

**Report to
Rapport au:**

**Audit Sub-Committee
Sous-comité de la vérification**

and /et au

**Finance and Economic Development Committee
Comité des finances et du développement économique**

and /et au Conseil

**June 16, 2014
16 juin 2014**

**Submitted by/Soumis par:
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**Contact Person
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2014-CMR-FIN-0026

SUBJECT: SINKING FUND FINANCIAL STATEMENTS

OBJET: ÉTATS FINANCIERS DU FONDS D'AMORTISSEMENT

REPORT RECOMMENDATION

**That the Audit Sub-Committee recommend that the Finance and Economic
Development Committee recommend Council approve the Sinking Fund Financial
Statements for 2013.**

RECOMMANDATION DU RAPPORT

Que le Sous-comité de la vérification recommande au Comité des finances et du développement économique de recommander à son tour au Conseil d'approuver les états financiers du fonds d'amortissement pour 2013.

BACKGROUND

When sinking fund or term debentures are issued, an annual contribution is made to the sinking fund, which together with interest earnings derived from the investment of these funds, will accumulate to an amount which will be sufficient to pay the debentures on maturity. Investments are held in the Sinking Fund and are expected to grow to amounts which will be sufficient to meet the principal payments which are required when the debenture issues mature. When the sinking fund balance for a debenture issue is more than sufficient to pay the principal amount of the debenture issue at the maturity date, this surplus may be distributed to the general fund in accordance with Section 409 of the Ontario *Municipal Act, 2001*.

DISCUSSION

The accounts for the sinking fund have been closed and audited for the year ending December 31, 2013. The value of the Sinking Fund portfolio including short-term investments (cash and cash equivalents) as at December 31, 2013 was \$60.23 million on an amortized cost basis (the market value was \$62.81 million). The portfolio exceeds the actuarial requirements of \$57.58 million which is the minimum amount required as at December 31, 2013, to accumulate sufficient funds to meet total sinking fund debentures at maturity. Commitments of \$761.84 million are scheduled to mature from 2014 to 2053. New commitments of \$254 million with actuarial requirements beginning in 2014 were added in 2013.

RURAL IMPLICATIONS

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

CONSULTATION

The public consultation process is not applicable.

COMMENTS BY THE WARD COUNCILLOR(S)

Not applicable.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

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

FINANCIAL IMPLICATIONS

Sinking Fund levies are budgeted as debt charges until such time as the contribution is reduced or discontinued in accordance with Section 409 of the *Municipal Act*.

ACCESSIBILITY IMPACTS

There are no accessibility impacts with this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications with this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

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

SUPPORTING DOCUMENTATION

Document 1 - Sinking Fund Financial Statements 2013.

DISPOSITION

Following consideration by the Audit Sub-Committee and the Finance and Economic Development Committee, the recommendation will be forwarded to Council for approval.