



**City of Ottawa  
Annual Report  
2011**

# Mayor's Message

August 2012

The City of Ottawa's 2011 Annual Report confirms that we are on a solid footing for the future. I am happy to say that we are delivering the services that residents expect and need in a prudent and responsible manner and our credit ratings have been reconfirmed based on sound financial management practices. The tireless efforts of Councillors and City staff working with our residents every day in every corner of the city have made all this possible.



2011 was a great year in many ways for the City of Ottawa and we received many accolades, including being named the best city to live in Canada by *MoneySense* magazine for the third year in a row. Our drinking water was again recognized by the Ontario Ministry of Environment as among the safest in the world; the City of Ottawa was listed among Canada's Top 100 employers by the *Globe and Mail*; and we placed among the Top 15 Cities in the World for quality of life in the 2011 Mercer Quality of Living survey.

In the fall of 2011, I was pleased to host the first-ever Mayor's Seniors Summit at City Hall. This event provided an important opportunity to take stock and start planning for the service needs of our aging population and will result in the adoption of our Older Adult Plan later this year. We launched Ontario's first downtown segregated bike lane as a pilot project and we continued to make progress on building for the future with ambitious infrastructure projects such as the revitalization of Lansdowne Park, the Ottawa River Action Plan, initiating Ottawa on the Move and the preparatory work for our new Light Rapid Transit system.

There are many good reasons to be very proud of where we live and our accomplishments together. As a beautiful G8 capital, we are a safe, clean and vibrant community with an excellent quality of life. We are rich in culture and heritage and surrounded by a picturesque natural setting offering many recreational opportunities.

It is a great privilege to serve as Mayor of one of the best cities in the world in which to live, work, invest, play and raise a family. I encourage everyone to take a moment to read this Annual Report and learn a little bit more about the place we all call home.

Sincerely,

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

Jim Watson  
Mayor

## 2011 Annual Report Message from the City Manager

August 2012

I am very pleased to present the City of Ottawa's 2011 Annual Report, which reflects a sound financial position despite challenging economic times globally and locally in 2011.

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



While the amount of debt is increasing, it remains proportional to our assets. It is also well within the prudent parameters established by City Council and is used entirely for capital infrastructure.

With a population of more than 920,000 people and approximately 125 lines of business, delivering services to our residents is an ongoing challenge. Our growth rate is faster than both Canada's and Ontario's. This places an important responsibility on City Council and City staff to strike a 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 2011 Annual Report and further supported by the reconfirmation of our credit ratings, demonstrates the commitment of City Council and City staff to continued responsible financial management and respect for taxpayer dollars.

Earlier this year, the City of Ottawa had the privilege of being named one of the Top 100 employers in Canada in a rigorous annual survey conducted for *The Globe and Mail* newspaper. This objective outside assessment highlights a culture where employees can take pride in what they do best – serving the citizens of Ottawa and focusing on achieving this Term of Council's corporate priorities.

We take great pride in the services we deliver to our residents and we continually strive for greater excellence. It is an honour to serve the residents of Ottawa each and every day.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kent Kirkpatrick', followed by a long horizontal line extending to the right.

Kent Kirkpatrick  
City Manager

## **2011 Financial statement discussion and analysis**

## INTRODUCTION

The City of Ottawa 2011 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, 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 2011 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 a slight decline in housing starts and building permits activity during 2011, following a strong response to the 2009 global economic downturn.

At December 31, 2011, with comparative information for 2010.

<b>Economic Environment</b>	2011	2010	% Change
Population	927,118	917,570	1.04%
Residential housing starts <sup>[2]</sup>	5,521	6,046	(8.7%)
Value of building permits issued ( in millions)	1,819	1,922	(5.36%)
Inflation, CPI annual increases (%) <sup>[1]</sup>	3.0	2.6	15.38%
Unemployment rate (%) <sup>[1]</sup>	5.6	6.5	(13.85%)

[1] *Statistics Canada*

[2] *Canada Mortgage and Housing Corporation (CMHC)*

The City of Ottawa had an estimated population of 927,118 at the end of 2011, which represents an increase of 13.9% since 2001. This growth rate is faster than both Canada's rate (11.2%) and Ontario's (12.4%). Ottawa accounts for approximately three-quarters of the population of the Greater Ottawa-Gatineau Area, which has a combined total population of close to 1.4 million.

Population growth is expected to continue. The City's most recent growth projection adopted by Council in November 2007 predicts growth of 11.2% between 2011 and 2021 to 1,031,300. Immigration is a major reason Ottawa's population will continue to grow.

## THE OUTLOOK

Relative to the province and the country as a whole, global economic uncertainty has had less of an impact on demographic and economic indicators for the City. Ottawa's economy continues to strengthen in a low interest environment although certain of Ottawa's indicators are showing signs of a slowdown. Residential housing starts were down in 2011 and although there were improvements in the unemployment rate in 2011, the full impact of federal government restraint plans on the local economy in 2012 remains to be seen.

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 planned light rail transit program, 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, 2011, with comparative information for 2010 [*dollars in thousands*]

<b>Consolidated financial position</b>	<b>2011</b>	<b>2010</b>
A. Financial assets	\$ 1,789,660	\$ 1,615,252
B. Financial liabilities	2,887,578	2,666,907
C. Net debt	(1,097,918)	(1,051,655)
D. Non-financial assets	11,391,671	10,924,309
E. Accumulated surplus (C + D)	\$ 10,293,753	\$ 9,872,654

Financial assets increased by approximately \$174 million. This is largely due to increases in cash and investments totaling approximately \$210 million, an increase of \$9 million in investment in government business enterprises, offset by a reduction in accounts receivable of approximately \$45 million.

The growth in financial liabilities of \$221 million includes increases of \$256 million in net long-term debt and \$33 million in employee future benefits and pension agreements which were offset by a \$43 million reduction in deferred revenue and decreases in other financial liabilities of approximately \$25 million. Net long-term debt was increased to support the City's tangible capital asset program in a continued low interest rate environment. The low interest rate environment also contributed to a lower discount rate, which had the effect of increasing liabilities for employee future benefits and pension agreements. The decrease in deferred revenues reflects the use of gas tax revenues and other government transfers to support the tangible capital asset program.

The City's accumulated surplus has increased by \$421 million, as reflected by the \$467 million increase in non-financial assets (tangible capital assets), net of the \$46 million increase in the net debt position.

## ACCUMULATED SURPLUS AND RESERVES AND RESERVE FUNDS

Reserves and reserve funds are a component of accumulated surplus. In 2011, reserves and reserve funds decreased by approximately \$20 million due mainly to higher spending for renovations and retrofitting programs affecting Ottawa Community Housing Corporation reserve funds.

### ACCUMULATED SURPLUS

As at December 31, 2011, with comparative information for 2010 *[dollars in thousands]*

<b>Surplus</b>	<b>2011</b>	<b>2010</b>
Invested in tangible capital assets <sup>[1]</sup>	\$ 10,051,129	\$ 9,598,520
Unfunded - Employee benefits	(408,056)	(375,772)
Unfunded - Landfill closure costs	(8,761)	(11,108)
Unfunded - Other	(42,524)	(51,948)
<b>Total surplus</b>	<b>9,591,788</b>	<b>9,159,692</b>
<b>Reserves set aside by Council</b>	<b>\$ 3,992</b>	<b>\$ 609</b>

<b>Reserve funds set aside for specific purposes by Council</b>	<b>2011</b>	<b>2010</b>
Endowment	\$ 185,008	\$ 195,105
Transportation and environmental services	101,159	91,111
Social housing and child care	34,360	50,833
Debt retirement	2,854	7,631
Equipment replacement	6,082	5,902
Insurance	2,155	2,138
Employment benefits	6,119	5,997
Other	8,468	11,130
<b>Total reserve funds</b>	<b>346,205</b>	<b>369,847</b>
<b>Equity in government enterprises</b>	<b>351,768</b>	<b>342,506</b>
<b>Accumulated Surplus</b>	<b>\$ 10,293,753</b>	<b>\$ 9,872,654</b>

[1] The net investment in capital assets is equal to the net carrying value of capital assets minus the debt portion related to these assets

## FINANCIAL ANALYSIS REVIEW

### Budget to Actual Comparison

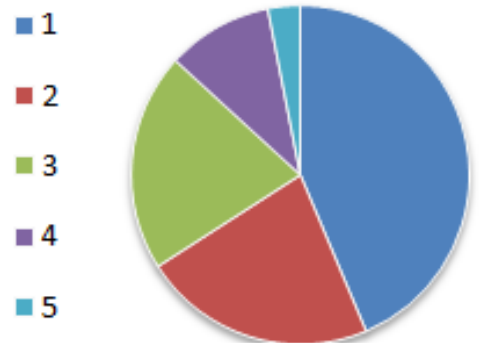
For the year ended December 31, 2011 [dollars in thousands]

<b>Revenues – Budget to Actual Comparison</b>	<b>Budget 2011</b>	<b>Actual 2011</b>	<b>Favourable/ (Unfavourable)</b>
Taxes available for municipal purposes	\$ 1,405,168	\$ 1,407,982	\$ 2,814
Fees and user charges	712,287	718,799	6,512
Government grants	659,909	672,598	12,689
Contributed tangible capital assets	202,319	202,319	0
Development charges	124,224	124,224	0
Investment income	31,159	32,912	1,753
Fines and penalties	27,182	24,775	(2,407)
Other revenue	17,430	15,276	(2,154)
Equity in earnings of government business enterprises	24,716	26,762	2,046
<b>Total Revenues</b>	<b>\$ 3,204,394</b>	<b>\$ 3,225,647</b>	<b>\$ 21,253</b>

**Fees and user charges** were higher than budget partly due to higher commodity market prices for recycled materials. In addition, increased transit ridership contributed to higher fares compared to budget.

**Government grants** exceeded budget due to increased funding to match higher expenses for paramedic services, and social services programs.

<b>Sources of Revenue</b>	<b>\$</b>	<b>%</b>
Taxes available for municipal purposes	1,407,982	44%
Fees and user charges	718,799	22%
Government grants	672,598	21%
Development charges and contributed tangible capital assets	326,543	10%
Other	99,725	3%
<b>Total Revenue</b>	<b>3,225,647</b>	<b>100%</b>





## Budget to Actual Comparison

For the year ended December 31, 2011 [dollars in thousands]

<b>Expenses – Budget to Actual Comparison</b>	<b>Budget 2011</b>	<b>Actual 2011</b>	<b>Favourable/ (Unfavourable)</b>
General government	\$ 100,342	\$ 103,396	\$ (3,054)
Protection to persons and property	491,669	495,983	(4,314)
Roads, traffic and parking	302,509	280,309	22,200
Transit	446,396	456,229	(9,833)
Environmental services	301,356	287,044	14,312
Health services	146,876	146,810	66
Social and family services	404,226	408,821	(4,595)
Social housing	248,016	246,254	1,762
Recreation and cultural services	262,538	270,649	(8,111)
Planning and development	110,258	109,053	1,205
<b>Total expenses</b>	<b>\$ 2,814,186</b>	<b>\$ 2,804,548</b>	<b>\$ 9,638</b>

**Roads, traffic and parking costs** were lower than budgeted due to lower winter maintenance costs associated with a mild winter.

**Transit** expenses were higher than budget primarily due to increased fuel consumption and compensation costs.

**Environmental services** expenses were lower than budget due to staff vacancies early in the year.

## Revenues – Comparison to prior year

For the year ended December 31, 2011, with comparative information for 2010 [dollars in thousands]

Revenues – Comparison to prior year	Actual 2011	Actual 2010	Increase/ (Decrease)
Taxes available for municipal purposes	\$ 1,407,982	\$ 1,358,107	\$ 49,875
Fees and user charges	718,799	691,768	27,031
Government grants	672,598	871,536	(198,938)
Contributed tangible capital assets	202,319	206,350	(4,031)
Development charges	124,224	136,031	(11,807)
Investment income	32,912	30,285	2,627
Fines and penalties	24,775	25,709	(934)
Other revenue	15,276	26,630	(11,354)
Equity in earnings of government business enterprises	26,762	30,522	(3,760)
<b>Total Revenues</b>	<b>\$ 3,225,647</b>	<b>\$ 3,376,938</b>	<b>\$ (151,291)</b>

**Taxes available for municipal purposes** increased due to a combination of a 2.45% property tax increase for all City properties, and the effect of growth in the property tax base.

**Fees and user charges** were higher due in part to higher revenues on the public transit system. Transit recorded an increase in ridership in 2011, reaching an all-time high of 103.5 million trips, which had a positive impact on transit revenue of \$12 million. The bulk of the remaining increase is due to a combined 8% water and sewer surcharge rate increase.

**Government grants** decreased primarily due to the completion of the Federal/Provincial stimulus program in March 2011. Associated revenue under the Federal/Provincial gas tax program and reduced one-time funding under other cost-sharing agreements contributed to an overall reduction of government funding for tangible capital assets of approximately \$216 million in 2011 compared to the prior year. This was partially offset by increased operating funding for growth associated with paramedic, public health, social and family services totaling approximately \$17 million.

**Development charges** recorded as income during 2011 is reflective of the decrease in growth related project spending during the year. Decreases are mainly in the areas of transit, water and roads. Development charge receipts are recorded as deferred revenue until the fiscal year when the related expenditures are incurred, at which point they are recorded as income.

**Investment income** was higher than in 2010 due to higher cash balances and investment returns on bonds and money market investments.

**Other revenue** was lower mainly as a result of a decrease in the number of tangible capital asset projects funded through cash in lieu of parkland revenues.

## Expenses – Comparison to prior year

For the year ended December 31, 2011, with comparative information for 2010 [dollars in thousands]

<b>Expenses – Comparison to prior year</b>	<b>Actual 2011</b>	<b>Actual 2010</b>	<b>Increase/ (Decrease)</b>
General government	\$ 103,396	\$ 107,933	\$ (4,537)
Protection to persons and property	495,983	460,265	35,718
Roads, traffic, and parking	280,309	273,014	7,295
Transit	456,229	501,207	(44,978)
Environmental services	287,044	271,240	15,804
Health services	146,810	132,804	14,006
Social and family services	408,821	411,803	(2,982)
Social housing	246,254	235,399	10,855
Recreation and cultural services	270,649	271,469	(820)
Planning and development	109,053	53,942	55,111
<b>Total expenses</b>	<b>\$ 2,804,548</b>	<b>\$ 2,719,076</b>	<b>\$ 85,472</b>

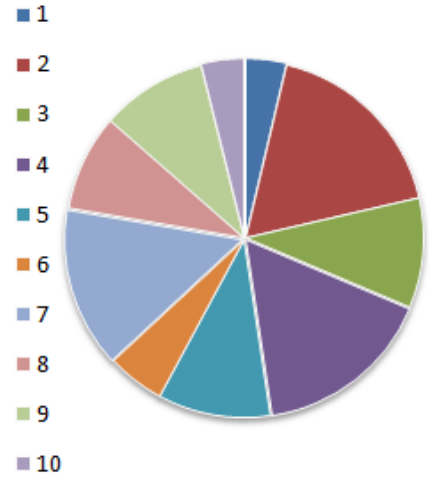
**Protection to persons and property** spending increased due to growth required to staff two new fire stations, and compensation relating to contract settlements for police services.

**Transit** expenses decreased in 2011 compared to 2010 primarily as a result of prior year adjustments related to amortization, loss on disposal, and write down of assets.

**Environmental services** expenses increased mainly due to legal claims, as well as emergency water main repairs, and inflationary increases to materials and services.

**Planning and development:** expenses increased primarily due to a one-time loss associated with the change in the use of a land parcel sold during the year.

<b>Expenses</b>	<b>\$</b>	<b>%</b>
General government	\$ 103,396	4%
Protection to persons and property	495,983	18%
Roads, traffic, and parking	280,309	10%
Transit	456,229	16%
Environmental services	287,044	10%
Health services	146,810	5%
Social and family services	408,821	15%
Social housing	246,254	9%
Recreation and cultural services	270,649	10%
Planning and development	109,053	4%
<b>Total Expenses</b>	<b>\$ 2,804,548</b>	<b>100%</b>



## **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 2011, the City arranged long-term financing totalling \$331 million on various terms up to thirty years at interest rates ranging from 1.1% to 4.6%. The proceeds were used to finance various City capital works including the construction and major rehabilitation of bridges, the City Archives, the Ottawa Congress Centre, road works, Lemieux Island transmission mains and various waste water capital works. In addition to issuing debentures in the financial markets, the City entered into a loan agreement for \$25 million with a Canadian bank, arranged financing with Canada Mortgage and Housing Corporation under its Municipal Infrastructure Lending program in the amount of \$23.7 million and received financing in the amount of \$50 million from Ontario Infrastructure and Lands Corporation. Full details of these debenture issues were reported to Council 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 the fiscal framework principles as approved by Council in 2007. Two of the key targets established by Council which are to be reported on annually by the Treasurer were as follows:

- 1) "Principal and interest payments for tax and rate supported debt not to exceed 7.5% of the City's 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 2011 for long-term debt were \$122.8 million, which represents 5.2% 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.

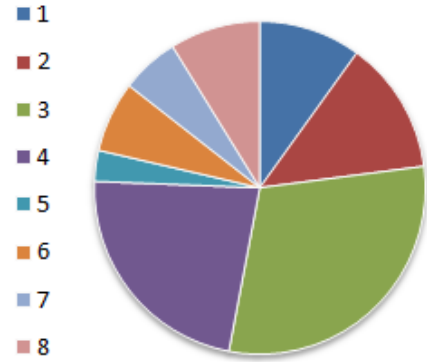
Regarding the second key target, non-legacy projects are defined as capital works associated with the rehabilitation and renewal of existing City infrastructure along with the construction of new infrastructure to address growth pressures. Debt servicing for these projects is within the target mentioned 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.

<b>Tangible Capital Assets</b>	<b>\$ NBV</b>	<b>%</b>
Buildings and improvements	1,126,348	10%
Roads	1,474,571	13%
Water/wastewater	3,411,836	30%
Land	2,569,875	23%
Land improvements	342,625	3%
Machinery, plant and equipment	784,990	7%
Vehicles	640,146	6%
Assets under construction	998,236	8%
<b>Total Tangible Capital Assets</b>	<b>\$11,348,627</b>	<b>100%</b>



## 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 generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. 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  
June 14, 2012

**2011 Financial and statistical schedules – unaudited**



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

Revenue by Source	2007	2008	2009	2010	2011
<b>Taxes available for municipal purposes</b>	<b>\$ 1,143,891</b>	<b>\$ 1,229,794</b>	<b>\$ 1,286,044</b>	<b>\$ 1,358,107</b>	<b>\$ 1,407,982</b>
<b>Fees and user charges</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General administration	13,904	17,770	18,181	18,422	17,818
Paramedic services	517	681	901	1,007	789
Other protective services	54,383	58,897	59,732	60,759	59,871
Roads, traffic and parking	21,968	24,836	22,456	22,122	23,913
Public transit	129,916	131,273	121,710	159,539	171,567
Water and sewer	191,797	198,824	215,205	234,790	242,794
Waste and recycling services	39,666	43,226	37,630	40,576	44,329
Social housing	61,486	62,037	62,401	63,097	63,523
Parks and recreation	41,012	50,566	52,803	55,670	55,058
Planning and development	8,203	8,006	8,567	11,248	13,694
Long term care	14,908	15,229	15,605	15,738	15,858
Other	9,666	6,652	8,159	8,800	9,585
<b>Total fees and user charges</b>	<b>587,426</b>	<b>617,997</b>	<b>623,350</b>	<b>691,768</b>	<b>718,799</b>
<b>Revenue by Source</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Government grants	505,763	470,948	471,419	871,536	672,598
Contributed tangible capital assets <sup>[1]</sup>	0	0	145,296	206,350	202,319
Development charges	76,461	71,840	81,392	136,031	124,224
Investment income	51,949	50,108	26,071	30,285	32,912
Fines and penalties	23,062	23,797	23,567	25,709	24,775
Other revenue	10,883	14,078	14,810	26,630	15,276
Equity in earnings of government business enterprises	27,298	48,756	29,414	30,522	26,762
<b>Revenues</b>	<b>695,416</b>	<b>679,527</b>	<b>791,969</b>	<b>1,327,063</b>	<b>1,098,866</b>
<b>Total Revenues</b>	<b>\$ 2,426,733</b>	<b>\$ 2,527,318</b>	<b>\$ 2,701,363</b>	<b>\$ 3,376,938</b>	<b>\$ 3,225,647</b>

<sup>[1]</sup> Beginning in 2009, the statement of operations includes revenues from contributed tangible capital assets to comply with Public Sector Accounting Board (PSAB) regulations.

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

Expenses by Function	2007 <sup>[2]</sup>	2008 <sup>[2]</sup>	2009 <sup>[3]</sup>	2010	2011
General government <sup>[1]</sup>	\$ 135,322	\$ 132,191	\$ 104,799	\$ 107,933	\$ 103,396
Protection to persons and property	408,461	427,651	440,858	460,265	495,983
Roads, traffic, and parking	254,207	323,794	261,529	273,014	280,309
Transit	373,414	417,376	419,982	501,207	456,229
Environmental services	284,340	319,650	254,787	271,240	287,044
Health services	104,991	117,083	130,898	132,804	146,810
Social and family services	425,490	409,081	417,554	411,803	408,821
Social housing	172,803	184,521	239,302	235,399	246,254
Recreation and cultural services	222,497	237,283	278,456	271,469	270,649
Planning and development	52,374	44,374	51,063	53,942	109,053
	\$	\$	\$	\$	\$
<b>Total expenses</b>	<b>2,433,899</b>	<b>2,613,004</b>	<b>2,599,228</b>	<b>2,719,076</b>	<b>2,804,548</b>

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

<sup>[2]</sup>The years 2007 and 2008 include the total amount of capital expenditures previously expensed on the Consolidated Statement of Financial Activities

<sup>[3]</sup>Beginning in 2009, certain capital expenditures are reflected as tangible capital assets on the Consolidated Statement of Financial Position, and are not included on this statement.

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

Consolidated Reserves & Reserve Funds	2007	2008	2009	2010	2011
Reserves	\$ 25,934	\$ 14,721	\$ 2,422	\$ 609	\$ 3,992
Endowment <sup>[1]</sup>	203,827	211,337	202,380	195,105	185,008
Transportation and environmental services	89,821	56,685	10,670	91,111	101,159
Social housing and child care	63,664	58,091	24,604	50,833	34,360
Debt retirement	19,904	16,043	11,879	7,631	2,854
Equipment replacement	18,862	14,405	1,717	5,902	6,082
Insurance	3,951	3,632	4,236	2,138	2,155
Employment benefits	6,054	5,762	5,878	5,997	6,119
Other	5,882	6,483	8,898	11,130	8,468
<b>Reserve Funds</b>	<b>411,965</b>	<b>372,438</b>	<b>270,262</b>	<b>369,847</b>	<b>346,205</b>
<b>Total reserves and reserve funds</b>	<b>\$ 437,899</b>	<b>\$ 387,159</b>	<b>\$ 272,684</b>	<b>\$ 370,456</b>	<b>\$ 350,197</b>

<sup>[1]</sup> A distribution of \$21,253 in 2011 and \$13,643 in 2010 was made from the Endowment Fund to the City's Capital Program

## Taxation and Assessments – 5 year review [unaudited]

<b>Residential (Urban)</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Municipal city-wide	0.529338%	0.523131%	0.558213%	0.569744%	0.562050%
Municipal capital tax levy	0	0.018359%	0.010285%	0.000000%	0.000000%
Municipal fire	0.072411%	0.088906%	0.093602%	0.091666%	0.092515%
Municipal police	0.148423%	0.162492%	0.162402%	0.165692%	0.166392%
Municipal transit	0.174257%	0.182093%	0.172878%	0.178898%	0.178706%
Municipal conservation area	0.006298%	0.006850%	0.007092%	0.007326%	0.006848%
Municipal hydrant	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Education	0.264000%	0.264000%	0.252000%	0.241000%	0.231000%
<b>Total residential tax rates</b>	<b>1.194727%</b>	<b>1.245831%</b>	<b>1.256472%</b>	<b>1.254326%</b>	<b>1.237511%</b>

<b>Non-residential (Commercial Urban)</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Municipal city-wide	1.136022%	1.102941%	1.110431%	1.085344%	1.047372%
Municipal capital tax levy	0	0.038706%	0.020459%	0.000000%	0.000000%
Municipal fire	0.155403%	0.190803%	0.192516%	0.178021%	0.172400%
Municipal police	0.318533%	0.342589%	0.323060%	0.315637%	0.310068%
Municipal transit	0.373978%	0.390793%	0.355566%	0.347431%	0.333016%
Municipal conservation area	0.013516%	0.014441%	0.014108%	0.013956%	0.012761%
Municipal hydrant	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Education	1.747985%	1.744678%	1.650981%	1.557604%	1.472223%
<b>Total non-residential tax rates</b>	<b>3.745437%</b>	<b>3.824951%</b>	<b>3.667121%</b>	<b>3.497993%</b>	<b>3.347840%</b>

<b>Assessed Values [Dollars in Millions]</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Residential	\$ 66,471	\$ 67,757	\$ 79,191	\$ 80,867	\$ 83,076
Percentage of total	76.5%	76.6%	75.3%	75.4%	75.9%
Non-residential	\$ 20,401	\$ 20,702	\$ 25,995	\$ 26,337	\$ 26,390
Percentage of total	23.5%	23.4%	24.7%	24.6%	24.1%
<b>Total assessment</b>	<b>\$ 86,872</b>	<b>\$ 88,459</b>	<b>\$ 105,186</b>	<b>\$ 107,204</b>	<b>\$ 109,466</b>

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

<b>Taxes Receivable</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Taxes receivable at the beginning of the year	\$ 50,426	\$ 56,188	\$ 57,514	\$ 70,024	\$ 61,677
Property taxes	1,463,316	1,561,391	1,633,214	1,728,256	1,768,132
Non-tax items for collection	30,887	32,621	35,294	39,326	48,604
Penalties	9,795	10,874	10,734	11,146	10,932
Cancellation of tax arrears	(32,383)	(32,721)	(38,212)	(52,684)	(61,261)
Write-off of taxes	3,878	2,519	2,774	1,353	3,528
<b>Subtotal</b>	<b>\$ 1,525,919</b>	<b>\$ 1,630,872</b>	<b>\$ 1,701,318</b>	<b>\$ 1,797,421</b>	<b>\$ 1,831,612</b>

<b>Collections</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
	\$	\$	\$	\$	\$
Current	(1,393,156)	(1,495,099)	(1,549,293)	(1,658,207)	(1,672,571)
Arrears	(76,575)	(78,259)	(82,001)	(77,537)	(90,820)
	\$	\$	\$	\$	\$
<b>Tax collections</b>	<b>(1,469,731)</b>	<b>(1,573,358)</b>	<b>(1,631,294)</b>	<b>(1,735,744)</b>	<b>(1,763,391)</b>

<b>Net Taxes Receivable</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Taxes receivable at the end of the year	\$ 56,188	\$ 57,514	\$ 70,024	\$ 61,677	\$ 68,221
Allowance for doubtful accounts	(1,690)	(2,200)	(2,250)	(2,650)	(2,200)
<b>Net taxes receivable at the end of the year</b>	<b>\$ 54,498</b>	<b>\$ 55,314</b>	<b>\$ 67,774</b>	<b>\$ 59,027</b>	<b>\$ 66,001</b>
Percentage of current taxes collected	95.2%	95.8%	94.9%	95.9%	94.5%
Taxes outstanding as a percentage of the current year levy	3.7%	3.5%	4.2%	3.4%	3.7%

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

<b>Investments</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
City of Ottawa debentures	\$ 38,265	\$ 42,710	\$ 42,741	\$ 35,478	\$ 28,570
Federal government	133,792	255,325	177,848	125,225	208,980
Provincial government	81,756	111,729	193,316	124,906	110,834
Municipal government	116,698	117,786	135,217	117,740	114,885
Bank	128,544	129,482	78,580	86,028	262,427
Endowment	202,831	210,750	202,299	195,224	185,648
OCHC securities <sup>[1]</sup>	36,875	37,820	19,459	10,864	0
Other	54,526	34,395	42,894	42,446	32,072
<b>Totals</b>	<b>\$ 793,287</b>	<b>\$ 939,997</b>	<b>\$ 892,354</b>	<b>\$ 737,911</b>	<b>\$ 943,416</b>

<sup>[1]</sup> Corporate bonds, common and foreign stock held for Ottawa Community Housing Corporation (OCHC)

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

<b>Net Long-Term Debt</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Instalment and sinking fund debenture issued	\$ 634,023	\$ 735,338	\$ 748,212	\$ 998,659	\$ 1,141,881
Bank loan agreements and interest rate exchange agreements	12,150	11,719	11,327	10,876	35,399
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	(177,145)	(193,826)	(160,497)	(174,375)	(86,007)
<b>Total net long-term debt</b>	<b>\$ 469,028</b>	<b>\$ 553,231</b>	<b>\$ 599,042</b>	<b>\$ 835,160</b>	<b>\$ 1,091,273</b>

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

<b>Net Long-Term Debt by Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General Government <sup>[1]</sup>	\$ 32,002	\$ 24,794	\$ 21,720	\$ 19,025	\$ 16,078
Fire	64	3,078	3,416	3,312	3,163
Police	16,404	16,601	19,450	30,756	27,430
Protective inspection	0	0	1,800	7,345	6,884
Roads	228,562	248,590	252,408	287,085	341,491
Public transit	57,165	80,298	121,154	225,400	258,142
Parking	2,152	1,395	638	245	83
Wastewater treatment	21,036	20,246	22,142	47,205	150,766
Water supply and distribution	24,388	73,065	77,606	102,633	135,361
Waste and recycling services	2,281	1,873	1,442	992	7,613
Social housing	0	0	0	143	127
Parks and recreation	23,887	27,748	27,279	42,988	64,207
Libraries	6,324	6,118	5,902	5,751	5,503
Planning and development	9,120	8,025	7,156	30,060	47,158
Social and family services	45,643	41,400	36,929	32,220	27,267
<b>Total net long-term debt</b>	<b>\$ 469,028</b>	<b>\$ 553,231</b>	<b>\$ 599,042</b>	<b>\$ 835,160</b>	<b>\$ 1,091,273</b>

<sup>[1]</sup> Consists primarily of debt outstanding related to former corporate administrative accommodation

## Demographics and Other Information – 5 year review [unaudited]

<b>Demographics</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Population</b>	888,882	898,000	908,389	917,570	927,118
<b>Households</b>	360,580	365,800	371,973	377,098	382,873
<b>Municipal full time equivalents</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
FTE	13,788	14,320	14,559	14,774	14,947
FTE per 1,000 population	15.5	15.9	16.0	16.1	16.1
<b>Inflation, CPI annual increases (%)</b> <sup>[1]</sup>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Ottawa	1.9	2.2	0.5	2.6	3.0
Ontario	1.8	2.3	0.4	2.5	3.1
Canada	2.2	2.3	0.3	1.8	2.9
<b>Unemployment rate (%)</b> <sup>[1]</sup>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Ottawa	5.1	4.9	6.1	6.5	5.6
Ontario	6.4	6.5	9.0	8.7	7.8
Canada	6.0	6.1	8.3	8.0	7.4
<b>Housing information</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Housing starts <sup>[2]</sup>	6,218	6,679	5,522	6,046	5,521
Change (%)	10.5	7.4	(17.3)	9.5	(8.7)
Single family	2,722	2,715	2,228	2,035	1,957
Change (%)	20.9	(0.3)	(17.9)	8.7	(3.9)
Housing prices (000)	273	290	305	329	345
Change (%)	6.6	6.2	5.2	7.9	4.9
New housing price inflation (%) <sup>[1]</sup>	1.7	3.8	1.4	4.0	1.7
Value of building permits issues (in millions)	\$1,892	\$1,733	\$1,796	\$1,922	\$1,819
Change (%)	13.3	(8.4)	3.7	7.0	(5.4)

<sup>[1]</sup> Statistics Canada

<sup>[2]</sup> Central Mortgage and Housing Corporation (CMHC)

<sup>[3]</sup> Ottawa Multiple Listing Service (MLS)