



**City of Ottawa
Annual Report
2013**

Mayor's Message

August 2014

The City of Ottawa's 2013 Annual Report reflects the incredible headway we've achieved in sound fiscal management and building a liveable city. To that end, the City continued to orchestrate its unified vision through *Building a Liveable Ottawa*.



We are revitalizing established neighbourhoods with smart and complete neighbourhood designs and increasing mobility through enhanced transit, cycling and pedestrian travel options. We are supporting new businesses and nurturing the local entrepreneurs who will provide the foundation for job creation and economic prosperity. We are creating a world-class capital and the greatest Canadian city in which to work, to live and to invest.

This work requires considerable investment to ensure our shared future is both dynamic and robust while maintaining a firm fiscal footing. Your City Council and staff work tirelessly throughout the year to deliver the countless services you have come to depend on, always in a conscientious and fiscally responsible manner. The City continues to employ sound financial and resource management practices that have enabled us to maintain our excellent credit ratings.

In January 2013, we set out the roadmap for creating a Liveable Ottawa with the review of our Official Plan, our Master Plan, Infrastructure Master Plan, Transportation Master Plan, Ottawa Cycling Plan and Ottawa Pedestrian Plan. We encouraged residents, especially young people, to get involved. We asked you to review these plans and provide your opinions about what makes a "liveable Ottawa," sharing ideas through social media, online and at open houses. With your help, we now have a comprehensive roadmap to guide us as we move our city forward.

More than just putting plans in place, we continue to put shovels in the ground on major projects. The City is continuing its commitment to smart infrastructure renewal. By 2017, more than 400 infrastructure projects will have taken place in every corner of our city. The transformation of Lansdowne continued in 2013, and with TD Place and Lansdowne Park already open, the site now stands among the first fruits of these efforts. In addition, the excavation of Confederation Tunnel through the downtown core is now more than halfway completed and remains on schedule and within budget.

To complement the enhancement of our transit system, the City has continued its commitment to improving cycling and pedestrian travel – expanding the East-West Bikeway, and opening the Sawmill Creek and O-Train multi-use pathways. That commitment was recognized in 2013 when Ottawa was honoured with two special designations: the Gold Bicycle Friendly Community Award and a silver-level designation as a walk-friendly city by WALK Friendly Ontario.

Through our Economic, Development and Innovation Department, we further diversified and solidified the local economy. We have focused on supporting local entrepreneurs while also showcasing Ottawa's business talent and economic potential abroad, for example, with our Ottawa Trade Mission to China in Spring 2013.

Showcasing Ottawa was also a priority with our "Bid More, Win More, Host More" strategy. Working with Ottawa Tourism, we continue to attract world-class events like the FIFA Women's World Cup; events that showcase our modern, safe, beautiful, city as a tourist destination and to attract investment.

The City has continued to foster healthy and vibrant communities and a strong quality of life for residents. We have developed state-of-the-art recreation facilities throughout the city and we have moved to protect our prized water resources – our lifeline – through the Ottawa River Action Plan.

Together, we are building a city that will attract investment and enhance the lives of every resident. We are building a liveable Ottawa that is growing more vibrant every day - a city that will be at the centre of it all for Canada's 150th birthday in 2017.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Watson". The signature is fluid and cursive, with a horizontal line underneath the name.

Jim Watson
Mayor

2013 Annual Report Message from the City Manager

August 2014

I am pleased to present the City of Ottawa's 2013 Annual Report, which confirms that our city continues to be in a sound financial position, despite challenging economic conditions which remained in 2013.

The audited year-end financial statements reflect a healthy City that includes higher cash balances, healthy reserve funds and manageable debt servicing costs. The City's top-ranked credit ratings have again been reconfirmed as Aaa with a stable outlook by Moody's Investors Service and AA+ stable by Standard and Poor's.

Our net long-term debt remains manageable and proportional to our assets. It is also well within the prudent parameters established by City Council and is used entirely for capital infrastructure. Revenue growth continues to keep pace with the growth in expenditures.

With a population of more than 943,000 people and more than 125 lines of business, delivering services to residents requires diligence and innovation. City Council and staff always strive to find the balance between meeting the needs and expectations of today while exercising stewardship over our valuable resources for future generations.

Our strong financial position, which is reflected in the 2013 Annual Report demonstrates the commitment of Council and staff to continued responsible financial management and respect for taxpayer dollars.

We are proud of our culture where employees are committed to what they do best – continuing to provide the high level of service that Ottawa residents expect and deserve and focusing on achieving Council's priorities.

It is an honour to serve the public and we continually strive for greater excellence.

Sincerely,



Kent Kirkpatrick
City Manager



2013 Financial statement discussion and analysis

INTRODUCTION

The City of Ottawa 2013 Annual Financial Report contains the audited consolidated financial statements prepared 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’], as required by the Ontario Municipal Act.

The City of Ottawa Administration is responsible for preparing the following financial statement discussion and analysis (FSD&A). It should be read in conjunction with the audited consolidated financial statements and the financial and statistical schedules.

The FSD&A reports to stakeholders on how the financial resources entrusted to the City are being managed to provide municipal infrastructure and services, and presents significant issues that affected 2013 results or that may have an impact on future results.

ECONOMIC ENVIRONMENT

As indicated in the statistics provided below, the City of Ottawa has experienced an increase in housing starts and building permits activity during 2013.

At December 31, 2013, with comparative information for 2012.

Economic Environment	2013	2012	% Change
Population	943,260	935,255	.88%
Residential housing starts ^[2]	6,284	5,730	9.67%
Value of building permits issued (in millions)	2,393	2,041	17.25%
Inflation, CPI annual increases (%) ^[1]	1.0	1.3	(23.08)%
Unemployment rate (%) ^[1]	6.3	6.2	1.61%

[1] Statistics Canada

[2] Canada Mortgage and Housing Corporation (CMHC)

The City of Ottawa had an estimated population of 943,260 at the end of 2013, which represents an increase of 15.9% since 2001. This growth rate is faster than Ontario’s (13.80%) but not as fast Canada’s rate (17.12%). Ottawa accounts for approximately three-quarters of the population of the Greater Ottawa-Gatineau Area, which had a combined population of over 1.4 million at the end of 2013.

Population growth is expected to continue. The City has prepared population growth projections for the period from 2011 to 2031. From 2013 to 2031 the City’s Official Plan projects a 20% population increase from 943,260 to 1.14 million people. Immigration is a major reason Ottawa’s population will continue to grow.

THE OUTLOOK

Ottawa's economy continues to strengthen in a low interest environment. The City achieved positive increases in residential housing starts and the total value of building permits issued in comparison to the previous year. The City's unemployment rate remained well below the provincial 2013 rate of 7.5%.

The City has developed constructive relationships with other levels of government and the private sector in order to obtain sustainable funding to provide the municipal infrastructure necessary to support healthy local, provincial and national economies. Continued gas tax funding, combined with federal and provincial commitments to assist with funding the City's Confederation Line light rail construction project, will ensure the required infrastructure is in place to support the transit needs of our residents. Similarly, partnership agreements with local partners will allow for the redevelopment of Lansdowne Park raising the City's national profile by providing a venue for large sports and entertainment events.

FINANCIAL HIGHLIGHTS

CONSOLIDATED FINANCIAL POSITION

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

Consolidated financial position	2013	2012
A. Financial assets	\$ 2,440,302	\$ 2,200,063
B. Financial liabilities	3,698,840	3,380,238
C. Net debt (A - B)	(1,258,538)	(1,180,175)
D. Non-financial assets	12,699,431	11,859,531
E. Accumulated surplus (C + D)	\$11,440,893	\$ 10,679,356

Commencement on the Confederation Line in 2013 had a significant impact on the consolidated financial statements. Amounts paid to the contractor through milestone payments as well as amounts expended by the contractor to be paid in future milestone payments have been capitalized as assets under construction and represents \$495 million of the total \$1.2 billion acquisition of tangible capital assets. The portion of expenses accrued and payable in the amount of approximately \$178 million is included as a financial liability on the consolidated statement of financial position.

The consolidated financial statements also include amounts received and receivable from senior governments for their share of the project. Government transfers related to the Confederation Line in the amount of \$347 million are included as revenue on the consolidated statement of operations and the portion receivable in the amount of approximately \$105 million is included as a financial asset on the consolidated statement of financial position.

Financial assets increased by approximately \$240 million or approximately 11% which includes government transfers receivable to fund costs associated with construction of the Confederation Line. Higher cash and investment balances accounted for \$76

million of the increase in total financial assets. Financial assets also include a \$15 million increase in investment in government business enterprises related to the increased value of the net assets of Hydro Ottawa Holding Inc.

Financial liabilities increased by approximately \$318 million which includes increases of \$215 million for net long term debt, an increase of approximately \$193 million in accounts payable and other accrued liabilities offset by a decrease of approximately \$90 million for deferred revenue. Debt issued during the year was used to fund capital infrastructure for the Lansdowne Park redevelopment, water, wastewater and transportation services. The increase in accounts payable and accrued liabilities is associated with the Confederation Line. The decrease in deferred revenue reflects the effect of the change in accounting for government transfers as described in note 2 to the consolidated financial statements. The portion of unspent gas tax revenue transfers recognized in the year which would previously have been recorded as deferred revenue, has been contributed to reserve funds and is a component of accumulated surplus.

Net debt is comprised of the difference between financial liabilities and the City's financial assets. Net debt increased slightly by \$78 million to \$1.258 billion in 2013 from \$1.180 billion in 2012, primarily due to the increase in net long term debt.

Non-financial assets which are tangible capital assets increased approximately \$840 million, and include the significant investment in the Confederation Line Light Rail System and the redevelopment of Lansdowne Park.

Accumulated surplus shows the investment in assets, net of all liabilities, that will be available to provide services to future generations.

FINANCIAL ANALYSIS REVIEW

Budget to Actual Comparison

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

Revenues – Budget to Actual Comparison	Budget 2013	Actual 2013	Favourable/ (Unfavourable)
Taxes available for municipal purposes	\$ 1,517,940	\$ 1,511,051	\$ (6,889)
Government transfers	974,789	981,490	6,701
Fees and user charges	759,987	746,396	(13,591)
Contributed tangible capital assets	195,010	195,010	0
Development charges	161,931	161,931	0
Investment income	32,203	36,316	4,113
Fines and penalties	27,187	24,466	(2,721)
Other revenue	38,813	40,912	2,099
Equity in earnings of government business enterprises	31,409	34,008	2,599
Total Revenues	\$ 3,739,269	\$ 3,731,580	\$ (7,689)

Taxes available for municipal purposes were lower than budget due to a decline in the rate of growth for supplementary tax assessments and also as a result of provisions made for taxes expected to be written off in future years when property tax reassessment appeals are resolved.

Fees and user charges were lower than budget for water and sewer rate revenues due to lower consumption of water than forecasted. Revenues were below budget due to a wetter than normal summer season.

Investment income revenues were higher than budget due increasing investment fund balances and higher rates of return.

Equity in earnings of government business enterprises was higher than budget due to higher income associated with the City's wholly owned subsidiary Hydro Ottawa Holding Inc. Based on the City's dividend policy, Hydro Ottawa Holding Inc. is required to remit to the City the greater of \$14 million or 40 % of net income.

Sources of Revenue [dollars in thousands]

	\$	%
Taxes available for municipal purposes	\$ 1,511,051	40%
Government transfers	981,490	26%
Fees and user charges	746,396	20%
Development charges and contributed tangible capital assets	356,941	10%
Other	135,702	4%
Total Revenue	\$ 3,731,580	100%

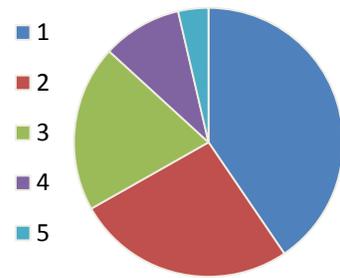


Figure 1 – Sources of Revenue

Budget to Actual Comparison

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

Expenses – Budget to Actual Comparison	Budget 2013	Actual 2013	Favourable/ (Unfavourable)
General government	\$ 112,825	\$ 107,493	\$ 5,332
Protection to persons and property	513,880	520,381	(6,501)
Roads, traffic and parking	336,423	365,626	(29,203)
Transit	493,963	495,784	(1,821)
Environmental services	334,568	326,819	7,749
Health services	147,733	148,229	(496)
Social and family services	417,451	406,668	10,783
Social housing	232,052	231,455	597
Recreation and cultural services	297,592	294,167	3,425
Planning and development	74,744	73,421	1,323
Total expenses	\$2,961,231	\$ 2,970,043	\$ (8,812)

Roads, traffic and parking costs were higher than budget due to winter maintenance costs associated with higher than normal snowfall.

Environmental Services expenses were lower than budget for rural storm maintenance due to weather conditions and for urban storm, wastewater collections and wastewater treatment due to staff vacancies and lower expenses for professional services compared to plan. Savings partially offset the shortfall in water and sewer rate revenues.

Social and family services expenses were lower than budget due to savings in the Housing and Health Related Benefits program where usage was lower than expected. In addition, lower subsidy utilization related to the implementation of full day Kindergarten resulted in surpluses in the Child Care program.

Expenses <i>[dollars in thousands]</i>	\$	%
General government	\$ 107,493	4%
Protection to persons and property	520,381	18%
Roads, traffic, and parking	365,626	11%
Transit	495,784	17%
Environmental services	326,819	11%
Health services	148,229	5%
Social and family services	406,668	14%
Social housing	231,455	8%
Recreation and cultural services	294,167	10%
Planning and development	73,421	2%
Total Expenses	\$ 2,970,043	100%

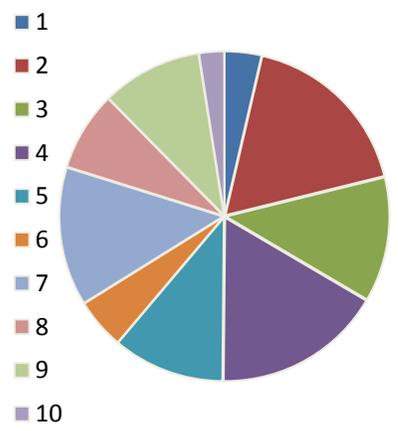


Figure 2 – Expense distribution

Revenues - Comparison to Prior Year

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

Revenues – Comparison to prior year	Actual 2013	Actual 2012	Increase/ (Decrease)
Taxes available for municipal purposes	\$ 1,511,051	\$ 1,462,797	48,254
Government transfers	981,490	611,463	370,027
Fees and user charges	746,396	737,042	9,354
Contributed tangible capital assets	195,010	239,583	(44,573)
Development charges	161,931	114,931	47,000
Investment income	36,316	32,432	3,884
Fines and penalties	24,466	24,724	(258)
Other revenue	40,912	25,930	14,982
Equity in earnings of government business enterprises	34,008	31,150	2,858
Total Revenues	\$ 3,731,580	\$ 3,280,052	451,528

Taxes available for municipal purposes increased due to a combination of a 2.09% property tax increase for all City properties, and the effect of growth in the property tax base.

Government transfers increased due to federal and provincial funding for the Confederation Line Light Rail project which commenced construction in 2013. Increased revenues also reflect the change in accounting for government transfers which includes the one-time impact of recognizing prior year's unspent balances in current year's revenue.

Contributed tangible capital assets represent assets that are donated or contributed to the city by developers. The amount of recognized revenue fluctuates from year to year.

Development charges revenue during 2013 is reflective of the increase in growth related projects spending during the year. Increases are mainly in the areas of roads, transit and recreation. Development charge receipts are recorded as deferred revenue until the fiscal year when the related expenses are incurred, at which point they are recorded as revenue.

Investment income increased as a result of higher investment balances and a higher rate of return.

Equity in earnings of government business enterprises reflects the increase in earnings of the City's wholly owned subsidiary Hydro Ottawa Holding Inc.

Expenses – Comparison to prior year

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

Expenses – Comparison to prior year	Actual 2013	Actual 2012	Increase/ (Decrease)
General government	\$ 107,493	\$ 105,969	\$1,524
Protection to persons and property	520,381	514,779	5,602
Roads, traffic, and parking	365,626	319,291	46,335
Transit	495,784	478,924	16,860
Environmental services	326,819	323,588	3,231
Health services	148,229	155,282	(7,053)
Social and family services	406,668	419,538	(12,870)
Social housing	231,455	221,520	9,935
Recreation and cultural services	294,167	294,873	(706)
Planning and development	73,421	60,685	12,736
Total expenses	\$2,970,043	\$ 2,894,449	75,594

Roads, traffic and parking increased mainly due to higher winter maintenance costs associated with a harsher winter and greater repair associated with growing infrastructure.

Transit expenses increases reflect inflationary increases in operations.

NET LONG TERM DEBT

The City of Ottawa is rated by two international agencies: Moody's Investors Service and Standard & Poor's. Moody's has given the City an Aaa rating - the highest possible ranking and one the City has maintained since 1975. Standard & Poor's (S&P) has assigned an AA+ stable rating to the City.

The capital financing policy approved by Council allows the City to provide additional capital assets such as roads, water and sewer systems, buildings, and transit infrastructure that will be funded over the long term by taxpayers benefiting from the use of these capital assets. This policy follows Provincial regulations which require that capital assets financed by debt have a useful life at least as long as the term of the debt.

During 2013, the City arranged long-term financing totalling \$304 million on various terms up to forty years.. The proceeds were used to finance various City capital works including the construction of Lansdowne Park, major rehabilitation of roads works and bridges, and various transit, water and wastewater capital works. Full details of these debenture issues were reported in accordance with Council's policy on Debt and Financing.

Debt levels are carefully monitored to ensure the ongoing financial well being of the City in accordance with its fiscal framework principles. Two of the key targets established by Council which are to be reported on annually by the Treasurer are as follows:

- 1) Principal and interest payments for tax supported debt are not to exceed 7.5% of the City's own source revenue, and principal and interest on water and sewer rate supported debt will be limited to no more than 15% of rate revenues; for a combined target of 8.5% of total own source revenues;
- 2) The increase in debt servicing for non-legacy projects in any year will not be greater than one-quarter of 1 per cent of taxes from property taxes:

With respect to the first key target, the total debt interest and principal payments in 2013 for tax and rate supported long-term debt was \$130 million, which represents 5.4% of the City's own source revenues. These revenues include all revenues shown on the Consolidated Statement of Operations, except for government grants and contributed tangible capital assets and development charge revenues.

Regarding the second key target, non-legacy projects are defined as capital works associated with the rehabilitation and renewal of existing City infrastructure along with the construction of new infrastructure to address growth pressures. The increase in debt servicing as it affects property tax increases is within the target mentioned above.

TANGIBLE CAPITAL ASSETS

Tangible capital assets represent a significant investment for the City and the related information is vital for stewardship, accountability, costing, and the development of asset management plans. Assets are valued at their historical cost on the date of purchase or construction and are amortized over their useful lives. The residual net book value of these assets represents the value of assets available to serve future generations.

The City's tangible capital assets consist primarily of water and wastewater infrastructure, land, roads, buildings, and machinery, plant and equipment. Costs associated with construction of the Confederation Line are included in assets under construction.

Tangible Capital Assets [dollars in thousands]

	\$ NBV	%
Buildings and improvements	\$1,131,159	9%
Roads	1,753,137	14%
Water/wastewater	3,718,669	30%
Land	2,632,558	21%
Land improvements	344,289	2%
Machinery, plant and equipment	834,301	6%
Vehicles	605,972	5%
Assets under construction	1,638,857	13%
Total Tangible Capital Assets	\$ 12,658,942	100%

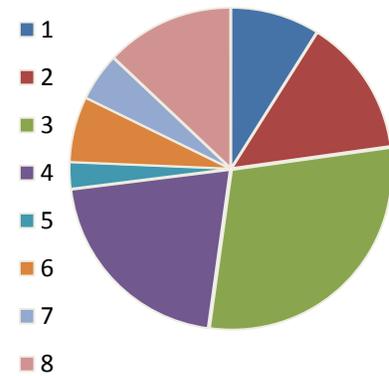


Figure 3 - Tangible Capital Asset breakdown

MANAGEMENT'S REPORT

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

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. They necessarily include some amounts that are based on the best estimates and judgements of management. Financial data elsewhere in the report is consistent with that in the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

The Auditor General's office reports directly to Council, and on an ongoing basis, carries out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

City Council fulfils its responsibility for financial reporting through its Audit Sub-Committee and Finance and Economic Development Committee.

Ernst & Young LLP, Chartered Accountants, have been appointed by City Council to express an opinion on the City's consolidated financial statements. Their report follows.



Kent Kirkpatrick
City Manager



Marian Simulik
City Treasurer

Ottawa, Canada
July 11, 2014

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 statement of 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 and its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Ottawa, Canada,
July 11, 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]

Financial assets	2013	2012
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
Total	2,440,302	2,200,063
Liabilities	2013	2012
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
Total	3,698,840	3,380,238
Net debt	(1,258,538)	(1,180,175)
Non-financial assets	2013	2012
Tangible capital assets [note 13]	12,658,942	11,816,118
Inventories	22,988	25,922
Prepaid expenses	17,501	17,491
Total non-financial assets	12,699,431	11,859,531
Accumulated surplus [note 14]	\$ 11,440,893	\$ 10,679,356

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]

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

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]

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

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]

OPERATING ACTIVITIES	2013	2012
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
Cash provided by operating activities, adjusted for non-cash items	843,538	454,622
Change in non-cash assets and liabilities		
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)
Total cash provided by operating activities	803,268	590,495
CAPITAL ACTIVITIES	2013	2012
Acquisition of tangible capital assets	(968,896)	(581,470)
Proceeds on sale of tangible capital assets	10,063	13,810
Cash applied to capital activities	(958,833)	(567,660)
INVESTING ACTIVITIES	2013	2012
Net decrease (increase) in investments	199,793	(302,130)
Dividend from Hydro Ottawa Holding Inc.	18,600	16,600
Cash provided (applied) to investing activities	218,393	(285,530)
FINANCING ACTIVITIES	2013	2012
New debt issued	316,535	448,370
Net interest earned on sinking funds	(2,045)	(810)
Debt principal repayments	(101,470)	(96,868)
Cash provided by financing activities	213,020	350,692
Change in cash and cash equivalents	2013	2012
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
Cash and cash equivalents, end of the year	\$ 575,849	\$ 300,001

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]

REVENUE	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
Total revenue	15,618	86,923	127,886	688,192	476,576	90,089
EXPENSES	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
Total expenses	107,493	520,381	365,626	495,784	326,819	148,229
ANNUAL SURPLUS (DEFICIT)	\$ (91,875)	\$(433,458)	\$ (237,740)	\$ 192,408	\$ 149,757	\$(58,140)

THE CITY OF OTTAWA

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

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

REVENUE	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
Total revenue	298,483	120,200	124,441	82,952	1,620,220	3,731,580
EXPENSES	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
Total expenses	406,668	231,455	294,167	73,421	0	2,970,043
ANNUAL SURPLUS (DEFICIT)	\$(108,185)	\$(111,255)	\$(169,726)	\$ 9,531	\$ 1,620,220	\$ 761,537

THE CITY OF OTTAWA

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

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

REVENUE	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
Total revenue	15,763	85,072	149,000	323,138	499,277	85,942
EXPENSES	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
Total expenses	105,969	514,779	319,291	478,924	323,588	155,282
ANNUAL SURPLUS (DEFICIT)	\$ (90,206)	\$(429,707)	\$ (170,291)	\$(155,786)	\$ 175,689	\$(69,340)

THE CITY OF OTTAWA

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

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

REVENUE	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
Total revenue	292,328	117,029	113,826	29,582	1,569,095	3,280,052
EXPENSES	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
Total expenses	419,538	221,520	294,873	60,685	0	2,894,449
ANNUAL SURPLUS (DEFICIT)	\$(127,210)	\$(104,491)	\$(181,047)	\$(31,103)	\$ 1,569,095	\$ 385,603

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.

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

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

Consolidated Statement of Operations

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

Revenue	2013	2012
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
Total revenue	51,940	46,740

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

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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
DECEMBER 31, 2013 [dollars in thousands]

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:

Asset - Useful life -Years	Minimum	Maximum
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
DECEMBER 31, 2013 *[dollars in thousands]*

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:

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

4. INVESTMENTS

Investments are comprised of the following:

Investments	Cost 2013	Cost 2012	Market value 2013	Market value 2012
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
Total	\$ 1,045,753	\$ 1,245,546	\$ 1,091,896	\$ 1,286,051

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:

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

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

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.:

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

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:

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

7. DEFERRED REVENUE

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

Deferred revenue	2013	2012
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
Total deferred revenue	\$ 506,843	\$ 597,192

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8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS

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

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

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

8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS [CONTINUED]

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

Post-retirement and Post-employment Benefits	Post-retirement	Post-employment	Total
Balance, at the beginning of the year	\$ 181,312	\$ 166,449	\$ 347,761
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)
Balance, at the end of the year	\$ 189,439	\$ 182,009	\$ 371,448

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:

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8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS [CONTINUED]

Actuarial Assumptions	2013	2012
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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 [dollars in thousands]

8. EMPLOYEE FUTURE BENEFITS AND PENSION AGREEMENTS [CONTINUED]

The reported accrued benefit liability is as follows:

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

Expenses	2013	2012
Pension expense, including change in valuation allowance	(969)	(2,363)
Pension interest expense	1,267	1,475
Total pension-related expenses	\$ 298	\$ (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
DECEMBER 31, 2013 [dollars in thousands]

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:

OC Transpo Employees’ Pension Plan	2013	2012
Pension fund assets - end of the year	\$ 569,143	\$ 550,857
Accrued benefit obligation - end of the year	601,459	576,321
Accrued benefit liability	32,316	25,464
Unamortized actuarial losses	(42,418)	(37,750)
Asset at end of year	10,102	12,286
Valuation allowance	0	0
Reported pension asset	10,102	12,286

Expenses	2013	2012
Pension expense, including change in valuation allowance	5,393	(5,654)
Pension interest expense	1,164	546
Total pension-related expenses	\$ 6,557	\$ (5,108)

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.

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

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.

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

10. NET LONG-TERM DEBT

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

Net Long Term Debt	2013	2012
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	\$1,637,756	\$ 1,403,617
Bank loan agreements and interest rate exchange agreements	72,769	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	(60,233)	(47,795)
Total	\$1,650,292	\$ 1,435,911

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

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

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

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.

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

11. MORTGAGES PAYABLE

Mortgages payable	2013	2012
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%	\$ 219,261	\$ 215,962
Forgivable Loans related to Canada Ontario Affordable Housing Program and Residential Rehabilitation Assistance Program	2,619	4,715
Total	\$ 221,880	\$ 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:

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

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

12. CAPITAL LEASE OBLIGATIONS

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

Capital Lease Obligations	Office Building	Paramedic Services Building	Shenkman Arts Center
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:

Future Payments	Office Building		Paramedic Services Building		Shenkman Arts Center		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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
Total	\$ 59,080	\$ 25,084	\$ 20,523	\$ 14,199	\$ 36,711	\$ 28,983	\$ 116,314	\$68,266

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

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)
Balance, end of year	1,847,705	2,971,291	4,902,914	2,632,558	534,378

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
Balance, end of year	716,546	1,218,154	1,184,245	0	190,089
Net book value, end of year	\$ 1,131,159	\$ 1,753,137	\$ 3,718,669	\$ 2,632,558	\$ 344,289

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

13. TANGIBLE CAPITAL ASSETS [CONTINUED]

Cost	Machinery plant and equipment	Vehicles	Assets under construction	Total 2013	Total 2012
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)
Balance, end of year	1,277,935	916,499	1,638,857	16,722,137	15,676,440

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

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013 [dollars in thousands]

14. ACCUMULATED SURPLUS

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

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

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

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:

Contractual obligations for capital works	\$
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:

Building and equipment lease payments	\$
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.

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

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:

Natural gas forward contracts	\$
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.

THE CITY OF OTTAWA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. TAXES AVAILABLE FOR MUNICIPAL PURPOSES

Taxes available for municipal purposes	2013	2012
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)
Total taxes available for municipal purposes	\$ 1,511,051	\$ 1,462,797

17. EXPENSES BY OBJECT

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

Expenses by object	2013	2012
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
Total expenses	\$ 2,970,043	\$ 2,894,449

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

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

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

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.

Budget Reconciliation	Revenue	Expenses
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
	5,766,410	5,878,761
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)
	(2,027,141)	(2,917,530)
Budget for financial statement purposes	\$ 3,739,269	\$ 2,961,231

21. COMPARATIVE FIGURES

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

2013

Financial and statistical schedules – unaudited

Revenues by Source – 5 year review [unaudited] [dollars in thousands]

Revenue by Source	2009	2010	2011	2012	2013
Taxes available for municipal purposes	\$ 1,286,044	\$ 1,358,107	\$ 1,407,982	\$ 1,462,797	\$ 1,511,051
Fees and user charges	2009	2010	2011	2012	2013
General administration	18,181	18,422	17,818	14,707	13,709
Paramedic services	901	1,007	789	943	817
Other protective services	59,732	60,759	59,871	64,409	65,370
Roads, traffic and parking	22,456	22,122	23,913	25,971	26,379
Public transit	121,710	159,539	171,567	176,396	177,584
Water and sewer	215,205	234,790	242,794	251,622	258,878
Waste and recycling services	37,630	40,576	44,329	42,222	39,481
Social housing	62,401	63,097	63,523	64,262	64,889
Parks and recreation	52,803	55,670	55,058	57,070	57,274
Planning and development	8,567	11,248	13,694	16,038	15,994
Long term care	15,605	15,738	15,858	16,048	16,319
Other	8,159	8,800	9,585	7,354	9,702
Total fees and user charges	623,350	691,768	718,799	737,042	746,396
Revenue by Source	2009	2010	2011	2012	2013
Government transfers	471,419	871,536	672,598	611,463	981,490
Contributed tangible capital assets	145,296	206,350	202,319	239,583	195,010
Development charges	81,392	136,031	124,224	114,931	161,931
Investment income	26,071	30,285	32,912	32,432	36,316
Fines and penalties	23,567	25,709	24,775	24,724	24,466
Other revenue	14,810	26,630	15,276	25,930	40,912
Equity in earnings of government business enterprises	29,414	30,522	26,762	31,150	34,008
Revenues	791,969	1,327,063	1,098,866	1,080,213	1,474,133
Total Revenues	\$ 2,701,363	\$ 3,376,938	\$ 3,225,647	\$ 3,280,052	\$ 3,731,580

Expenses by Function – 5 year review [unaudited] [dollars in thousands]

Expenses by Function	2009	2010	2011	2012	2013
General government ^[1]	\$ 104,799	\$ 107,933	\$ 103,396	\$105,969	\$107,493
Protection to persons and property	440,858	460,265	495,983	514,779	520,381
Roads, traffic, and parking	261,529	273,014	280,309	319,291	365,626
Transit	419,982	501,207	456,229	478,924	495,784
Environmental services	254,787	271,240	287,044	323,588	326,819
Health services	130,898	132,804	146,810	155,282	148,229
Social and family services	417,554	411,803	408,821	419,538	406,668
Social housing	239,302	235,399	246,254	221,520	231,455
Recreation and cultural services	278,456	271,469	270,649	294,873	294,167
Planning and development	51,063	53,942	109,053	60,685	73,421
Total expenses	\$ 2,599,228	\$ 2,719,076	\$ 2,804,548	\$ 2,894,449	\$ 2,970,043

^[1] Program support costs for operating expenses have been allocated to other functions using guidelines and methodologies reflected in the Ontario Financial Information Return

Consolidated Reserves & Reserve Funds – 5 year review [unaudited] [dollars in thousands]

Consolidated Reserves & Reserve Funds	2009	2010	2011	2012	2013
Reserves	\$ 2,422	\$ 609	\$ 3,992	\$ 9,711	\$ 8,121
Endowment ^[1]	202,380	195,105	185,008	183,361	176,642
Transportation and environmental services	10,670	91,111	101,159	53,949	154,669
Social housing and child care	24,604	50,833	34,360	57,584	71,802
Debt retirement	11,879	7,631	2,854	28	0
Equipment replacement	1,717	5,902	6,082	15,814	14,999
Insurance	4,236	2,138	2,155	2,321	2,368
Employment benefits	5,878	5,997	6,119	2,749	2,293
Other	8,898	11,130	8,468	7,184	7,916
Reserve Funds	270,262	369,847	346,205	322,990	430,689
Total reserves and reserve funds	\$ 272,684	\$ 370,456	\$ 350,197	\$ 332,701	\$ 438,810

^[1] A distribution of \$ 18,183 in 2013, \$9,698 in 2012 and \$21,253 in 2011 was made from the Endowment Fund to the City's Capital Program

Taxation and Assessments – 5 year review [unaudited]

Residential (Urban)	2009	2010	2011	2012	2013
Municipal city-wide	0.558213%	0.569744%	0.562050%	0.554056%	0.534135%
Municipal capital tax levy	0.010285%	0.000000%	0.000000%	0.000000%	0.000000%
Municipal fire	0.093602%	0.091666%	0.092515%	0.096114%	0.090729%
Municipal police	0.162402%	0.165692%	0.166392%	0.165282%	0.159237%
Municipal transit	0.172878%	0.178898%	0.178706%	0.177495%	0.169593%
Municipal conservation area	0.007092%	0.007326%	0.006848%	0.007028%	0.006857%
Education	0.252000%	0.241000%	0.231000%	0.221000%	0.212000%
Total residential tax rates	1.256472%	1.254326%	1.237511%	1.220975%	1.172551%

Non-residential (Commercial Urban)	2009	2010	2011	2012	2013
Municipal city-wide	1.110431%	1.085344%	1.047372%	1.012238%	1.009664%
Municipal capital tax levy	0.020459%	0.000000%	0.000000%	0.000000%	0.000000%
Municipal fire	0.192516%	0.178021%	0.172400%	0.175596%	0.171503%
Municipal police	0.323060%	0.315637%	0.310068%	0.301964%	0.301002%
Municipal transit	0.355566%	0.347431%	0.333016%	0.324276%	0.320578%
Municipal conservation area	0.014108%	0.013956%	0.012761%	0.012839%	0.012962%
Education	1.650981%	1.557604%	1.472223%	1.396652%	1.396652%
Total non-residential tax rates	3.667121%	3.497993%	3.347840%	3.223565%	3.212361%

Assessed Values [Dollars in Millions]	2009	2010	2011	2012	2013
Residential	\$ 79,191	\$ 80,867	\$ 83,076	\$ 85,545	\$ 93,005
Percentage of total	75.3%	75.4%	75.9%	76.7%	77.0%
Non-residential	\$ 25,995	\$ 26,337	\$ 26,390	\$ 26,017	\$ 27,775
Percentage of total	24.7%	24.6%	24.1%	23.3%	23.0%
Total assessment	\$ 105,186	\$ 107,204	\$ 109,466	\$ 111,562	\$ 120,780

Taxation and Assessments – 5 year review [unaudited] [dollars in thousands]

Taxes Receivable	2009	2010	2011	2012	2013
Taxes receivable at the beginning of the year	\$ 57,514	\$ 70,024	\$ 61,677	\$ 68,221	\$ 58,861
Property taxes levied	1,633,214	1,728,256	1,768,132	1,795,926	1,867,117
Non-tax items added for collection	35,294	39,326	48,604	58,227	48,696
Penalties and interest	10,734	11,146	10,932	11,010	11,275
In-year tax adjustments	(35,438)	(51,331)	(57,733)	(42,039)	(65,477)
Subtotal	\$ 1,701,318	\$ 1,797,421	\$ 1,831,612	\$ 1,891,345	\$ 1,920,472
Collections	2009	2010	2011	2012	2013
Current	\$ (1,549,293)	\$ (1,658,207)	\$ (1,672,571)	\$ (1,709,787)	\$ (1,739,334)
Arrears	(82,001)	(77,537)	(90,820)	(128,697)	(108,706)
Tax collections	\$ (1,631,294)	\$ (1,735,744)	\$ (1,763,391)	\$ (1,838,484)	\$ (1,848,040)
Net Taxes Receivable	2009	2010	2011	2012	2013
Taxes receivable at the end of the year	\$ 70,024	\$ 61,677	\$ 68,221	\$ 58,861	\$ 72,432
Allowance for doubtful accounts	(2,250)	(2,650)	(2,200)	(2,435)	(2,665)
Net taxes receivable at the end of the year	\$ 67,774	\$ 59,027	\$ 66,021	\$ 56,426	\$ 69,767
Percentage of current taxes collected	94.9%	95.9%	94.5%	95.2%	93.0%
Taxes outstanding as a percentage of the current year levy	4.2%	3.4%	3.7%	3.1%	3.7%

Investments – at amortized cost – 5 year review [unaudited] [dollars in thousands]

Investments	2009	2010	2011	2012	2013
City of Ottawa debentures	\$ 42,741	\$ 35,478	\$ 28,570	\$ 13,087	\$ 11,131
Federal government	177,848	125,225	208,980	310,250	257,397
Provincial government	193,316	124,906	110,834	122,464	121,526
Municipal government	135,217	117,740	114,885	102,131	115,605
Bank	78,580	86,028	262,427	438,614	282,295
Endowment	202,299	195,224	185,648	184,592	178,404
OCHC securities ^[1]	19,459	10,864	0	0	0
Other	42,894	42,446	32,072	74,408	79,395
Totals	\$ 892,354	\$ 737,911	\$ 943,416	\$ 1,245,546	\$ 1,045,753

^[1] Corporate bonds, common and foreign stock held for Ottawa Community Housing Corporation (OCHC)

Net Long-Term Debt – 5 year review [unaudited] [dollars in thousands]

Net Long-Term Debt	2009	2010	2011	2012	2013
Instalment and sinking fund debenture issued	\$ 748,212	\$ 998,659	\$ 1,141,881	\$ 1,403,617	\$ 1,637,756
Bank loan agreements and interest rate exchange agreements	11,327	10,876	35,399	80,089	72,769
The 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	(160,497)	(174,375)	(86,007)	(47,795)	(60,233)
Total net long-term debt	\$ 599,042	\$ 835,160	\$ 1,091,273	\$ 1,435,911	\$ 1,650,292

Net Long-Term Debt by Function – 5 year review [unaudited] [dollars in thousands]

Net Long-Term Debt by Function	2009	2010	2011	2012	2013
General Government	\$ 21,720	\$ 19,025	\$ 16,078	\$ 12,638	\$ 13,642
Fire	3,416	3,312	3,163	7,169	6,848
Police	19,450	30,756	27,430	34,386	38,305
Protective inspection	1,800	7,345	6,884	6,404	5,298
Roads	252,408	287,085	341,491	562,754	524,425
Public transit	121,154	225,400	258,142	264,793	337,615
Parking	638	245	83	0	0
Wastewater treatment	22,142	47,205	150,766	190,370	202,868
Water supply and distribution	77,606	102,633	135,361	178,682	187,722
Waste and recycling services	1,442	992	7,613	6,803	6,493
Environmental Remediation	0	0	0	1,813	1,653
Social housing	0	143	127	109	0
Parks and recreation	27,279	42,988	64,207	83,389	235,709
Libraries	5,902	5,751	5,503	5,243	4,922
Planning and development	7,156	30,060	47,158	55,588	60,779
Social and family services	36,929	32,220	27,267	25,073	23,382
Health	0	0	0	697	631
Total net long-term debt	\$ 599,042	\$ 835,160	\$ 1,091,273	\$ 1,435,911	\$ 1,650,292

Demographics and Other Information – 5 year review [unaudited]

Demographics	2009	2010	2011	2012	2013
Population	908,389	917,570	927,118	935,255	943,260
Households	371,973	377,098	382,873	387,732	392,704
Municipal full-time funded positions	2009	2010	2011	2012	2013
Full-time funded positions	14,287	14,575	14,947	14,737	14,664
Full-time funded positions per 1,000 population	15.7	15.9	16.1	15.8	15.6
Inflation, CPI annual increases (%) ^[1]	2009	2010	2011	2012	2013
Ottawa	0.5	2.6	3.0	1.3	1.0
Ontario	0.4	2.5	3.1	1.4	1.0
Canada	0.3	1.8	2.9	1.5	0.9
Unemployment rate (%) ^[1]	2009	2010	2011	2012	2013
Ottawa	6.1	6.5	5.6	6.2	6.3
Ontario	9.0	8.7	7.8	7.8	7.5
Canada	8.3	8.0	7.4	7.2	7.1
Housing information	2009	2010	2011	2012	2013
Housing starts ^[2]	5,522	6,046	5,521	5,730	6,284
Change from prior year (%)	(17.3)	9.5	(8.7)	3.8	9.7
Single family	2,228	2,035	1,957	1,424	1,596
Change from prior year (%)	(17.9)	8.7	(3.9)	7.28	12.08
Housing prices (000)	305	329	345	353	359
Change from prior year (%)	5.2	7.9	4.9	2.3	1.7
New housing price inflation (%) ^[3]	1.4	4.0	1.7	2.6	0.3
Value of building permits issues (in millions)	\$1,796	\$1,922	\$1,819	\$2,041	\$2,393
Change from prior year (%)	3.7	7.0	(5.4)	12.2	17.2

^[1] Statistics Canada

^[2] Central Mortgage and Housing Corporation (CMHC)

^[3] Ottawa Multiple Listing Service (MLS)