges	759,987	<b>746,396</b>	737,042
Contributed tangible capital assets	195,010	<b>195,010</b>	239,583
Development charges	161,931	<b>161,931</b>	114,931
Investment income	32,203	<b>36,316</b>	32,432
Fines and penalties	27,187	<b>24,466</b>	24,724
Other revenue	38,813	<b>40,912</b>	25,930
Equity in earnings of government business enterprises [note 5]	31,409	<b>34,008</b>	31,150
<b>Total revenue</b>	<b>3,739,269</b>	<b>3,731,580</b>	<b>3,280,052</b>
<b>Expenses</b>	<b>2013 Budget [note 20]</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
General government	112,825	<b>107,493</b>	105,969
Protection to persons and property	513,880	<b>520,381</b>	514,779
Roads, traffic and parking	336,423	<b>365,626</b>	319,291
Transit	493,963	<b>495,784</b>	478,924
Environmental services	334,568	<b>326,819</b>	323,588
Health services	147,733	<b>148,229</b>	155,282
Social and family services	417,451	<b>406,668</b>	419,538
Social housing	232,052	<b>231,455</b>	221,520
Recreation and cultural services	297,592	<b>294,167</b>	294,873
Planning and development	74,744	<b>73,421</b>	60,685
<b>Total expenses [note 17]</b>	<b>2,961,231</b>	<b>2,970,043</b>	<b>2,894,449</b>
<b>Annual surplus</b>	<b>778,038</b>	<b>761,537</b>	<b>385,603</b>
<b>Accumulated surplus, beginning of the year</b>	<b>10,679,462</b>	<b>10,679,356</b>	<b>10,293,753</b>
<b>Accumulated surplus, end of the year</b>	<b>\$ 11,457,500</b>	<b>\$ 11,440,893</b>	<b>\$ 10,679,356</b>

See accompanying notes

# THE CITY OF OTTAWA

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the year ended December 31, 2013, with comparative information for 2012 [dollars in thousands]

<b>Consolidated statement of change in net debt</b>	<b>2013 Budget</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
Annual surplus	\$ 778,038	<b>\$ 761,537</b>	\$ 385,603
Acquisition of tangible capital assets	(1,163,906)	<b>(1,163,906)</b>	(821,053)
Amortization of tangible capital assets	270,741	<b>270,741</b>	263,443
Loss on sale of tangible capital assets	40,278	<b>40,278</b>	76,309
Proceeds on sale of tangible capital assets	10,063	<b>10,063</b>	13,810
Supply of inventories	2,934	<b>2,934</b>	1,828
Prepaid expenses	(10)	<b>(10)</b>	(2,197)
Change in net debt	(61,862)	<b>(78,363)</b>	(82,257)
<b>Net debt, beginning of the year</b>	(1,165,838)	<b>(1,180,175)</b>	(1,097,918)
<b>Net debt, end of the year</b>	<b>\$ (1,227,700)</b>	<b>\$ (1,258,538)</b>	<b>\$ (1,180,175)</b>

See accompanying notes

# THE CITY OF OTTAWA

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2013, with comparative information for 2012 [dollars in thousands]

<b>OPERATING ACTIVITIES</b>	<b>2013</b>	<b>2012</b>
Annual surplus	\$ 761,537	\$ 385,603
Items not affecting cash		
Share of earnings of government business enterprises	(34,008)	(31,150)
Amortization of tangible capital assets	270,741	263,443
Contributed assets	(195,010)	(239,583)
Loss on sale of tangible capital assets	40,278	76,309
<b>Cash provided by operating activities, adjusted for non-cash items</b>	<b>843,538</b>	<b>454,622</b>
<b>Change in non-cash assets and liabilities</b>		
Increase in accounts receivable	(148,776)	(5,726)
Decrease in inventories	2,934	1,828
Increase in prepaid expenses	(10)	(2,197)
Increase in accounts payable and accrued liabilities	191,662	87,387
Increase (decrease) in deferred revenue	(90,349)	26,649
Increase in employee future benefits and pension agreements	2,768	25,099
Increase in accrued interest	2,886	3,598
Decrease in landfill closure and post-closure liabilities	(1,385)	(765)
<b>Total cash provided by operating activities</b>	<b>803,268</b>	<b>590,495</b>
<b>CAPITAL ACTIVITIES</b>	<b>2013</b>	<b>2012</b>
Acquisition of tangible capital assets	(968,896)	(581,470)
Proceeds on sale of tangible capital assets	10,063	13,810
<b>Cash applied to capital activities</b>	<b>(958,833)</b>	<b>(567,660)</b>
<b>INVESTING ACTIVITIES</b>	<b>2013</b>	<b>2012</b>
Net decrease (increase) in investments	199,793	(302,130)
Dividend from Hydro Ottawa Holding Inc.	18,600	16,600
<b>Cash provided (applied) to investing activities</b>	<b>218,393</b>	<b>(285,530)</b>
<b>FINANCING ACTIVITIES</b>	<b>2013</b>	<b>2012</b>
New debt issued	316,535	448,370
Net interest earned on sinking funds	(2,045)	(810)
Debt principal repayments	(101,470)	(96,868)
<b>Cash provided by financing activities</b>	<b>213,020</b>	<b>350,692</b>
<b>Change in cash and cash equivalents</b>	<b>2013</b>	<b>2012</b>
Net increase in cash and cash equivalents during the year	275,848	87,997
Cash and cash equivalents, beginning of the year	300,001	212,004
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 575,849</b>	<b>\$ 300,001</b>

See accompanying notes

**THE CITY OF OTTAWA**

**SCHEDULE 1 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**

For the year ended December 31, 2013 [dollars in thousands] [note 18]

<b>REVENUE</b>	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Government transfers - provincial	544	7,777	1,124	254,779	20,104	88,906
Government transfers - federal	75	2	327	228,365	155	74
Fees and user charges	13,709	66,174	26,378	177,584	310,731	1,109
Contributed tangible capital assets	0	0	48,775	0	129,234	0
Development charges	476	2,104	48,421	27,646	14,012	0
Fines and penalties	715	10,548	0	0	0	0
Other	99	318	2,861	(182)	2,340	0
<b>Total revenue</b>	<b>15,618</b>	<b>86,923</b>	<b>127,886</b>	<b>688,192</b>	<b>476,576</b>	<b>90,089</b>
<b>EXPENSES</b>	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Salaries and benefits	72,678	427,493	126,167	275,703	78,315	119,587
Contracts and general services	6,911	13,443	35,596	30,499	76,259	7,345
Materials, equipment and supplies	18,654	42,669	96,901	109,388	52,198	13,907
Interest charges	1,821	2,302	25,893	11,541	16,320	1,349
Rent and financial expenses	15,265	8,285	3,782	14,723	4,020	2,331
External transfers	(8,971)	8,901	(16,167)	(8,373)	4,397	(1,420)
Amortization	802	11,518	78,474	57,123	81,328	4,361
Loss (gain) on disposal	333	5,770	14,980	5,180	13,982	769
<b>Total expenses</b>	<b>107,493</b>	<b>520,381</b>	<b>365,626</b>	<b>495,784</b>	<b>326,819</b>	<b>148,229</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (91,875)</b>	<b>\$(433,458)</b>	<b>\$ (237,740)</b>	<b>\$ 192,408</b>	<b>\$ 149,757</b>	<b>\$(58,140)</b>



THE CITY OF OTTAWA

**SCHEDULE 1 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE  
[CONTINUED]**

For the year ended December 31, 2013 *[dollars in thousands] [note 18]*

<b>REVENUE</b>	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Other	Total
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$1,511,051	\$1,511,051
Government transfers - provincial	272,792	35,534	5,693	17,514	0	704,767
Government transfers - federal	20	27,142	763	9,696	10,104	276,723
Fees and user charges	22,871	52,075	57,274	15,994	2,497	746,396
Contributed tangible capital assets	0	0	9,238	7,763	0	195,010
Development charges	0	0	48,876	5,796	14,600	161,931
Fines and penalties	0	0	1,116	0	12,087	24,466
Other	2,800	5,449	1,481	26,189	69,881	111,236
<b>Total revenue</b>	<b>298,483</b>	<b>120,200</b>	<b>124,441</b>	<b>82,952</b>	<b>1,620,220</b>	<b>3,731,580</b>
<b>EXPENSES</b>	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Other	Total
Salaries and benefits	126,146	34,087	168,019	33,316	0	1,461,511
Contracts and general services	5,393	9,322	28,265	25,687	0	238,720
Materials, equipment and supplies	71,058	68,317	50,536	7,893	0	531,521
Interest charges	1,719	9,852	6,989	2,884	0	80,670
Rent and financial expenses	4,632	2,450	8,230	511	0	64,229
External transfers	195,926	87,981	15,337	4,762	0	282,373
Amortization	1,646	17,696	17,464	329	0	270,741
Loss (gain) on disposal	148	1,750	(673)	(1,961)	0	40,278
<b>Total expenses</b>	<b>406,668</b>	<b>231,455</b>	<b>294,167</b>	<b>73,421</b>	<b>0</b>	<b>2,970,043</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$(108,185)</b>	<b>\$(111,255)</b>	<b>\$(169,726)</b>	<b>\$ 9,531</b>	<b>\$ 1,620,220</b>	<b>\$ 761,537</b>

**THE CITY OF OTTAWA**

**SCHEDULE 1 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**

For the year ended December 31, 2012 [dollars in thousands] [note 18]

<b>REVENUE</b>	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Government transfers - provincial	109	7,546	16,179	69,371	6,642	83,889
Government transfers - federal	269	5	6,755	59,973	413	59
Fees and user charges	14,707	64,642	25,971	176,396	309,885	1,994
Contributed tangible capital assets	0	0	59,612	0	171,495	0
Development charges	5	331	32,006	16,229	15,185	0
Fines and penalties	1,147	11,389	0	0	0	0
Other	(474)	1,159	8,477	1,169	(4,343)	0
<b>Total revenue</b>	<b>15,763</b>	<b>85,072</b>	<b>149,000</b>	<b>323,138</b>	<b>499,277</b>	<b>85,942</b>
<b>EXPENSES</b>	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Salaries and benefits	66,823	419,058	121,256	262,655	72,618	123,445
Contracts and general services	9,208	9,912	23,226	21,649	82,783	6,285
Materials, equipment and supplies	20,335	41,361	77,772	102,052	58,892	14,749
Interest charges	1,787	2,167	19,390	11,413	14,653	1,407
Rent and financial expenses	13,216	10,974	6,469	12,359	2,837	2,379
External transfers	(8,369)	7,675	(16,478)	(1,771)	2,250	(1,831)
Amortization	822	11,602	73,361	55,175	78,559	4,344
Loss on disposal	2,147	12,030	14,295	15,392	10,996	4,504
<b>Total expenses</b>	<b>105,969</b>	<b>514,779</b>	<b>319,291</b>	<b>478,924</b>	<b>323,588</b>	<b>155,282</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (90,206)</b>	<b>\$(429,707)</b>	<b>\$(170,291)</b>	<b>\$(155,786)</b>	<b>\$ 175,689</b>	<b>\$(69,340)</b>

THE CITY OF OTTAWA

**SCHEDULE 1 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE  
[CONTINUED]**

For the year ended December 31, 2012 *[dollars in thousands] [note 18]*

<b>REVENUE</b>	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Other	Total
Taxes	\$ 0	\$ 0	\$ 0	\$ 363	\$ 1,462,434	\$ 1,462,797
Government transfers - provincial	269,027	33,727	3,289	3,698	9,733	503,210
Government transfers - federal	0	27,215	83	3,562	9,919	108,253
Fees and user charges	23,301	48,222	57,070	13,475	1,379	737,042
Contributed tangible capital assets	0	1,026	6,757	693	0	239,583
Development charges	0	0	33,021	6,726	11,428	114,931
Fines and penalties	0	0	1,178	0	11,010	24,724
Other	0	6,839	12,428	1,065	63,192	89,512
<b>Total revenue</b>	<b>292,328</b>	<b>117,029</b>	<b>113,826</b>	<b>29,582</b>	<b>1,569,095</b>	<b>3,280,052</b>
<b>EXPENSES</b>	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Other	Total
Salaries and benefits	129,179	33,163	165,060	31,869	0	1,425,126
Contracts and general services	4,904	8,743	18,574	12,487	0	197,771
Materials, equipment and supplies	69,725	65,451	51,146	6,586	0	508,069
Interest charges	1,817	10,301	6,243	2,705	0	71,883
Rent and financial expenses	4,350	2,398	6,282	3,296	0	64,560
External transfers	205,153	83,687	13,842	3,130	0	287,288
Amortization	1,570	17,602	20,073	335	0	263,443
Loss on disposal	2,840	175	13,653	277	0	76,309
<b>Total expenses</b>	<b>419,538</b>	<b>221,520</b>	<b>294,873</b>	<b>60,685</b>	<b>0</b>	<b>2,894,449</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$(127,210)</b>	<b>\$(104,491)</b>	<b>\$(181,047)</b>	<b>\$(31,103)</b>	<b>\$ 1,569,095</b>	<b>\$ 385,603</b>

# THE CITY OF OTTAWA

## SCHEDULE 2 - CONDENSED SUPPLEMENTARY INFORMATION OTTAWA PUBLIC LIBRARY BOARD

As at December 31, 2013, with comparative information for 2012 *[dollars in thousands]*

The Ottawa Public Library Board is consolidated with The City of Ottawa. The following table provides condensed supplementary information for the Ottawa Public Library Board.

<b>Financial Position</b>	<b>2013</b>	<b>2012</b>
Financial assets	\$ 24,003	\$ 24,477
Financial liabilities	28,160	29,524
<b>Net debt</b>	<b>(4,157)</b>	<b>(5,047)</b>

  

<b>Non-financial Assets</b>	<b>2013</b>	<b>2012</b>
Tangible capital assets	39,784	35,842
Prepaid expenses	8	14
<b>Total non-financial assets</b>	<b>39,792</b>	<b>35,856</b>
<b>Accumulated surplus</b>	<b>\$ 35,635</b>	<b>\$ 30,809</b>

### Consolidated Statement of Operations

For the year ended December 31, 2013, with comparative information for 2012 *[dollars in thousands]*

<b>Revenue</b>	<b>2013</b>	<b>2012</b>
City of Ottawa	\$ 43,353	\$ 41,719
Province of Ontario - Ministry of infrastructure	1,391	33
Province of Ontario - Ministry of tourism, sport and culture	1,430	1,430
Development Charges	3,237	0
Other	2,529	3,558
<b>Total revenue</b>	<b>51,940</b>	<b>46,740</b>

  

<b>Expenses</b>	<b>2013</b>	<b>2012</b>
Operating expenditures	47,114	47,004
<b>Total expenses</b>	<b>47,114</b>	<b>47,004</b>
Annual surplus (deficit)	4,826	(264)
<b>Accumulated surplus, beginning of the year</b>	<b>30,809</b>	<b>31,073</b>
<b>Accumulated surplus, end of the year</b>	<b>\$35,635</b>	<b>\$ 30,809</b>

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013** *[dollars in thousands]*

**1. NATURE OF BUSINESS**

The City of Ottawa [the “City”] was created through provincial legislation on December 20, 1999 and commenced operations on January 1, 2001.

The City is responsible for providing municipal services such as employment and financial assistance, long-term care, community services and libraries, emergency and protective services including police, fire and ambulance, and transportation, utilities and public works, including roads, sewers and wastewater, drinking water, waste collection and disposal.

As sole shareholder of Hydro Ottawa Holding Inc. and the Ottawa Community Housing Corporation [“OCHC”], the City also provides hydro and housing services to the residents of Ottawa. In 2009, the Ottawa Community Lands Development and the Manotick Mill Quarter Community Development Corporations were created for the purpose of promoting and undertaking community improvements in the City by managing real property.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board [“PSAB”] of the Chartered Professional Accountants of Canada [“CPA Canada”]. Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates, which have been made using careful judgment.

**Change in accounting**

On January 1, 2013, the City adopted Public Sector Accounting Handbook Section 3410, Government Transfers. This change has been applied prospectively from the date of adoption. As a result, the consolidated statement of operations reflects an increase in government transfer revenues of \$177,600 for the year ended December 31, 2013. Of this amount, \$96,065 was transferred to reserve funds to be applied when the related expenses are incurred.

On January 1, 2013, the City also adopted Public Sector Accounting Handbook Section 3510, Tax Revenue. There was no impact as result of adoption.

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013** [dollars in thousands]

**2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**Reporting entity**

The consolidated financial statements of the City reflect the assets, liabilities, revenue and expenses for the activities of all committees of Council and the following boards, Business improvement areas ["BIAs"] and entities:

The Police Services Board	The Glebe BIA
The Ottawa Public Library Board	The Orleans BIA
The Ottawa Board of Health	The Carp Road Corridor BIA
The Ottawa Community Housing Corporation	The Carp Village BIA
The Ottawa-Nepean Campsite Authority	The Vanier BIA
Manotick Mill Quarter Community Development Corporation	The Manotick BIA
Ottawa Community Lands Development Corporation	The Sparks Street Mall Authority
Pine View Municipal Golf Course	The Somerset Village BIA
The Bank Street BIA	The Preston Street BIA
The Westboro BIA	The Byward Market BIA
The Sparks Street BIA	The Rideau BIA
The Somerset Street Chinatown BIA	The Barrhaven BIA
	The Wellington West BIA
	The Kanata North BIA
	The Bells Corners BIA

All interfund assets and liabilities, revenue and expenses have been eliminated.

Condensed supplementary information for the Ottawa Public Library Board is provided in schedule 2.

Hydro Ottawa Holding Inc. and its subsidiaries are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for such government business enterprises [see note 5]. Under the modified equity basis, the business enterprise's accounting policies are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

**School boards**

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

**Revenue and expenses**

Revenue and expenses are reported on the accrual basis of accounting, which recognizes revenue as they are earned and measurable; expenses are recognized as they are incurred and measurable, as a result of receipt of goods or services.

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013** [dollars in thousands]

**2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**Use of estimates and measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the City's best information and judgment and may differ significantly based on actual results.

**Tax revenue**

Annually, the City bills and collects property tax revenue for municipal purposes, provincial education taxes on behalf of the Province of Ontario [the "Province"], payment in lieu of taxes, local improvements and other charges [see note 16]. The authority to levy and collect property taxes is established under the *Municipal Act, 2001*, the *Assessment Act*, the *Education Act*, and other legislation.

Taxation revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years.

**Government transfers**

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction. Government transfers are recognized in the fiscal years during which events giving rise to the transfer occur, provided the transfers are authorized, eligibility criteria and stipulations have been met and reasonable estimates of the amounts can be made.

**Fees and user charges**

Fees and user charges relate to transit fares, utility charges (water, wastewater, and solid waste) licensing fees, fees for use of various programming, and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

**Contributed tangible capital assets**

Contributed tangible capital assets represents assets that are donated or contributed to the City by developers. Revenue is recognized in the year the assets are contributed and have been recognized at fair value at the date of contribution.

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013** [dollars in thousands]

**2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**Development charges**

Development charges are one-time fees levied by municipalities on new residential and non-residential properties to help pay for a portion of the growth-related capital infrastructure requirements. The Development Charges Act, 1997 (DCA) sets out Ontario's regulatory and legislative framework which municipalities must follow to levy development charges. To determine a development charge, a municipality must first do a background study. The background study provides a detailed overview of a municipality's anticipated growth, both residential and non-residential; the services needed to meet the demands of growth; and a detailed account of the capital costs for each infrastructure project needed to support the growth. The rates are then set out in a by-law, which must also conform to the requirements of the DCA. In general, development charges are paid when a building permit is issued, and recognized as revenues when the related expenses are incurred. Amounts received which relate to revenues earned in a subsequent year, are deferred and reported as deferred revenue.

**Other revenue**

Other revenue includes revenue from cash in lieu of parkland, cash in lieu of parking and other miscellaneous revenue. Revenue is recognized in the fiscal year in which the related expenses are incurred. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as deferred revenue.

**Financial instruments**

The City's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, accrued interest, long-term debt, and mortgages payable.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of 90 days or less from the date when the securities are purchased.

**Investments**

Investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value. Investments consist of authorized investments pursuant to provisions of the *Municipal Act* and comprise financial instruments issued by the Canadian government and Schedule I, II, and III banks, as well as asset-backed securities and eligible commercial paper. Investments for the Endowment Fund also include Canadian equities and corporate bonds as authorized by Provincial Regulation 438/97 and the Investment Policy approved by City Council. Investments with original maturity dates of more than 90 days are classified as investments on the consolidated statement of financial position.



**THE CITY OF OTTAWA**  
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**DECEMBER 31, 2013** *[dollars in thousands]*

**2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**Environmental provisions**

The City provides for the cost of compliance with environmental legislation when conditions are identified which indicate non-compliance and costs can be reasonably determined.

The estimated amounts of future restoration costs are reviewed regularly, based on available information and governing legislation. Where the costs are deemed to be likely and reasonably determinable, claims are reported as operating expenses and included in accounts payable and accrued liabilities on the consolidated statement of financial position.

**Deferred Revenue**

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recorded as deferred revenue and are recognized as revenue in the year during which the related expenses are incurred or provided eligibility criteria and stipulations have been met.

**Employee benefit plans**

The City has adopted the following policies with respect to employee benefit plans:

[a] The costs of post-employment benefits are recognized as a liability when the event that obligates the City occurs; costs include projected future income payments, health care continuation costs, and fees paid to independent administrators of these plans, calculated on a present value basis.

[b] The costs of post-retirement benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs, and plan investment performance.

[c] Past service costs for plan amendments related to prior-period employee services are accounted for in the period of the plan amendment. The effects of gain or loss from settlements or curtailments are expensed in the period during which they occur. Net actuarial gains and losses related to employee benefits are amortized over the estimated average remaining service life of the related employee group. Employee future benefits are discounted using current interest rates on long-term bonds. The cost of workplace safety and insurance obligations is actuarially determined and is expensed.

[d] The costs of termination benefits and compensated absences are recognized when the event that obligates the City occurs; costs include projected future income payments, health care continuation costs, and fees paid to independent administrators of these plans, calculated on a present value basis.

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**Pension agreements**

[a] The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due.

[b] The City sponsored pension plan assets are determined in accordance with Section PS 3250 of the *CPA Canada Public Sector Accounting Handbook*. The actuarial valuation of these assets is determined using the projected unit credit method prorated on credited service. It is also based on management's best estimate assumptions that include assumptions for employee retirement ages, salary escalation, and plan investment performance which is used for discounting benefits. The actuary believes that these assumptions are in accordance with accepted actuarial practice. Plan assets are valued using a market-related value, determined over a three-year period.

**Landfill closure and post-closure liabilities**

The estimated costs to close and maintain solid waste landfill sites is based on future expenses, adjusted for inflation and discounted to current dollars. These costs are reported as a liability on the consolidated statement of financial position.

**Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives beyond the current year and are not intended for sale in the ordinary course of operations.

[a] Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of an asset. The costs, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives, as follows:

<b>Asset - Useful life -Years</b>	<b>Minimum</b>	<b>Maximum</b>
Buildings and Improvements	20	80
Infrastructure Linear-Roads	50	75
Infrastructure Linear-Water/Wastewater	50	100
Land Improvements	50	200
Machinery, Plant and Equipment	10	50
Vehicles	5	15

Assets under construction are not amortized. All assets start amortization in the month following the in service date.

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

[b] Contributions of tangible capital assets

Tangible capital assets received as contributions have been recorded at their fair market value at the date of receipt and are included in revenue in the year of contribution.

[c] Intangible assets

Intangible assets and natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

[d] Interest capitalization

The City's tangible capital asset policy does not allow for the capitalization of interest costs incurred by the City associated with the acquisition or construction of a tangible capital asset.

[e] Leases

Leases are classified as operating or capital leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

[f] Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**Reserves and reserve funds**

Reserves and reserve funds comprise funds set aside for specific purposes by Council *[see note 14]*.

According to the investment policy for the Endowment Fund adopted by City Council, investment earnings are paid to the City at the lesser of 6.5% and the actual earnings of the Endowment Fund. Council provided that a minimum balance of \$200,000 is retained in the fund. Earnings, which exceed the target return of 6.5%, are retained by the Fund. In 2013, \$18,183 [2012 - \$9,698] was distributed from the Endowment Fund.

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013** [dollars in thousands]

**3. ACCOUNTS RECEIVABLE**

Accounts receivable are compromised of the following:

<b>Accounts receivable</b>	<b>2013</b>	<b>2012</b>
Taxes and user charges	\$ 124,585	\$ 94,611
Federal	138,475	57,534
Ontario	117,108	75,276
Trade	56,806	60,777
<b>Total Accounts receivable</b>	<b>\$ 436,974</b>	<b>\$ 288,198</b>

**4. INVESTMENTS**

Investments are comprised of the following:

<b>Investments</b>	<b>Cost 2013</b>	<b>Cost 2012</b>	<b>Market value 2013</b>	<b>Market value 2012</b>
City of Ottawa debentures	\$ 11,131	\$ 13,087	\$ 12,038	\$ 14,348
Federal	257,397	310,250	260,349	315,583
Provincial	121,526	122,464	123,839	127,073
Municipal	115,605	102,131	119,856	108,527
Banks	282,295	438,614	283,775	440,922
Endowment	178,404	184,592	212,507	204,825
Other	79,395	74,408	79,532	74,773
<b>Total</b>	<b>\$ 1,045,753</b>	<b>\$ 1,245,546</b>	<b>\$ 1,091,896</b>	<b>\$ 1,286,051</b>

The weighted average yield on investments held as at December 31, 2013, is 3.16% [2012 – 3.49%]. Investments mature from January 3, 2014 to April 19, 2030. [2012 – January 2, 2013 to April 19, 2030].

**5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES**

Investments are comprised of the following:

<b>Investment in Government Business Enterprises</b>	<b>Net assets 2013</b>	<b>Net assets 2012</b>	<b>Share of income 2013</b>	<b>Share of income 2012</b>
Hydro Ottawa Holding Inc. [a]	\$ 381,726	\$ 366,318	\$ 34,008	\$ 30,778
Pine View Municipal Golf Course [b]	0	0	0	372
<b>Total</b>	<b>\$ 381,726</b>	<b>\$ 366,318</b>	<b>\$ 34,008</b>	<b>\$ 31,150</b>

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES [CONTINUED]**

**[a] Investment [100% owned] in Hydro Ottawa Holding Inc.**

The following table provides condensed supplementary financial information for Hydro Ottawa Holding Inc.:

<b>Financial position [As at December 31]</b>	<b>2013</b>	<b>2012</b>
Current assets	<b>\$183,491</b>	\$ 171,671
Capital assets	<b>791,782</b>	721,847
Other assets	<b>33,077</b>	32,292
<b>Total assets</b>	<b>1,008,350</b>	925,810
<b>Liabilities</b>	<b>2013</b>	<b>2012</b>
Current liabilities	<b>162,032</b>	234,103
Other liabilities	<b>464,592</b>	325,389
<b>Total liabilities</b>	<b>626,624</b>	559,492
<b>Net assets</b>	<b>381,726</b>	366,318
<b>Net assets consisting of Investment in Hydro Ottawa Holding Inc.</b>	<b>2013</b>	<b>2012</b>
Common shares [100%]	<b>228,453</b>	228,453
Retained earnings	<b>153,273</b>	137,865
<b>Net assets</b>	<b>381,726</b>	366,318
<b>Results of operations [For the year ended December 31]</b>	<b>2013</b>	<b>2012</b>
Total revenue	<b>976,367</b>	900,495
Total expenses	<b>942,359</b>	869,717
<b>Net income</b>	<b>\$34,008</b>	\$ 30,778

The City, as holder of common shares in Hydro Ottawa Holding Inc., is entitled to receive dividends related to 2013 operations as declared by the Hydro Ottawa Holding Inc. Board. Dividends in the amount of \$18,600 [2012 – \$16,600] were received in 2013 related to 2012 operations.

For the year ended December 31, 2013, Hydro Ottawa Holding Inc. earned revenue related to sale of electricity in the amount of, \$33,852 [2012 – \$33,995], energy management consulting in the amount of \$3,584 [2012 – \$3,370], and other services in the amount of \$7,684 [2012 – \$4,017] from the City. Certain services mainly related to water and sewer charges, fuel, and permits were purchased from the City in the amount of \$1,183 [2012 – \$730], property taxes in the amount of \$2,053 [2012 – \$1,849], and royalties in the amount of \$176 [2012 – \$165].

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES [CONTINUED]**

As at December 31, 2013, Hydro Ottawa Holding Inc. had a balance of \$6,197 [2012 – \$5,800] due from the City and an amount of \$268 [2012 – \$89] due to the City in connection with the construction and operation of a generation plant and gas collection system at the Trail Road Landfill site in Ottawa. These amounts are included in the City's consolidated statement of financial position as a payable and receivable respectively.

**[b] Investment [100% owned] in Pine View Municipal Golf Course**

In 2012, Pine View Municipal Golf Course was reclassified from a government business enterprise, to a consolidated other government organization. An adjustment in the amount of \$372 was included in equity in earnings of government business enterprises on the 2012 consolidated statement of operations. This change in status was accounted for prospectively on a line by line basis. The assets, liabilities, revenues, and expenses of Pine View Municipal Golf course are reflected in these financial statements.

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are comprised of the following:

<b>Accounts payable and accrued liabilities</b>	<b>2013</b>	<b>2012</b>
Trade payables and accruals	\$ 569,169	\$ 394,834
Funded employee future benefits	98,417	76,271
Payroll accruals and deductions	68,629	73,448
<b>Total Accounts payable and accrued liabilities</b>	<b>\$ 736,215</b>	<b>\$ 544,553</b>

**7. DEFERRED REVENUE**

Deferred revenue, set aside for specific purposes by legislation, regulation, or agreement, is comprised of the following:

<b>Deferred revenue</b>	<b>2013</b>	<b>2012</b>
Development charges	\$ 355,510	\$ 402,309
<i>Investment in Ontario Act</i>	0	27,578
Gas tax	0	53,600
Municipal Infrastructure Investment Initiative	0	945
Other government transfers	33,827	7,434
Other deferred revenue	33,997	38,928
Building code	51,959	48,489
Cash in lieu of parkland	26,417	13,659
Cash in lieu of parking	5,133	4,250
<b>Total deferred revenue</b>	<b>\$ 506,843</b>	<b>\$ 597,192</b>

**THE CITY OF OTTAWA**  
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**8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS**

Employee future benefits and pension agreements are comprised of the following:

<b>Employee future benefits and pension agreements</b>	<b>2013</b>	<b>2012</b>
Employee future benefits	<b>\$ 421,040</b>	\$ 417,496
City of Ottawa superannuation fund	<b>24,985</b>	27,945
OC Transpo Employee's pension plan	<b>(10,102)</b>	(12,286)
<b>Total</b>	<b>\$ 435,923</b>	\$ 433,155

[a] Employee future benefits

Employee future benefit liabilities are reported net of amounts funded by the City. The funded portion of employee future benefit liabilities represents the cumulative operating expense that has been recorded in the consolidated statement of operations and recorded as accounts payable and accrued liabilities on the consolidated statement of financial position.

Employee future benefit liabilities of the City as at December 31, 2013, with comparative information for 2012, are as follows:

<b>Employee Future Benefits</b>	<b>Gross 2013</b>	<b>Funded 2013</b>	<b>Unfunded 2013</b>	<b>Gross 2012</b>	<b>Funded 2012</b>	<b>Unfunded 2012</b>
Post-retirement benefits	<b>\$189,439</b>	<b>\$(7,359)</b>	<b>\$182,080</b>	\$ 181,312	\$ (3,089)	\$ 178,223
Post-employment benefits	<b>182,009</b>	<b>(56,594)</b>	<b>125,415</b>	166,449	(41,884)	124,565
WSIB	<b>102,530</b>	<b>0</b>	<b>102,530</b>	102,793	0	102,793
Vacation leave	<b>45,479</b>	<b>(34,464)</b>	<b>11,015</b>	43,213	(31,298)	11,915
<b>Total</b>	<b>\$519,457</b>	<b>\$ (98,417)</b>	<b>\$421,040</b>	\$ 493,767	\$ (76,271)	\$ 417,496

The defined benefit plans relating to post-retirement and post-employment provide a variety of benefits to retirees and active and long-term disabled employees, including income, medical, dental, and life insurance, workers' compensation, and sick leave benefits.

The City is a Schedule 2 employer under the *Workplace Safety and Insurance Act* and, as such, assumes full responsibility for financing its workplace safety insurance costs. The accrued obligation represents the present value of future benefits on existing claims.

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS [CONTINUED]**

The continuity for post-retirement and post-employment benefits for 2013 is as follows:

<b>Post-retirement and Post-employment Benefits</b>	<b>Post-retirement</b>	<b>Post-employment</b>	<b>Total</b>
<b>Balance, at the beginning of the year</b>	<b>\$ 181,312</b>	<b>\$ 166,449</b>	<b>\$ 347,761</b>
Current service costs/cost of new claims	8,814	31,075	39,889
Interest cost	6,485	6,171	12,656
Amortization of actuarial loss	1,393	1,895	3,288
Benefits paid	(8,565)	(23,581)	(32,146)
<b>Balance, at the end of the year</b>	<b>\$ 189,439</b>	<b>\$ 182,009</b>	<b>\$ 371,448</b>

Expenses for post-retirement and post-employment benefits in the amount of \$55,833 [2012 – \$54,339] are recorded on the consolidated statement of operations.

The liability for post-retirement and post-employment benefits is calculated based on an estimate of future outlays required under contractual agreements with various City employee bargaining units. These estimates are based on a number of assumptions regarding the expected costs of benefits, which are dependent on the demographic makeup of the various groups, future interest rates, and inflation rates. The City engages the services of an actuarial consulting firm to provide a determination of the City's obligation for post-retirement and post-employment benefits.

Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The liabilities reported in these consolidated financial statements are based on a valuation as of September 30, 2013 with an extrapolation to December 31, 2013.

Gains or losses are generated each year due to changes in assumptions and corrections or clarifications to the plan design previously provided by the City. These gains or losses are amortized over the expected average remaining service life of the related employee groups beginning in the year following the loss. Amortization of the 2013 actuarial gain of \$25,928 will commence in fiscal 2014.

A number of estimates and assumptions are utilized in determining the actuarial valuation of benefit plans. The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations and benefit cost for post-retirement and post-employment benefits are as follows:



**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS [CONTINUED]**

<b>Actuarial Assumptions</b>	<b>2013</b>	<b>2012</b>
Discount rate	3.80%	3.25%
Inflation rate	2.25%	2.25%
Salary increase rate	1.97% to 2.5% in 2014 1.97% to 2.5% in 2015  2.0% to 2.5% in 2016 and thereafter	1.50% to 2.0% in 2012 1.75% to 2.0% in 2013 1.97% to 2.0% in 2014 1.97% to 2.25% in 2015 2.0% per annum 2016 and thereafter
Health care inflation rate	6.57% grading down to 4.5% in 2029	6.87% grading down to 4.5% in 2029

[b] Pension agreements

[i] Ontario Municipal Employees' Retirement Fund

The City makes contributions to the Ontario Municipal Employees Retirement System ["OMERS"], which is a multi-employer pension plan, on behalf of most of its employees.

The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. The City's contribution to the OMERS plan for 2013 totalled \$109,400 [2012 – \$93,142] for current services and is included as an expense on the consolidated statement of operations. These contributions were matched with identical employee contributions for both years.

OMERS is a multi-employer pension plan, the City does not recognize in its consolidated financial statements any share of the pension plan deficit of \$8,300,000 [2012 - \$8,603,000] based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The amount contributed for past service to OMERS for the year ended December 31, 2013 totalled \$641 [2012 – \$572] and is included as an expense on the consolidated statement of operations.

[ii] City of Ottawa Superannuation Fund

The City sponsors the City of Ottawa Superannuation Fund ["COSF"], a defined benefit plan that provides retirement benefits to employees based on length of service and rates of pay. With the introduction of OMERS, the COSF became a closed group in 1965. As at December 31, 2013, there were no active members and 703 pension recipients. As at December 31, 2012, there were no active members and 736 pension recipients. Pension payments during 2013 amounted to \$21,090 [2012 – \$21,611]. No employee or matching employer contributions to this pension plan for current service were required in 2013 or 2012. Employer contributions for past service amounted to \$3,258 in 2013 [2012 – \$3,258].

**THE CITY OF OTTAWA**  
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**DECEMBER 31, 2013** *[dollars in thousands]*

**8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS [CONTINUED]**

The reported accrued benefit liability is as follows:

<b>City of Ottawa Superannuation Fund</b>	<b>2013</b>	<b>2012</b>
Pension fund assets - end of the year	\$ 182,225	\$ 186,005
Accrued benefit obligation - end of the year	222,947	212,981
<b>Plan deficiency</b>	<b>40,722</b>	26,976
Unamortized actuarial gains (losses)	(15,737)	969
Liability at end of year	24,985	27,945
<b>Accrued benefit liability</b>	<b>24,985</b>	27,945

  

<b>Expenses</b>	<b>2013</b>	<b>2012</b>
Pension expense, including change in valuation allowance	(969)	(2,363)
Pension interest expense	1,267	1,475
<b>Total pension-related expenses</b>	<b>\$ 298</b>	\$ (888)

There is no remaining service life in this plan.

The actuarial valuation performed for accounting purposes was based on a number of assumptions that are based on management's best estimates and are in accordance with accepted actuarial practice. Inflation rate was estimated at 2.25% [2012 – 2.0%] and the discount rate for the plan was estimated at 5.00% [2012 – 5.00%].

The accrued benefit obligations and benefit cost levels will change in the future as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of true experience gains or losses. Emerging experience, differing from the assumptions, will result in gains or losses that will be included in future accounting valuations.

The reported pension liability of the above plan has been reflected on the consolidated statement of financial position.

The last filed actuarial valuation for funding purposes dated December 31, 2010 quantified a deficit of \$32,352 on a going concern basis. This going concern deficit is being amortized over 15 years starting in 2012 with annual contribution of \$3,258 to the plan by the City.

The market value of the assets of the plan as at December 31, 2013 amounted to \$198,155 [2012 – \$191,374].

[iii] Ottawa-Carleton Regional Transit Commission Employees' Pension Plan

**THE CITY OF OTTAWA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS [CONTINUED]**

The City sponsors the Ottawa-Carleton Regional Transit Commission [“OC Transpo”] Employees’ Pension Plan, a defined benefit plan that provides retirement benefits to employees based on length of service and rates of pay. Effective January 1, 1999, OC Transpo adopted the OMERS pension plan for all employees and new hires to accrue future benefits. Members retiring with both pre-1999 and post-1998 service will receive pension incomes under both plans. Net pension payments during 2013 amounted to \$25,352 [2012– \$25,590]. No employee or matching employer contributions to this pension plan for current service were required in 2013 or 2012. Employer contributions for past service during 2013 amounted to \$4,372 [2012 – \$2,664].

The reported pension asset is as follows:

<b>OC Transpo Employees’ Pension Plan</b>	<b>2013</b>	<b>2012</b>
Pension fund assets - end of the year	\$ 569,143	\$ 550,857
Accrued benefit obligation - end of the year	601,459	576,321
<b>Accrued benefit liability</b>	<b>32,316</b>	<b>25,464</b>
Unamortized actuarial losses	(42,418)	(37,750)
Asset at end of year	10,102	12,286
Valuation allowance	0	0
<b>Reported pension asset</b>	<b>10,102</b>	<b>12,286</b>
<b>Expenses</b>	<b>2013</b>	<b>2012</b>
Pension expense, including change in valuation allowance	5,393	(5,654)
Pension interest expense	1,164	546
<b>Total pension-related expenses</b>	<b>\$ 6,557</b>	<b>\$ (5,108)</b>

The expected average remaining service life of this plan is six years.

The market value of the assets of the plan as at December 31, 2013 amounted to \$566,109 [2012 – \$540,288].

The actuarial valuation performed for accounting purposes was based on a number of assumptions that are based on management’s best estimates and are in accordance with accepted actuarial practice. Inflation rate was estimated at 2.25% [2012 – 2.00%], the discount rate for the plan was estimated at 5.25% [2012 – 5.00%], and long-term salary forecasts for actuarial purposes were estimated at 2.50% up to 2015 and then 3.5% [2012 – 3.25% for all years].

The accrued benefit obligations and benefits cost levels will change in the future as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of true experience gains or losses. Emerging experience, differing from the assumptions, will result in gains or losses that will be included in future accounting valuations.

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**8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS [CONTINUED]**

The last filed actuarial valuation for funding purposes dated January 1, 2013 quantified a statutory solvency deficit of \$108,462 [2012 – \$98,168]. The solvency deficit is being amortized over five years starting in 2013. In 2013, the City contributed an amount of \$4,372 [2012 – \$2,664] to the plan and increased the amount secured by a letter of credit by \$17,114 in lieu of additional contributions, bringing the total amount outstanding under the letter of credit to \$38,907. Many of the estimates and assumptions used in 2013 may change significantly with the next detailed actuarial valuation.

The reported pension asset of the above plan has been reflected on the consolidated statement of financial position as an offset to employee future benefits and pension agreements.

**9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES**

The *Ontario Environmental Protection Act* sets out the regulatory requirements for the closure and maintenance of landfill sites. Under this Act, the City is required to provide for closure and post-closure care of solid waste landfill sites. The costs related to these obligations are included in operating expenses over the estimated remaining life of the landfill sites based on usage.

The City has two active landfill sites – Trail Road Landfill and Springhill – as well as one inactive site for which the City has responsibilities for all costs relating to closure and post-closure care. As at December 31, 2013, the remaining capacity of the Trail Road site is approximately 6,518,428 [2012 – 6,399,588] cubic metres, all of which is expected to be used by the year 2036. The remaining capacity at the Springhill site is approximately 520,155 [2012 – 511,048] cubic metres, which is expected to be used by the year 2018. The remaining capacity has increased in 2013 due to the fact that more accurate fly over data was used to calculate airspace which has determined that the forecasted used up capacity was over estimated in 2012.

Closure of the Trail Road Landfill and Springhill will involve covering the sites, implementing drainage control, and installing ground water monitoring wells and gas recovery facilities. Post-closure care activities for these sites and other inactive sites are expected to occur for approximately 25 years.

The estimated liability for the landfill sites is based on future expenses, adjusted for inflation based on the CPI 10 year average rate of 1.79% [2012 – 1.98%] and discounted to current dollars using the City's average long-term borrowing rate of 4.29% [2012 – 3.25%]. This estimate amounts to \$9,649 at December 31, 2013 [2012 – \$10,599] and is included as a liability on the consolidated statement of financial position. In order to help reduce the future impact of these obligations, the City has funded an amount of \$3,038 [2012 – \$2,603] of this liability. The funded amount is included in accounts payable and accrued liabilities on the consolidated statement of financial position.

Estimated total expenses over the 25-year post-closure period amount to approximately \$30,396.

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**10. NET LONG-TERM DEBT**

[a] Net long-term debt reported on the consolidated statement of financial position comprises the following:

<b>Net Long Term Debt</b>	<b>2013</b>	<b>2012</b>
Installment and sinking fund debenture issued at various rates of interest ranging from 1.30% to 6.20%, and maturing from April 19, 2014 to July 30, 2053	<b>\$1,637,756</b>	\$ 1,403,617
Bank loan agreements and interest rate exchange agreements	<b>72,769</b>	80,089
Total value of sinking fund deposits, which have accumulated to the end of the year to retire sinking fund debentures included in the above amount	<b>(60,233)</b>	(47,795)
<b>Total</b>	<b>\$1,650,292</b>	\$ 1,435,911

[b] Principal payments including contributions to the sinking fund in future years are as follows:

<b>Principal payments</b>	<b>\$</b>
2014	89,102
2015	90,619
2016	93,298
2017	95,872
2018	98,391
2019 and thereafter	920,917
<b>Total</b>	<b>\$ 1,388,199</b>

Principal payments will be funded from tax and rate-supported operations. It is estimated that interest to be earned by the sinking fund will amount to approximately \$262,093, which together, with the amount of \$1,388,199 shown above, will be used to retire the outstanding total debt of \$1,650,292

[c] The City uses derivative financial instruments consisting of bank swaps to reduce its exposure to interest rate risk related to its debt and commodity price fluctuations. The City does not use financial instruments for trading or speculative purposes.

The City has entered into interest rate swap agreements to manage the volatility of interest rates. The City converted notional floating rate debt totalling \$72,769 [2012 – \$80,089] to fixed rate debt with interest rates ranging from 2.33% to 5.92%. The related derivative agreements are in place until the maturity of the debts in 2021, 2022 and 2025.

These interest rate swaps qualify, and have been designated by the City, as cash flow hedging items against the floating rate long-term debt. The City has assessed the hedging relationship as effective. If the interest rate swap were cancelled as of December 31, 2013 the City would be required to pay the market value of \$898 [2012 – \$3,079].

**THE CITY OF OTTAWA**  
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**10. NET LONG TERM DEBT [CONTINUED]**

The City uses bank swaps to manage commodity price fluctuations. These bank swaps are used to set a fixed price for a specific quantity over a defined term and settle on specific dates commensurate with the defined term. Swaps result in a payment or receipt of funds to or from the counterparty to the transaction. Gains (receipts) or losses (payments) are recognized in the same period as the delivery of the underlying commodity.

As at December 31, 2013, the City had set bank swaps in place to hedge 54,000,000 litres [2012 – 39,000,000 litres] of diesel fuel for the 2014 and 2015 calendar years with the expiry dates ranging from January 2014 to December 2015 [2012 – January 2013 to December 2014]. If the commodity swaps were cancelled as of December 31, 2013 the City would receive from the swap counterparty market value of \$1,555 [2012 - \$955].

[d] The City has entered into guarantees of loans amounting to \$102,690 arranged to provide financing for the development of ice rinks, the construction of a paramedic headquarters facility and the development of an arts centre under public private partnerships. The City's guarantees for both ice rinks and the paramedic facility also cover the borrowers' obligations under interest rate derivative agreements to manage the volatility of interest rates. The City has converted floating rate debt in the amount of \$73,800 for fixed rate debt ranging from 3.47% to 6.49% on three guarantees. The related derivative agreements are in place until the maturity of the debts in 2044. The City's guarantee of the loans in connection with the arts centre facility does not involve interest rate derivative agreements since the loans are on a fixed interest rate basis.

[e] On June 28, 2010, City Council authorized a payment covenant guarantee which may require the City to make annual payments of up to \$1,463 in respect of a loan in the amount of \$20,700 for the construction and operation of a trade and exhibition centre. The covenant agreement was signed by the City on April 15, 2011.

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**11. MORTGAGES PAYABLE**

<b>Mortgages payable</b>	<b>2013</b>	<b>2012</b>
Mortgages payable on housing properties at various rates ranging from 2.63% to 8.0% guaranteed by the Canada Mortgage and Housing Corporation with maturity dates ranging from July 1, 2014 to February 1, 2029 and debentures payable to Infrastructure Ontario maturing from 2036 to 2043 with interest rates ranging from 3.87% to 4.96%	<b>\$ 219,261</b>	\$ 215,962
Forgivable Loans related to Canada Ontario Affordable Housing Program and Residential Rehabilitation Assistance Program	<b>2,619</b>	4,715
<b>Total</b>	<b>\$ 221,880</b>	\$ 220,677

[a] Public housing debentures issued by Canada Mortgage and Housing Corporation in the amount of \$50,985 [2012 – 57,593] related to OCHC have not been included in these consolidated financial statements as they are the responsibility of the Province.

Mortgages and forgivable loans on housing properties are governed by operating agreements with the Province and/or the Canada Mortgage and Housing Corporation and involve no direct or indirect obligation to the City.

With respect to the debenture payable to Infrastructure Ontario, the City has received a direction from OCHC to transfer an amount equivalent to the annual principal and interest payments to Infrastructure Ontario from the annual subsidy provided by the City.

Mortgages for several OCHC properties were refinanced in 2013 after detailed appraisals were conducted. The revised appraisals allowed OCHC to borrow additional funds while maintaining the same annual payments on the debt for the refinanced properties, providing \$12,396 of funding to be utilized for future capital repairs.

[b] Principal repayments in future years are as follows:

<b>Principal Repayments</b>	
2014	\$ 10,437
2015	11,445
2016	12,313
2017	13,064
2018	13,702
2019 and thereafter	160,919
<b>Total</b>	<b>\$ 221,880</b>

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**12. CAPITAL LEASE OBLIGATIONS**

The City leases the following facilities and equipment as detailed below:

<b>Capital Lease Obligations</b>	<b>Office Building</b>	<b>Paramedic Services Building</b>	<b>Shenkman Arts Center</b>
Lease term	24 years	30 years	30 years
Interest rate	6.00%	5.79%	4.99%
Purchase option	\$10,000	nil	nil

Future minimum payments for the above capital leases are as follows:

<b>Future Payments</b>	<b>Office Building</b>		<b>Paramedic Services Building</b>		<b>Shenkman Arts Center</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2014	\$ 1,919	\$ 3,236	\$ 498	\$ 1,097	\$ 383	\$ 1,820	\$ 2,800	\$ 6,153
2015	2,034	3,120	525	1,068	441	1,799	3,000	5,987
2016	3,167	2,941	555	1,038	523	1,776	4,245	5,755
2017	3,560	2,739	586	1,005	629	1,747	4,775	5,491
2018	3,774	2,526	619	971	686	1,715	5,079	5,212
Thereafter	44,626	10,522	17,740	9,020	34,049	20,126	96,415	39,668
<b>Total</b>	<b>\$ 59,080</b>	<b>\$ 25,084</b>	<b>\$ 20,523</b>	<b>\$ 14,199</b>	<b>\$ 36,711</b>	<b>\$ 28,983</b>	<b>\$ 116,314</b>	<b>\$68,266</b>



THE CITY OF OTTAWA  
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13. TANGIBLE CAPITAL ASSETS

Cost	Buildings and improvements	Infrastructure			Land improvements
		Linear roads	Linear water/wastewater	Land	
Balance, beginning of year	\$ 1,767,141	\$ 2,756,237	\$ 4,725,098	\$ 2,583,758	\$ 512,983
Additions	81,377	239,758	196,759	53,920	22,452
Disposals	(813)	(24,704)	(18,943)	(5,120)	(1,057)
<b>Balance, end of year</b>	<b>1,847,705</b>	<b>2,971,291</b>	<b>4,902,914</b>	<b>2,632,558</b>	<b>534,378</b>

Accumulated Amortization	Buildings and improvements	Infrastructure			Land improvements
		Linear roads	Linear water/wastewater	Land	
Balance, beginning of year	675,013	1,179,905	1,126,320	0	178,129
Disposals	(118)	(14,949)	(6,030)	0	(651)
Amortization expense	41,651	53,198	63,955	0	12,611
<b>Balance, end of year</b>	<b>716,546</b>	<b>1,218,154</b>	<b>1,184,245</b>	<b>0</b>	<b>190,089</b>
<b>Net book value, end of year</b>	<b>\$ 1,131,159</b>	<b>\$ 1,753,137</b>	<b>\$ 3,718,669</b>	<b>\$ 2,632,558</b>	<b>\$ 344,289</b>

THE CITY OF OTTAWA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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13. TANGIBLE CAPITAL ASSETS [CONTINUED]

<b>Cost</b>	<b>Machinery plant and equipment</b>	<b>Vehicles</b>	<b>Assets under construction</b>	<b>Total 2013</b>	<b>Total 2012</b>
Balance, beginning of year	\$ 1,192,406	\$ 913,803	\$ 1,225,014	\$ 15,676,440	\$ 15,000,903
Additions	90,428	53,065	426,147	1,163,906	821,053
Disposals	(4,899)	(50,369)	(12,304)	(118,209)	(145,516)
<b>Balance, end of year</b>	<b>1,277,935</b>	<b>916,499</b>	<b>1,638,857</b>	<b>16,722,137</b>	<b>15,676,440</b>

<b>Accumulated Amortization</b>	<b>Machinery plant and equipment</b>	<b>Vehicles</b>	<b>Assets under construction</b>	<b>Total 2013</b>	<b>Total 2012</b>
Balance, beginning of year	414,648	286,307	0	<b>3,860,322</b>	3,652,276
Disposals	(3,396)	(42,724)	0	<b>(67,868)</b>	(55,397)
Amortization expense	32,382	66,944	0	<b>270,741</b>	263,443
<b>Balance, end of year</b>	<b>443,634</b>	<b>310,527</b>	<b>0</b>	<b>4,063,195</b>	<b>3,860,322</b>
<b>Net book value, end of year</b>	<b>\$ 834,301</b>	<b>\$ 605,972</b>	<b>\$ 1,638,857</b>	<b>\$ 12,658,942</b>	<b>\$ 11,816,118</b>

**Works of art and historical treasures**

Ottawa City Council approved a Public Art Program ["PAP"] in 1985 to maintain and circulate the City's corporate art collection. The City's PAP collection includes over 1,700 works of art. The City also owns the Firestone Art Collection, consisting of 1,605 historical Canadian works of art produced from 1900 to 1980, which is housed and managed by the Ottawa Art Gallery. Works of art are not recorded in the City's consolidated financial statements.

**Contributed tangible capital assets**

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed tangible capital assets received during 2013 amounts to \$195,010 [2012 – \$239,583].

**THE CITY OF OTTAWA**  
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**14. ACCUMULATED SURPLUS**

Accumulated surplus consists of individual fund surplus, reserves and reserve funds, and equity in government business enterprises.

<b>Surplus</b>	<b>2013</b>	<b>2012</b>
Invested in tangible capital assets	<b>\$ 10,645,694</b>	\$ 9,995,324
Capital Fund - Unexpended Capital Financing	<b>479,555</b>	465,956
Unfunded – Employee future benefits and pension agreements	<b>(435,923)</b>	(433,155)
Unfunded - Landfill closure costs	<b>(6,611)</b>	(7,996)
Unfunded - Other	<b>(62,358)</b>	(39,792)
<b>Total surplus</b>	<b>10,620,357</b>	9,980,337
<b>Reserves set aside by Council</b>	<b>8,121</b>	9,711
<b>Reserve funds set aside for specific purposes by Council</b>	<b>2013</b>	<b>2012</b>
Endowment	<b>176,642</b>	183,361
Transportation and environmental services	<b>154,669</b>	53,949
Social housing and child care	<b>71,802</b>	57,584
Equipment replacement	<b>14,999</b>	15,814
Insurance	<b>2,368</b>	2,321
Employment benefits	<b>2,293</b>	2,749
Other	<b>7,916</b>	7,212
<b>Total reserve funds</b>	<b>430,689</b>	322,990
<b>Equity in government business enterprises [note 5]</b>	<b>381,726</b>	366,318
<b>Accumulated Surplus</b>	<b>\$ 11,440,893</b>	\$ 10,679,356

**THE CITY OF OTTAWA**  
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**15. CONTINGENCIES AND COMMITMENTS**

[a] In the course of its business, the City becomes involved in various claims and legal proceedings. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. A provision for these claims has been recorded in the consolidated financial statements based on management's best estimate of the likely outcome. Should claims be settled for amounts over and above established accruals, which could be material to the financial results in the year of settlement, the excess expense will be charged to operations as incurred.

[b] The City has the following contractual obligations for capital works over the next five years:

<b>Contractual obligations for capital works</b>	<b>\$</b>
2014	640,927
2015	324,925
2016	522,653
2017	142,740
2018	571,932

[c] The City is committed to the following payments over the next five years under operating lease agreements for building and equipment:

<b>Building and equipment lease payments</b>	<b>\$</b>
2014	17,041
2015	14,849
2016	14,272
2017	11,914
2018	11,755

[d] In February 2013, the City entered into an agreement for the construction, service and maintenance of a light rail transit system, as well as for the widening of Highway 417. The contractor must design, construct, supply, test, commission, maintain and finance the Ottawa Light Rail Transit system and must widen certain portions of Highway 417.

The City is committed to making payments of \$1,491,736 including applicable taxes, through a series of milestone payments and a revenue service availability payment for the light rail transit system and highway works during the projected 2014 to 2018 construction period.

The City has committed to making a series of monthly service payments during the 30 year maintenance and service term. Payments include \$48,141 in the first full year of operation in base date (2013) dollars for capital construction costs deferred beyond the construction period, as well as for maintenance costs associated with the light rail system and vehicles. Annual payments will be adjusted as service levels change, and a portion will be adjusted for inflation; in accordance with the project agreement. The City has also committed to a series of payments for lifecycle costs, and for maintenance costs that will vary with service kilometers.

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**15. CONTINGENCIES AND COMMITMENTS [CONTINUED]**

[e] As at December 31, 2013, Hydro Ottawa Holding Inc. has total open commitments amounting to \$40,714, of which balances of, \$32,312 are for 2014, \$6,806 are for 2015, \$1,552 are for 2016 and \$44 are for 2017. The commitments relate to a customer information system service agreement, construction projects, inventory purchases and overhead and underground services.

[f] The City has commitments for the purchase of ice rental time in the amounts of \$2,657 and \$10,077 in accordance with two public private partnership agreements. These commitments are set to expire in 2027 and 2034, respectively.

[g] The City has entered into natural gas forward contracts to reduce price fluctuations of natural gas prices used in heating costs of the City. The City is committed to the following natural gas forward contracts over the next four years:

<b>Natural gas forward contracts</b>	<b>\$</b>
2014	3,346
2015	1,878
2016	1,496
2017	744

[h] In 2010, the City entered into a twenty year agreement with respect to organics waste diversion. The City is committed to diverting 80,000 tons of organic waste to a processing facility each contract year from April 1 to March 31. The value of the annual commitment is \$8,300 per year. Rates charged are indexed to inflation. Any shortfall in the amounts of organic waste diverted is paid by the City as a result of a “put or pay” clause in the agreement.

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**16. TAXES AVAILABLE FOR MUNICIPAL PURPOSES**

<b>Taxes available for municipal purposes</b>	<b>2013</b>	<b>2012</b>
Property taxes	\$ 1,772,597	\$ 1,736,976
Payment in lieu of taxes	190,433	176,914
Local improvements and other charges	5,862	4,294
Less education taxes	(457,841)	(455,387)
<b>Total taxes available for municipal purposes</b>	<b>\$ 1,511,051</b>	<b>\$ 1,462,797</b>

**17. EXPENSES BY OBJECT**

The consolidated statement of operations represents the expenses by function; the following classifies those same expenses by object:

<b>Expenses by object</b>	<b>2013</b>	<b>2012</b>
Salaries, wages and employee benefits	\$ 1,461,511	\$ 1,425,126
Contracted and general services	238,720	197,771
Materials, equipment and supplies	531,521	508,069
Interest charges	80,670	71,883
Rent and financial expenses	64,229	64,560
External transfers	282,373	287,288
Amortization	270,741	263,443
Loss on disposal	40,278	76,309
<b>Total expenses</b>	<b>\$ 2,970,043</b>	<b>\$ 2,894,449</b>

**THE CITY OF OTTAWA**  
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**18. SEGMENTED INFORMATION**

The City of Ottawa is responsible for providing a wide range of services to its citizens including police, fire, ambulance, public transit, and water.

The City reports on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return.

These functional areas represent segments for the City of Ottawa, and expanded disclosure by object has been reflected in Schedule 1.

A brief description of each segment follows:

- General government is comprised of Council, administration, and Ontario Property Assessment.
- Protection is comprised of police, fire, and other protective services. These groups maintain the safety and security of all citizens by reducing or eliminating loss of life and property, by maintaining law enforcement, and preserving peace and good order.
- Roads, traffic and parking include parking, signs and signals, streetlights and the maintenance of roads and parks of the City.
- Transit services provide local public transportation for citizens. They also include other transportation services such as planning and development.
- Environmental services include water supply and distribution, wastewater treatment, and waste and recycling services. These services provide clean drinking water to residents, collect and treat wastewater, and collect and properly process waste and recycling items.
- Health services include paramedic and health services. Mandated health services promote and maintain health programs that optimize the health of residents. Paramedic services deliver timely and effective care for pre-hospital emergency care, along with medically required inter-hospital transportation.
- Social and family services include social assistance, long-term care, and childcare services. Social assistance services determine, issue, and monitor clients' eligibility for financial, social, and employment assistance. Long-term care services provide secure and supervised health services for seniors who can no longer live at home. Childcare services provide subsidized childcare spaces and provide funding for wage subsidy, pay equity, and special needs.
- Social housing, with the partnership of 120 community-based agencies, provides a range of services, including housing, emergency shelters, outreach, search, and stabilization to people in the community.

**THE CITY OF OTTAWA**  
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**18. SEGMENTED INFORMATION [CONTINUED]**

- Recreation and cultural services include parks and recreation, culture, and libraries. Parks and recreation services develop and deliver high-quality recreational programs, and develop and maintain recreation facilities, parks and sports-fields to ensure all residents have the opportunity to enjoy a healthy lifestyle. Culture services invest in local non-profit organizations that deliver services on behalf of the City. Library services provide public library services to the citizens via physical facilities, bookmobile, virtual, and telephone services.
- Planning and development services manage urban development for residential and business interests, as well as infrastructure and parks.
- Other includes revenue from taxes, equity in earnings of government business enterprises, investment income, sale of land, shared lottery earnings, and miscellaneous sundry revenue.

Program support costs for expenses have been allocated to other functions using guidelines and methodologies reflected in the Ontario Financial Information Return.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

**19. PUBLIC LIABILITY INSURANCE**

The City self-insures for public liability claims up to a specific amount and outside coverage is in place for claims in excess of these limits.

The City has a reserve fund for self-insurance, which as at December 31, 2013 amounted to \$2,368 [2012 – \$2,321]. In 2013, the City contributed an amount of \$nil [2012 – \$nil] to this reserve fund from operations.



**THE CITY OF OTTAWA**  
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**20. BUDGET AMOUNTS**

Budget data presented in these consolidated financial statements are based upon the 2013 operating and capital budgets approved by Council. Council approved budgets are prepared on a modified cash basis which differs from budget amounts reported on the consolidated statement of operations and change in net debt which are prepared in accordance with Canadian public sector accounting standards. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. Actuals have been used to approximate budget amounts for certain reconciling items that were not included in the Council budget.

<b>Budget Reconciliation</b>	<b>Revenue</b>	<b>Expenses</b>
Budget as approved by Council		
Operating	\$ 2,831,526	\$ 2,831,526
Capital	2,627,401	2,627,401
Add		
Consolidated entities	77,174	77,115
Contributed assets	195,010	
Reserve fund revenues	17,846	
Hydro Ottawa Holding Inc. equity pickup	15,408	
Interest earned on sinking fund	2,045	2,045
Change in employee future benefits and pension agreements		2,769
Change in other obligations to be funded		16,823
Amortization		270,741
Loss on disposal		50,341
	<b>5,766,410</b>	<b>5,878,761</b>
Less		
Reclassification between revenue and expenses	(33,968)	(33,968)
Acquisition of tangible capital assets		(1,163,906)
Timing difference between capital authority and capital spending plan	(1,072,565)	(1,281,758)
Budgeted transfer from/to other funds	(535,050)	(334,383)
Budgeted proceeds on debt issue/debt principal payments	(385,558)	(103,515)
	<b>(2,027,141)</b>	<b>(2,917,530)</b>
<b>Budget for financial statement purposes</b>	<b>\$ 3,739,269</b>	<b>\$ 2,961,231</b>

**21. COMPARATIVE FIGURES**

Certain comparative figures for 2012 have been reclassified to conform with the presentation adopted for the current year.