



AUDIT COMMITTEE AGENDA

Audit Committee Meeting
Tuesday, June 19, 2018
Tom Davies Square

COUNCILLOR DEB MCINTOSH, CHAIR

Mike Jakubo, Vice-Chair

4:00 p.m. AUDIT COMMITTEE MEETING
COUNCIL CHAMBER

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DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

PRESENTATIONS

1. Report dated May 25, 2018 from the General Manager of Corporate Services regarding 2017 Audit Findings Report. **4 - 20**
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)
 - Oscar Poloni, KPMG

(This report provides the audit findings with respect to the 2017 year-end.)

2. Report dated June 4, 2018 from the General Manager of Corporate Services regarding 2017 Annual Financial Statements. **21 - 114**
(ELECTRONIC PRESENTATION) (RESOLUTION PREPARED)
 - Lorraine Laplante, Manager of Accounting/Deputy Treasurer

(This report recommends that the Consolidated Financial Statements of the City of Greater Sudbury and the Financial Statements of the City of Greater Sudbury Trust Funds for the year ended December 31, 2017 be adopted by Council.)

CONSENT AGENDA

(For the purpose of convenience and for expediting meetings, matters of business of repetitive or routine nature are included in the Consent Agenda, and all such matters of business contained in the Consent Agenda are voted on collectively.

A particular matter of business may be singled out from the Consent Agenda for debate or for a separate vote upon the request of any Councillor. In the case of a separate vote, the excluded matter of business is severed from the Consent Agenda, and only the remaining matters of business contained in the Consent Agenda are voted on collectively.

Each and every matter of business contained in the Consent Agenda is recorded separately in the minutes of the meeting.)

CORRESPONDENCE FOR INFORMATION ONLY

- C-1. Report dated June 1, 2018 from the General Manager of Corporate Services regarding 2017 Operating Budget Variance Report - December. **115 - 124**
(FOR INFORMATION ONLY)

(This report provides a year end projection based on expenditures and revenues to the end of December, 2017.)

- C-2. Report dated June 1, 2018 from the Auditor General regarding Annual Status Report on the Wrongdoing Hotline. **125 - 133**
(FOR INFORMATION ONLY)

(This report summarizes the complaints received from June 1, 2017 to May 31, 2018 and provides comparative statistics for the previous year.)

- C-3. Reserves and Reserve Funds Balances as of December 31, 2017
(FOR INFORMATION ONLY) (REPORT TO FOLLOW)

(This report advises of the balances in the Reserves and Reserve Funds at December 31, 2017.)

REGULAR AGENDA

MANAGERS' REPORTS

- R-1. Report dated May 31, 2018 from the Auditor General regarding Governance Audit of the City of Greater Sudbury Community Development Corporation. **134 - 143**
(RESOLUTION PREPARED)
(This report identifies opportunities to improve the governance processes for the GSDC.)
- R-2. Report dated May 31, 2018 from the Auditor General regarding Governance Audit of the Greater Sudbury Police Services Board. **144 - 153**
(RESOLUTION PREPARED)
(This report identifies opportunities for improvements to the City's oversight processes for the Greater Sudbury Police Services Board.)

ADDENDUM

CIVIC PETITIONS

QUESTION PERIOD AND ANNOUNCEMENTS

NOTICES OF MOTION

ADJOURNMENT

For Information Only

2017 Audit Findings Report

Presented To:	Audit Committee
Presented:	Tuesday, Jun 19, 2018
Report Date	Friday, May 25, 2018
Type:	Presentations

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to Responsive, Fiscally Prudent, Open Governance: Focus on openness, transparency and accountability in everything we do.

Report Summary

Audit standards require auditors to communicate specific information to an Audit Committee. The City's external auditors will be presenting their findings and statutory communications for the 2017 year-end.

Financial Implications

There are no financial implications associated with this report.

Signed By

Report Prepared By

Christina Dempsey
Co-ordinator of Accounting
Digitally Signed May 25, 18

Manager Review

Lorraine Laplante
Manager of Accounting
Digitally Signed May 25, 18

Division Review

Ed Stankiewicz
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Financial Implications

Jim Lister
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Recommended by the Department

Kevin Fowke
General Manager of Corporate
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Digitally Signed May 25, 18

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed May 29, 18

Background

For entities with public accountability, auditing standards require auditors to communicate specific information to an Audit Committee. The City's external auditors will be presenting their Audit Findings Report with respect to the 2017 year-end to the Audit Committee. Their presentation will cover the following issues:

- Audit Opinion
- Independence
- Audit Highlights and Findings
- Internal Control Recommendations

The purpose of their presentation will be to communicate to the Committee a summary of any significant findings and other matters which our external auditors believe should be brought to your attention, thereby assisting this Committee with respect to their review and recommendation to Council for approval of the 2017 Consolidated Financial Statements of the City of Greater Sudbury. Attached is the complete Audit Findings Report prepared by the external auditors.

In addition to reporting all financial transactions appropriately following Generally Accepted Accounting Principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, management also has a responsibility to apply their best judgment at the time in preparing accounting estimates and/or disclosures in the financial statements.

The concept of materiality is applied in determining whether or not the statements are considered to be a fair representation. Materiality includes both qualitative and quantitative factors which are assessed in the light of whether or not they may be likely to influence the decisions made by persons relying on the financial statements. The external auditors have confirmed that there are no material unadjusted financial statement misstatements.

A further requirement of any audit is to obtain sufficient understanding of internal controls and to test those internal controls so that the external auditors can place reliance on them as part of the audit. As outlined in the Audit Findings Report there were no observed weaknesses in the City's system of internal controls and financial reporting processes.



City of Greater Sudbury

**Audit Findings Report
For the year ended December 31, 2017**

KPMG LLP

kpmg.ca/audit



The contacts at KPMG in connection with this report are:

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Executive summary

Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a Member of the Audit Committee, in your review of the results of our audit of the financial statements of the City of Greater Sudbury (the “City”) as at and for the year ended December 31, 2017.

We appreciate the assistance of management and staff in conducting our audit. We hope this audit findings report is of assistance to you for the purpose above, and we look forward to discussing our findings and answering your questions.

Changes from the Audit Plan

There have been no significant changes in our planned approach as designed by KPMG.

Audit risks and results

Based on our audit procedures, including discussions with management, we have not identified any significant financial reporting risks that would impact the City’s financial reporting.

Adjustments and differences

We did not identify differences that remain uncorrected.

Corrected audit differences are identified in our representation letter.

Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing any required communications with the City;
- Obtaining evidence of the City’s approval of the financial statements.
- Obtaining the signed management representation letter.

We will update you on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

The conclusion of our audit is set out in our draft auditors’ report attached to the draft financial statements. Our auditors’ report will be dated upon the completion of any remaining procedures.

*This Audit Findings Report should not be used for any other purpose or by anyone other than the audit committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive summary

Audit Materiality

We determined materiality by using prior year audited revenues as a benchmark and applying 2%, resulting in a materiality of \$11.1 million. The audit misstatement posting threshold was set at \$550,000.

Using year-end actual revenues did not result in a significant change to the materiality level determined above.

Fraud risks and results

See Page 6.

We discussed with you some considerations over fraud risks as required by professional standards.

Control and other observations

As a result of our audit procedures, we have not identified any matters relating to weaknesses in the City's system of internal controls or financial reporting processes.

Critical accounting estimates

Overall, we are satisfied with the reasonability of the accounting estimates taken. Accounting estimates are disclosed in Note 1 to the financial statements.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention. The significant accounting policies selected by the City are presented in the notes to the financial statements. The City has applied these policies consistently throughout the year ended December 31, 2017.

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are in accordance with the City's relevant financial reporting framework, which is Canadian public sector accounting standards.

There were no misstatements, including omissions, if any, related to disclosure or presentation items.

Audit risks and results

Inherent risk of material misstatement is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls. We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant financial reporting risks	Why	Our response and significant findings
Revenue recognition	Revenue recognition has been identified as a potential audit risk due to the conditional nature of certain funding, which impacts revenue recognition.	<p>We have tested management’s calculations of revenues, including:</p> <ul style="list-style-type: none"> • Confirming senior government funding received and identifying conditional and unconditional funding • Reviewing levels of expenditures to assess the appropriateness of recognized revenues • Assessing the appropriateness of cut-off and year-end accruals for user fees and other revenues • Performing substantive testing of revenues • Performing substantive analytical procedures on revenues <p>Based on the results of our audit procedures, we have not identified any audit differences related to revenues, other than items that were considered to be trivial in nature (i.e. less than our posting threshold)</p>
Capital additions	Capital expenditures have been identified as a potential audit risk due to the significance of capital expenditures and their associated funding and the potential incentive for management to capitalize items in order to overstate the City’s financial performance	<p>We performed the necessary audit procedures over the City’s capital assets, including:</p> <ul style="list-style-type: none"> • Testing a sample of capital asset additions, including agreeing expenditures to supporting documentation and verifying that the expenditure represented a betterment • Reviewing repairs and maintenance accounts to identify instances where capital expenditures may have been expensed • Agreeing amortization rates to the City’s amortization policy and recalculating amortization expense for a sample of capital assets <p>Based on the results of our audit procedures, we have not identified any audit differences related to capital assets.</p>

Significant financial reporting risks	Why	Our response and significant findings
Management estimates	The City's financial statements include a number of liabilities such as employee benefit obligations, liabilities for contaminated sites, and solid waste management facility liability that are determined based on management estimates.	<p>We performed the necessary audit procedures over management's estimates, including assessing the reasonableness of key assumptions and performing a retrospective review of prior year's estimates. We have also undertaken the required procedures to assess our ability to rely on assessments made by management's experts, which were involved in the determination of liabilities for employee future benefits and landfill closure and post-closure costs.</p> <p>Based on the results of our audit procedures, we have not identified any audit differences related to management estimates.</p>
Fraud risk from revenue recognition	This is a presumed fraud risk. Management may have the incentive to overstate revenues through overstatement of costs in order to achieve the intended financial results.	<p>Our audit procedures test for potential overstatement of revenues through:</p> <ul style="list-style-type: none"> • Testing of journal entries • Testing of conditional revenues to ensure appropriate revenue recognition • Testing of capital additions to ensure appropriate treatment of repair and maintenance costs • Review of management estimates for potential bias <p>Based on the results of our audit procedures, no audit misstatements were identified.</p>
Fraud risk from management override of controls	This is a presumed fraud risk. Management may override internal controls in order to perpetrate or conceal fraud.	<p>As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions, as well as other procedures as considered appropriate by us.</p>

Other Areas of Focus

We identified other areas of focus for our audit in our discussions with you in the Audit Plan.

Significant findings from the audit regarding other areas of focus are as follows:

Other areas of focus	Why	Our response and significant findings
Compliance with established procurement policies	A potential exposure to reputational risk may exist if the City has procured goods or services in contravention of its established policies and procedures.	<ul style="list-style-type: none"> – We have reviewed the City’s system of management controls over procurement as a means of assessing the potential risk of non-compliance with procurement policies – We have tested a sample of procurements in order to assess: <ul style="list-style-type: none"> – Compliance with designated approval authorities – Compliance with requirement for competitive procurement – Overall execution of procurement process and whether fairness concerns are identified <p>Based on the results of our procedures, we have not identified any issues with respect to the City’s procurement processes.</p>
Compliance with established travel and expense reimbursement policies	A potential exposure to reputational risk may exist if City staff and/or elected officials have contravened travel and expense reimbursement policies	<ul style="list-style-type: none"> – We have reviewed the system of management controls over travel and expense reimbursement as a means of assessing the potential risk of non-compliance with established policies – We have tested a sample of travel costs and expense reports for staff and Council in order to assess: <ul style="list-style-type: none"> – Compliance with designated approval authorities – Compliance with City policy with respect to acceptable expenditures <p>Based on the results of our procedures, we have not identified any issues with respect to non-compliance with or contravention of the City’s policies with respect to travel and expense reimbursements.</p>
LEAN in Audit	LEAN is a methodology for evaluating and enhancing the effectiveness and efficiency of internal processes.	<ul style="list-style-type: none"> – We have conducted a value-stream mapping exercise for the City’s procurement processes and have provided a summary of our findings in a separate report to City management. – KPMG will be conducting a second value-stream mapping exercise involving parks and recreation user fee processes in June 2018.

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the Company's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter included in the Appendices.

We also highlight the following:

Form, arrangement, and content of the financial statements	The form, arrangement and content of the financial statements has been reviewed as part of our audit procedures as is considered to be adequate. The financial statements contain note disclosure, including continuity information, for significant financial statement items.
Application of accounting pronouncements issued but not yet effective	No concerns are identified at this time regarding future implementation of accounting pronouncements. While future accounting pronouncements have been announced with respect to financial instruments, foreign exchange transactions and asset retirement obligations, the City does not anticipate early adoption of these standards.

Adjustments and differences

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences. Professional standards require that we request of management and the audit committee that all identified differences be corrected. We have already made this request of management.

Corrected adjustments

No adjustments were made to the internal financial records of the City as a result of our audit procedures.

Uncorrected differences

Based on the results of our audit procedures, we have not identified any uncorrected differences considered to be other than clearly trivial.

Control observations

In accordance with professional standards, we are required to communicate to the Audit Committee any control deficiencies that we identified during the audit and have determined to be significant deficiencies in internal controls over financial reporting ('ICFR').

Based on the results of our audit procedures, we have not identified any observed weaknesses in the City's system of internal controls and financial reporting processes. Our testing of internal controls included the following processes:

- Payroll
- Procurement
- Disbursements
- Expense reports

Appendices

Appendix 1: Required communications

Appendix 2: Audit Quality and Risk Management

Appendix 3: Background and professional standards

Appendix 1: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements
- **Management representation letter** –In accordance with professional standards, copies of the management representation letter are provided to the Audit Committee.
- **CPAB Big Four Firm Public Report (November 2017)** – Please refer to <http://www.cpab-crc.ca/Documents/News%20and%20Publications/2017%20Big%20Four%20Report%20EN.pdf>

Appendix 2: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources page](#) for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

- Other controls include:
 - Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
 - Technical department and specialist resources provide real-time support to audit teams in the field.
- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm’s standards of quality.
- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



- We do not offer services that would impair our independence.
- The processes we employ to help retain and develop people include:
 - Assignment based on skills and experience;
 - Rotation of partners;
 - Performance evaluation;
 - Development and training; and
 - Appropriate supervision and coaching.
- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.
- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 3: Background and professional standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified through our audit procedures. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

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Presented To:	Audit Committee
Presented:	Tuesday, Jun 19, 2018
Report Date	Monday, Jun 04, 2018
Type:	Presentations

Request for Decision

2017 Annual Financial Statements

Resolution

THAT the City of Greater Sudbury accepts the Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2017 as presented.

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to Responsive, Fiscally Prudent, Open Governance: Focus on openness, transparency and accountability in everything we do.

Report Summary

In accordance with the Municipal Act, 2001, section 294.1, annual financial statements must be prepared and approved in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board.

Financial Implications

This report has no financial implications.

Signed By

Report Prepared By

Christina Dempsey
Co-ordinator of Accounting
Digitally Signed Jun 4, 18

Manager Review

Lorraine Laplante
Manager of Accounting
Digitally Signed Jun 4, 18

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed Jun 4, 18

Financial Implications

Jim Lister
Manager of Financial Planning and
Budgeting
Digitally Signed Jun 4, 18

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jun 4, 18

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 4, 18

Background

The City's draft 2017 Annual Report is attached and describes the city's financial and non-financial accomplishments for the year. The Annual Report includes the Consolidated Financial Statements of the City of Greater Sudbury for the year ended December 31, 2017. These financial statements have been drafted by Finance in accordance with generally accepted accounting principles as established by the Public Sector Accounting Board and have been audited by KPMG, LLP. The Independent Auditor's Report expresses an unqualified audit opinion.

The Consolidated Financial Statements include the following entities which are owned or controlled by the City:

- Greater Sudbury Housing Corporation
- Greater Sudbury Police Services Board
- Downtown Sudbury
- Flour Mill Business Improvement Area
- Greater Sudbury Public Library Board

The financial results of these entities include the assets, liabilities, revenues and expenses of these entities. Any inter-organization transactions have been eliminated.

In addition, the City invests in two Government Business Enterprises (GBEs):

- Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc.
- Sudbury Airport Community Development Corporation

These investments are accounted for by the modified equity method, therefore, these investments are recorded as assets in the Consolidated Statement of Financial Position and their net earnings are recorded as revenues in the Consolidated Statement of Operations and Accumulated Surplus. Inter-organization transactions and balances are not eliminated.

The Consolidated Financial Statements include the following components:

Name	Purpose	Comments
Consolidated Statement of Financial Position	<p>Provides a summary of the City's consolidated:</p> <ul style="list-style-type: none"> • financial assets, • financial liabilities, • non-financial assets and • accumulated surplus 	<p>Major components include:</p> <ul style="list-style-type: none"> • Investment in GBE • Investments • Accounts payable and accrued liabilities • Employee benefit obligations • Long term liabilities • Tangible Capital Assets
Consolidated Statement of Operations and Accumulated Surplus	<p>Provides a summary of the City's consolidated:</p> <ul style="list-style-type: none"> • Revenues (includes operating, capital funding and contributions from reserves and reserve funds, GBE net earnings) • Expenses, • accumulated surplus 	<p>Major components include:</p> <ul style="list-style-type: none"> • Government Transfers (operating and capital) • Taxation • User charges • Expenses categorized by: <ul style="list-style-type: none"> ▪ Function (Service area) and ▪ Object (Types of expenses)
Consolidated Statement of Change in Net Financial Assets	<p>Provides a summary of the change in the City's consolidated net financial assets as a result of operations, tangible capital asset transactions and changes in other non-financial assets.</p>	<p>This statement indicates the whether the City has the ability to generate sufficient net revenues to fund it's capital and non-financial needs.</p>
Consolidated Statement of Cash Flow	<p>Provides the City's consolidated cash position and changes that affected the cash position.</p>	<p>Major components include:</p> <ul style="list-style-type: none"> • Adjustments for non-cash transactions • Financial activities (i.e. long term debt transactions) • Capital activities (i.e. Tangible Capital Asset transactions) and • Investing activities (i.e. purchase / sale of investments)

Notes	Provides additional information regarding the City's significant accounting policies and additional information to supplement the statements above.	<ul style="list-style-type: none"> • Revenue recognition policies • Summary of GBE activities • Long term debt information • Accumulated Surplus details • Budget reconciliation
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At a later date, a comprehensive package will be provided containing the following financial reports for the year ended December 31, 2017:

- Annual Report including the Consolidated Financial Statements of the City of Greater Sudbury
- Financial Information Return for the Consolidated City of Greater Sudbury
- Financial Statements of the City of Greater Sudbury Trust Funds
- Financial Statements of the Sudbury Airport Community Development Corporation
- Consolidated Financial Statements of Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc.
- Financial Statements of Downtown Sudbury
- Financial Statements of the Sudbury and District Health Unit
- Financial Statements of the Greater Sudbury Housing Corporation
- Financial Statements of the City of Greater Sudbury Community Development Corporation

Summary

The draft City of Greater Sudbury Annual Report for 2017 including the draft consolidated financial statements of the City of Greater Sudbury and draft financial statements of the City of Greater Sudbury Trust Funds including the respective auditor's reports have been presented to the Audit Committee, to be subsequently approved by Council.



2017

City of Greater Sudbury Annual Report

For the year ended December 31, 2017



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Prepared by:
Finance and Communications
City of Greater Sudbury

Audited by:
KPMG, LLP

2017

City of Greater Sudbury Annual Report

For the year ended December 31, 2017

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Canadian Award for Financial Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) established an award program to encourage municipal governments throughout the United States and Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

To be awarded a Canadian Award for Financial Reporting Achievement, a municipal government must publish an easily readable and efficiently organized annual report and whose contents conform

to program standards. Such reports go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance the understanding of financial reporting by municipal governments and address user needs.

The City of Greater Sudbury has published an annual report since 2012 and has earned this award annually since its initial publication.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**City of Greater Sudbury
Ontario**

For its Annual
Financial Report
for the Year Ended

December 31, 2016

Christopher P. Morill

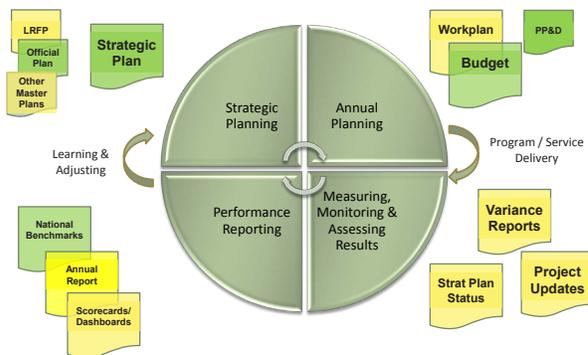
Executive Director/CEO

Message from the Chief Administrative Officer



I am pleased to present the 2017 Annual Report. This is an important accountability document and a way to communicate information about the City's financial policies, financial condition and its overall fiscal health.

The corporation's annual budget describes a service delivery plan and includes details about anticipated operating and capital expenses, risks and the necessary costs associated with providing services to our community. City Council approved the 2017 Budget, *Moving Our City Forward*, in December 2016.



This Annual Report “closes the loop” by describing results produced with the resources included in the budget. The Annual Report describes the actual results and financial performance of our service delivery efforts for the year. There are a variety of statistics, key performance indicators and analysis provided that not only describes actual results for the year, but that also illustrate trends which will influence budgets and policy choices in future periods.

These results influence the corporation's long-term financial sustainability. This is why the four pillars outlined in Council's Strategic Plan are so important. These pillars provide important context for understanding the choices made throughout 2017 that produced the financial condition information reported here. The 2017 operating budget expenditures totaled \$541 million, up \$21.3 million from the previous year, and represented a 3.6 per cent property tax increase. These funds pay for the corporation's daily operating needs for delivering services to our community.

Thanks to an increase in funding from our government partners, the 2017 capital budget increased to \$222.6 million, up \$115.7 million from the previous year. This increase allowed us to focus additional resources on much needed infrastructure projects especially roads, water, wastewater, and transit.

Among the variety of results produced in 2017, the level and extent of infrastructure improvements was especially noteworthy. We continued to build the city's transportation network, including Phase One of the Maley Drive Extension, the continuation of our bridge rehabilitation program, the replacement of aging water and sewer mains, major road projects including Lorne Street, preparation for future improvements on Municipal Road 35 and improvements to transit networks through the addition of six new buses.

Similarly, significant progress occurred to advance Council's “Large Projects”. These projects - the Kingsway Entertainment District and Arena/Event Centre, The Junction: Library/Art Gallery and Greater Sudbury Convention/Performance Centre, and Place des arts – are transformational. They address important asset renewal needs and will provide important cultural amenities for the community that will benefit current and future residents and visitors for decades.

All of these results were produced while staff addressed the daily requirements of our approximately 60 different lines of business to ensure residents and businesses have the support they need to enjoy living and working in Greater Sudbury. I sincerely thank them for their efforts, their dedication and commitment.

I also thank City Council for providing leadership and policy decisions that allow staff to sustain the programs and services residents expect from their local government. Cities work best when residents, elected officials and administrators collaborate to achieve results for the community. This Annual Report illustrates the potential that can be realized from effective collaboration that is focused on results.

Sincerely,

Ed Archer, Chief Administrative Officer
City of Greater Sudbury

Message from the Mayor



Each day, our City Council works hard to prioritize spending while bringing you the high quality service you expect in a financially responsible manner.

It's my hope that in viewing our Annual Report, the results of our efforts clearly demonstrate that our city is financially well managed and successful in ensuring your tax dollars are invested wisely, in ways that are affordable and in the best interest of our community.

Greater Sudbury prides itself in being the third lowest in taxation and the third lowest in debt level, among Ontario cities with more than 100,000 people. We want to improve on that even more and did so by planning for the future. We completed our long-term financial plan to help guide Council in decisions and to ensure a financially sustainable future. We started an Asset Management Policy to guide important decisions related to maintaining, repairing and replacing equipment, infrastructure and facilities.

2017 was the year of infrastructure improvements in Greater Sudbury. During the 2017 budget process, and thanks to funding from other levels of government, City Council committed an additional \$115 million to focus additional resources on much needed infrastructure projects in the areas of roads, water, wastewater and transit.

We improved safety of our road network for motorists and pedestrians; improved service for transit riders; increased active transportation opportunities for walking and biking; and helped prevent sewer backups, which overall, helped to improve quality of life for our residents.

Highlights include:

- \$223 million investment in our infrastructure including 609 capital projects.
- The creation of jobs and generation of \$88.8 million in economic stimulus from the Maley Drive Extension Project;
- The completion of major roads projects including Second Avenue, Lorne Street, and the Kingsway Active Transportation improvements.

We also made great strides in the realization of the Council approved four large projects: the Kingsway Entertainment District and Arena/Event Centre, The Junction: Library/Art Gallery and Greater Sudbury Convention/Performance Centre, and Place des arts, and are well on our way to seeing these projects become a reality.

The strong financial decisions we make today to plan for our future, the better position our community will be in. We do this by growing our service levels while keeping taxes low.

I want to thank City Council and staff for their continued dedication to excellence in public service and for ensuring the growth of our community for a lasting impact.

Sincerely,

Brian Bigger,
Mayor,
City of Greater Sudbury



Greater Together, the 2015-2018 Corporate Strategic Plan

Greater Sudbury's Planning Framework

City of Greater Sudbury Council approved a Strategic Plan designed to create a fiscally responsible, innovative, and responsive municipal government.

The plan outlines strategic priorities for the City of Greater Sudbury, and further develops these priorities with measurable actions in the Implementation Plan. The overall guiding principles of the plan are to provide quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

The four priorities of the Corporate Strategic Plan are:

- Growth and Economic Development: Grow the economy and attract investment
- Responsive, Fiscally Prudent, Open Governance: Lead in public service excellence
- Quality of Life and Place: Strengthen the high quality of life we already know and love
- Sustainable Infrastructure: Prioritize, build and rebuild our community's foundation

The Greater Together Corporate Strategic Plan forms the basis for all other plans to be built. This, coupled with the Official Plan, which guides Greater Sudbury's development over the next twenty years, ensure the responsible growth, financial sustainability and economic health of our city.

A status update on the progress of each action item outlined in the Implementation Plan was presented to Council August 22, 2017. A number of action items have been completed and the majority are in progress. Council will receive an updated status report before the end of their term in 2018.



2018 Budget

The operating budget provides the money needed for the City to perform routine operations and provide daily services. Approximately 46 per cent of the operating budget comes from property taxes while the remainder of the budget is funded by provincial and federal government, grant and subsidies, user fees and other revenues.

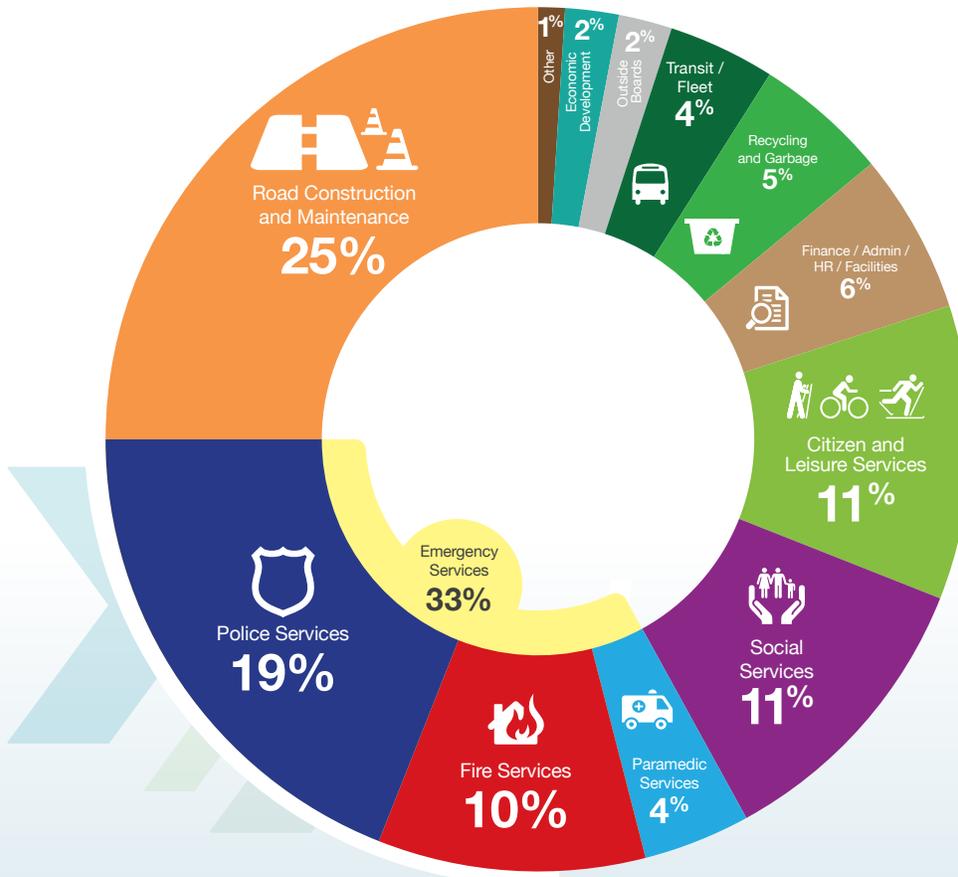
Services provided by the municipality include:

- **Resident Safety:** Police, Fire, Paramedics, By-law enforcement, Building inspections, Emergency management and Animal control
- **Public Health:** Water treatment and distribution, Drainage and flood management, Wastewater collection and treatment and Public Health Sudbury & District
- **Resident Transportation:** Roads and bridges, Transit, Winter road maintenance, Traffic control and Sidewalks and bike lanes
- **Resident Quality of Life:** Parks and playgrounds, Recreation programs and facilities, Land use planning oversight, Community grants, Social services and Long-term care.

The 2018 City of Greater Sudbury Budget describes the City’s business plans for the year, along with the related costs and revenues and associated with delivering municipal services. These plans reflect the actions and goals established in Council’s Strategic Plan, Greater together, summary budget information and business plans.

The City approved a 3.0 per cent operating budget increase and a 7.4 per cent increase in water/ wastewater user rates.

Where Your Property Taxes Go



Large Projects

In 2016, Council endorsed in principle, four Large Projects: the Kingsway Entertainment District and Arena/Event Centre, The Junction: Library/Art Gallery and the Greater Sudbury Convention/Performance Centre, and Place des arts. These investments will result in economic growth, improved quality of life, and a bright future for the City. The positive impacts of the large projects will be felt by the residents of Greater Sudbury for years to come.

Each Large Project aligns with Council's Strategic Plan, Greater Together, by:

- Growing the economy and attracting investment
- Strengthening the high quality of life
- Leading in public service excellent
- Prioritizing, building and rebuilding the community's foundation.

In 2017, each project took significant steps forward.

1. Kingsway Entertainment District and Arena/Event Centre - \$100 million

The Kingsway Entertainment District is a space where residents will have the opportunity to enjoy ourselves and our northern lifestyle, a place our growing community can gather and celebrate. It will be an innovative experience and a choice destination for northeastern Ontario that will proudly host visitors to the beautiful city more than 160,000 residents call home.

In 2017, City Council selected the Kingsway as the location of the new Arena/Event Centre. The financing plan for the Arena/Event Centre was approved by City Council as part of the 2018 budget deliberations. Council direction has been received for the integrated site plan concept, the financial plan, the criteria to evaluate the Design/Build bid proposals and Council approved the rezoning of the properties.

2. The Junction

In 2017, Council approved the shared site development recommendation for the Library/Art Gallery and Greater Sudbury Convention and Performance projects and will proceed with the development of an integrated site plan.

The following two projects, although separate, will be located on a shared site in downtown Sudbury, the current location of the Sudbury Community Arena. This co-location has been identified as a way to reduce capital and operating costs relative to separate facilities.

2. The Junction

a. Library/Art Gallery - \$35 million

Both the main branch of the Greater Sudbury Public Library and the Art Gallery of Sudbury provide community focused services and both have outgrown their current locations.

b. Greater Sudbury Convention and Performance Centre - \$65 million

The Greater Sudbury Convention and Performance Centre is a proposed multi-use convention centre and performing arts facility to be located in downtown Sudbury. As a multi-use facility, the core business of the Greater Sudbury Convention and Performance Centre will be to attract conventions, conferences, and tradeshows to the city.

3. Places des arts - \$80 million

Place des arts is proposed to be a multipurpose Francophone arts facility located in downtown Sudbury. The centre is designed to be a gathering place for the community and will include artists' studios, performance venues and a café. Services will be provided in both French and English.

With their funding sources secured, the construction of the 60,000 square foot cultural centre is set to begin in 2018. As directed by Council, staff continues to work with the project proponents to develop a written agreement outlining the reporting and financial obligations that must be met prior to funding being provided.

Where are we now?

The City has hired RFP Solutions Inc. as the Fairness Monitor for the Design/Build procurement process and has a detailed site design cost sharing agreement finalized with the casino and hotel for the Kingsway Entertainment District and Arena/Event Centre.

The City is in the midst of a community engagement campaign for The Junction: Library/Art Gallery and the Greater Sudbury Convention/Performance Centre. The next step is to complete an integrated site design workshop.

For Place des arts, the Design Development is underway and a communications subcommittee has been formed.

The Environment In Which We Work



Community Profile

Far from its origins as a railroad outpost and small mining town, Greater Sudbury has grown into the metropolitan centre of northeastern Ontario.

The City of Greater Sudbury was formed on January 1, 2001 and represents the amalgamation of the towns and cities which comprised the former Regional Municipality of Sudbury and several unincorporated townships.

The city is centrally located in northeastern Ontario at the convergence of three major highways. It is situated on the Canadian Shield in the Great Lakes Basin and is composed of a rich mix of urban, suburban, rural and wilderness environments, including 330 freshwater lakes, and the largest city-contained lake in the world, Lake Wanapitei.

Greater Sudbury is 3,228 square kilometres in area, making it geographically the largest municipality in Ontario and second largest in Canada.



In 2017, Greater Sudbury was home to approximately 161,500 people. It is a multicultural and truly bilingual community. Over 25 per cent of people living in the city reported French as their mother tongue, and a further 38 per cent identifying as knowing both official languages. Italian, Finnish, German, Ukrainian and Polish are the top five non-official languages spoken in the city. More than 8 per cent of people living in the city are First Nations.

Mining continues to be a driving force in Greater Sudbury's economy. A century of mining experience has made us a global leader in the industry. This has contributed to the growth of a robust and thriving mining technologies, services and supplies sector, with more than 300 companies generating close to \$4 billion in revenue each year and employing about 10,000 people. The city's mining companies themselves employ approximately 6,000 people.



More than a mining centre, however, Greater Sudbury has become a regional hub for all of northeastern Ontario. The continued strength of its health and education sectors, investment and diversification into research and innovation, a growing arts, tourism and film industry, along with a recent boom in the retail sector, all illustrate the strength of Greater Sudbury's diversified economy and point to a bright future for our city.

Greater Sudbury at a Glance

Local Economy

Greater Sudbury is a great place to live, work, shop and play, and performs a key role in the economic growth of northeastern Ontario. Our medical, retail,

business, financial and research services are critical to residents across the northeastern part of the province.

GREATER SUDBURY	UNEMPLOYMENT RATE*	ONTARIO
6.0%		5.6%
\$94,915	MEDIAN HOUSEHOLD INCOME 2016**	\$101,143

* Labour Force Survey Estimates, by Census Metropolitan area, Statistics Canada

** 2017 BMA Study

Strategic Context

The global economy continues to show signs of moderate growth and is expected to gain strength in 2018, driven by China, India, United States and, to a less extent, Canada.

The Canadian economy continues to adjust to lower commodity prices, which has resulted in a reallocation of investment and employment from the resource sector to the non-resource sector. For 2018, Gross Domestic Product (GDP) is expected to increase driven by U.S. domestic demand and the Federal infrastructure spending program. The forecasted GDP growth for 2018 is between 1.8% and 2.0%.

For Greater Sudbury, the economy is expected to continue to grow as reflected in the Conference Board of Canada forecasted GDP growth of 0.9%

to 1.2% during the next few years with a return to employment growth. In 2017, nickel prices dipped to \$4 per pound, but have rebounded and currently trade in the \$5 and above range. The unemployment rate has declined from a high of 8% in January of 2017 to 6% in September, however total employment is poised to fall for the fourth straight year in 2017, anticipating a modest recovery in 2018.

In 2017 and expected in 2018, investments in both commercial and institutional sectors will provide stimulus for the local economy. Major construction projects such as the continuation of the Maley Drive Extension, Lorne Street reconstruction and the continued construction of Highway 69 and Highway 17 will improve opportunities for future connectivity and growth.



Economic Indicators

Economic Indicators	2014	2015	2016	2017f	2018f	2019f	2020f	2021f
Real GDP at basic prices (2007 \$ millions)	8,343	8,162	8,052	8,151	8,234	8,319	8,396	8,477
percentage change	-1.0	-2.2	-1.3	1.2	1.0	1.0	0.9	1.0
Total employment (000s)	83	82	82	82	82	82	83	83
percentage change	-0.5	-0.7	-0.5	-0.2	0.3	0.4	0.8	0.6
Unemployment rate (per cent)	6.4	7.4	8.1	6.8	6.7	6.6	6.6	6.5
Personal income per capita (\$)	44,968	45,232	45,749	46,770	48,136	49,542	51,037	52,516
percentage change	1.5	0.6	1.1	2.2	2.9	2.9	3.0	2.9
Population (000s)	166	166	166	166	166	166	166	166
percentage change	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total housing starts	271	247	289	302	284	273	273	277
Retail sales (\$ millions)	1,973	1,994	2,067	2,145	2,168	2,210	2,244	2,272
percentage change	3.5	1.1	3.6	3.8	1.1	1.9	1.5	1.2
CPI (2002 = 1.0)	1.259	1.274	1.297	1.316	1.339	1.369	1.398	1.426
percentage change	2.3	1.2	1.8	1.5	1.8	2.2	2.1	2.0

f = forecast

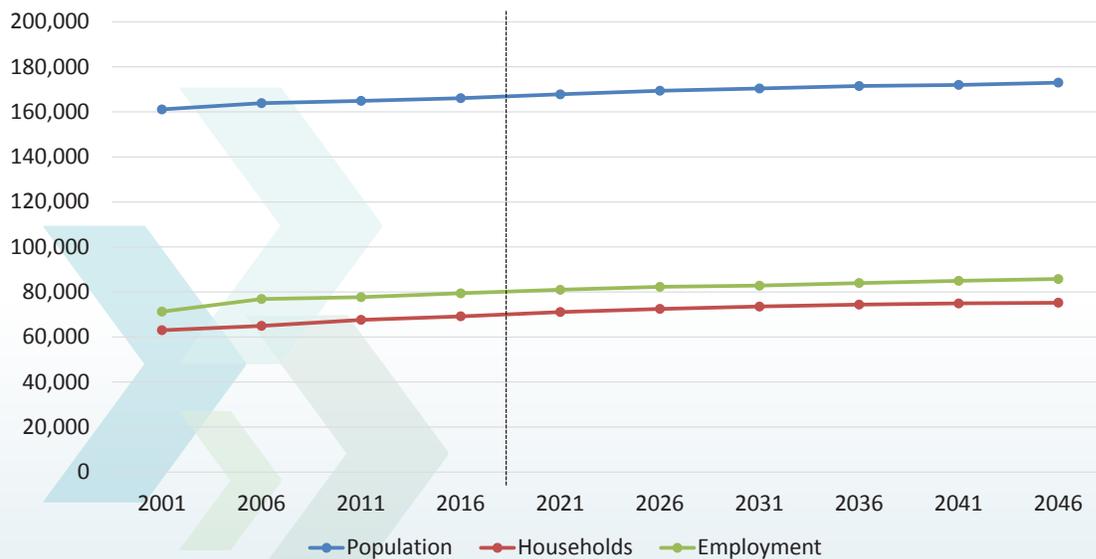
Source: Metropolitan Outlook 2, Winter 2017, Conference Board of Canada

Growth Management

Within this economic context, Greater Sudbury's employment and population is expected to grow modestly over the next 20 years.

This growth will be driven by labour force turnover and ongoing economic development efforts. At the same time, the population will continue to age. It is expected that this aging and trend towards smaller housing types will generate demand for new housing.

Population, Household, and Employment Forecast, 2006-2046



Source: 2018 Draft Population Projections Study

Employment by Sector

Greater Sudbury

Ontario

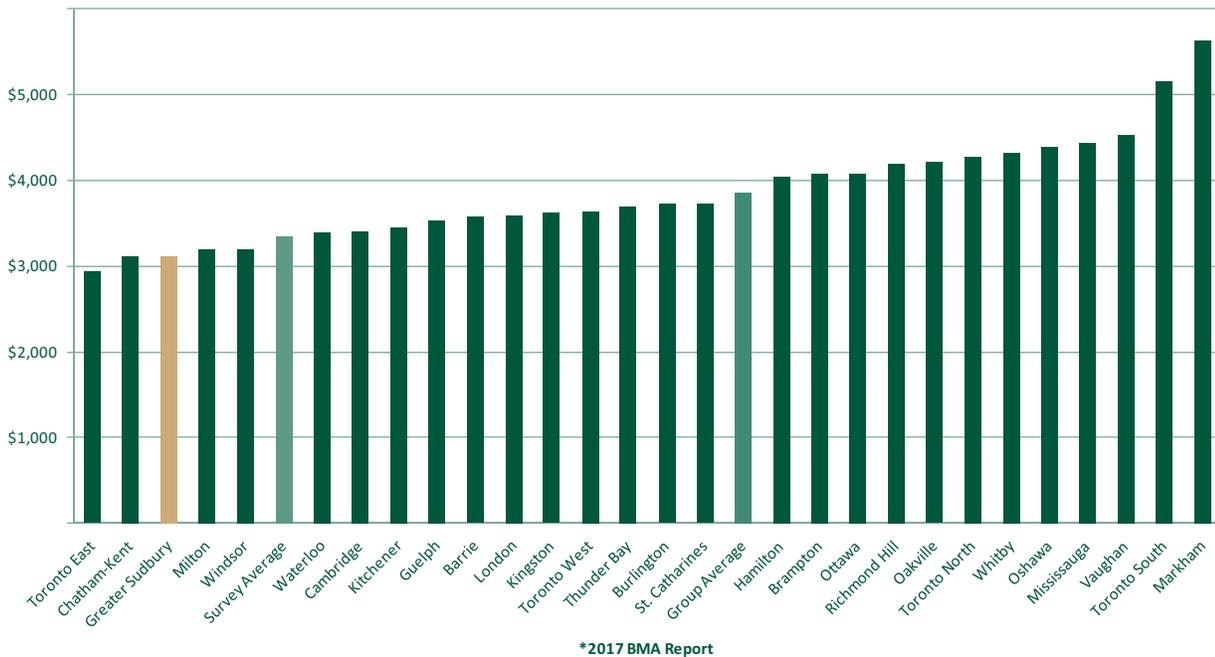
20.0%	Industrial	19.0%
26.7%	Office	34.4%
9.0%	Education	7.3%
13.6%	Health	10.1%
4.2%	Transportation and Warehousing	4.5%
16.0%	Wholesale and Retail Trade	15.4%
8.5%	Non-Commercial Services	6.7%
2.0%	Other	2.6%

2011 Census of Canada, Statistics Canada
OR Conference Board of Canada

Taxation

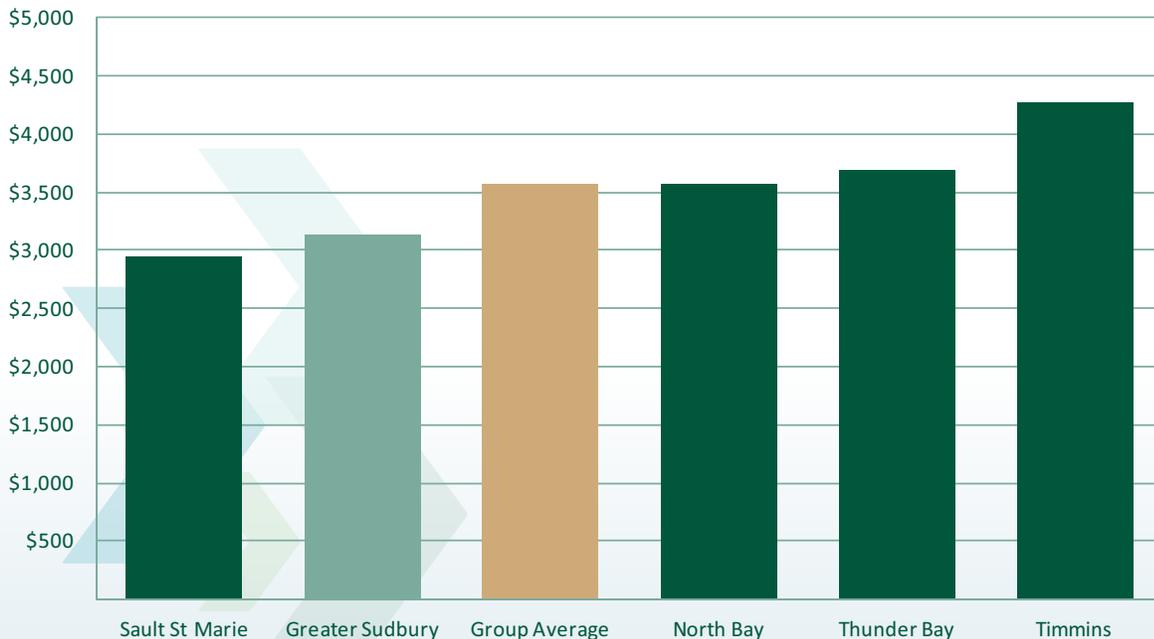
Given our relatively modest growth, the City of Greater Sudbury must find ways to manage costs and improve revenue growth. As noted below, Greater Sudbury's property taxes are among the lowest for a typical bungalow when compared to other cities with over 100,000 population.

2017 Tax Comparison for Detached Bungalow
Municipalities with Population Greater than 100,000



In addition, compared to northern neighbors, Greater Sudbury is also amongst the lowest taxed municipalities.

2017 Tax Comparison for a Detached Bungalow - Northern Ontario



Source: 2017 BMA Study

Organization Profile

The City of Greater Sudbury is a single-tier municipality meaning it is responsible for all municipal services and assumes all responsibilities set out under the Municipal Act and other provincial legislation. As such, the City is responsible for maintaining all infrastructure and assets, providing emergency services, library services, and more throughout 3,228 square kilometres. The City is in approximately 60 different lines of business, each one important to members of our community.

Vision, Mission, Values

City staff is committed to producing results for the community that reflects Council’s desired outcomes. This is why, in July 12, 2016, to support the pillars of Council, a Corporate Implementation Plan was adopted. It was a roadmap of some of the larger, more resource-intensive and transformational projects expected to be undertaken during the rest of this Council’s term. The plan’s success depends on staff working collaboratively with Council, other levels of government, community partners, residents and businesses in Greater Sudbury. Performance metrics were included in the Implementation Plan to track and report on progress, demonstrating accountability.

Vision

A growing community, recognized for innovation, leadership, resourcefulness and a great northern lifestyle.

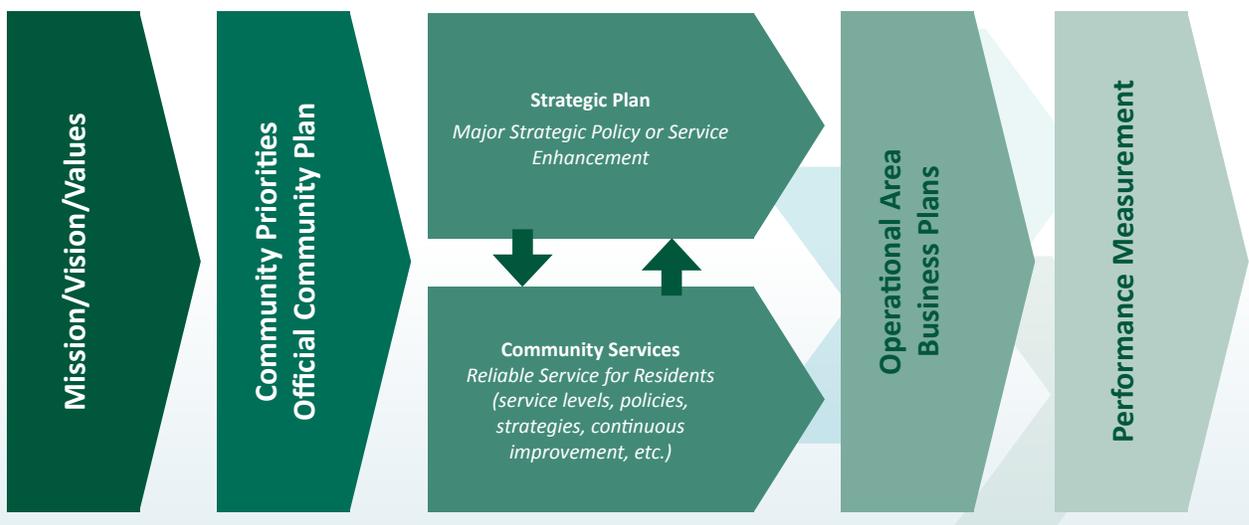
Mission

Providing quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

Values

As stewards of the City of Greater Sudbury, we believe in recognizing the specific needs of all our citizens in urban, rural and suburban areas, and are guided by our belief in:

- Acting today in the interests of tomorrow
- Providing quality service with a citizen focus
- Embodying openness and transparency
- Communicating honestly and effectively
- Creating a climate of trust and a collegial working environment to manage our resources efficiently, responsibly and effectively
- Encouraging innovation, continuous improvement and creativity
- Fostering a culture of collaboration
- Ensuring an inclusive, accessible community for all
- Respecting our people and our places.



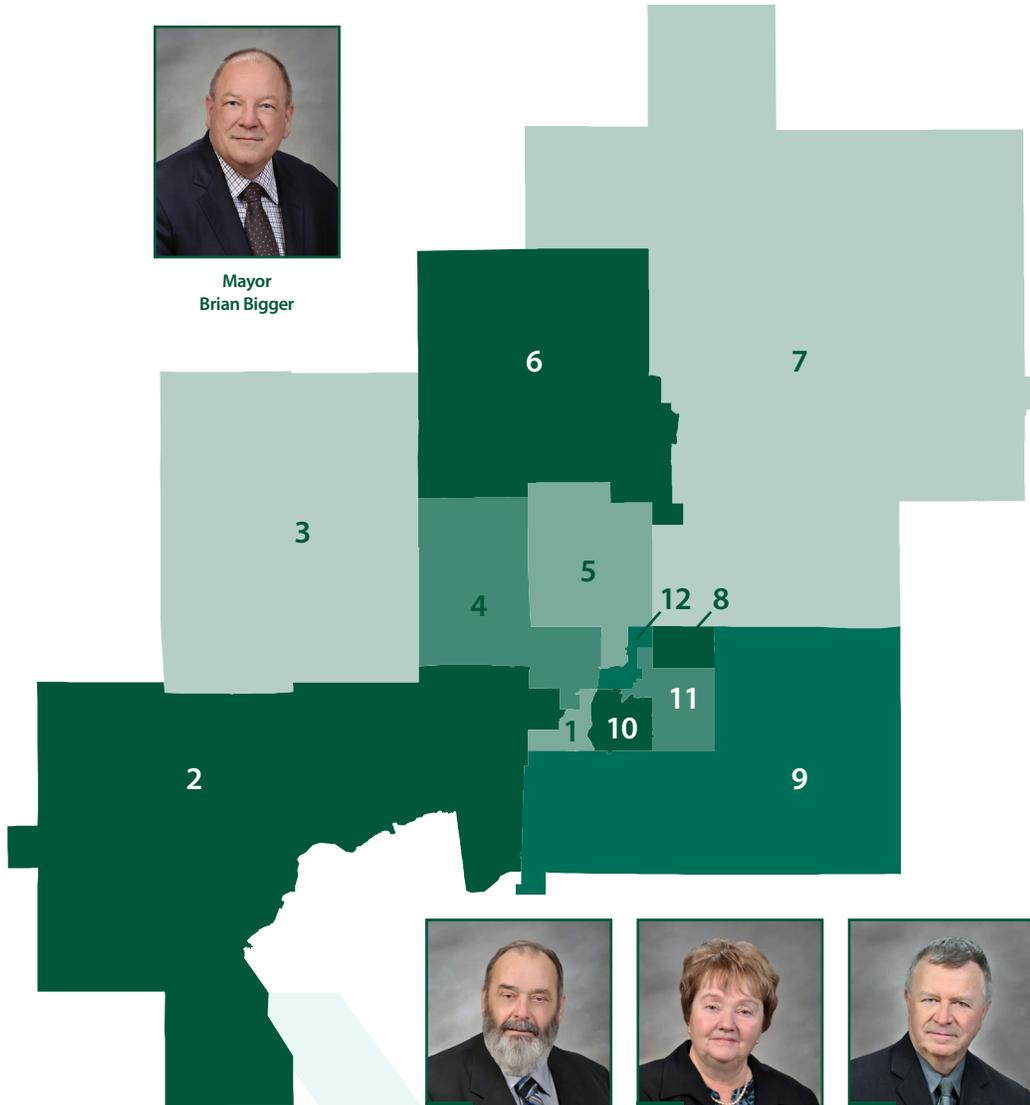
City Council

The Council of the City of Greater Sudbury is composed of a Mayor, who represents the City as a whole and twelve Councillors, each representing a specific ward, or geographic area, of the community.

Council is elected for a four year term, with the current term of office ending November 30, 2018. The decisions of Council impact how municipal services are provided to citizens. Council is also the decision making body for the City of Greater Sudbury as an organization.



Mayor
Brian Bigger



1
Mark Signoretti
Ward 1



2
Michael Vagnini
Ward 2



3
Gerry Montpellier
Ward 3



4
Evelyn Dutrisac
Ward 4



5
Robert Kirwan
Ward 5



6
René Lapierre
Ward 6



7
Mike Jakubo
Ward 7



8
Al Sizer
Ward 8



9
Deb McIntosh
Ward 9



10
Fern Cormier
Ward 10



11
Lynne Reynolds
Ward 11



12
Joscelyne
Landry-Altmann
Ward 12

Organization

Greater Sudbury's operations are overseen by the Office of the CAO in conjunction with the Executive Leadership Team (ELT) and are managed through the following departments: Corporate Services, Community Development, Community Safety and

Growth and Infrastructure. These departments work together to ensure citizen needs are met in a professional, timely manner to achieve the goals of Council and provide excellent service and delivery of programs and services to our community.



**Chief Administrative Officer
Ed Archer**

- Economic Development
- Communications and Community Engagement



**Corporate Services
General Manager
Kevin Fowke**

- Human Resources and Organizational Development
- Finance, Assets and Fleet
- Information Technology
- Legislative Services



**Community Safety
General Manager
Joseph Nicholls**

- Paramedic Operations
- Emergency Management
- Strategic and Business Services
- Emergency Services



**Community Development
General Manager
Catherine Matheson**

- Children's and Citizen Services
- Leisure Services
- Long Term Care Services
- Housing Services
- Community Initiatives and Performance Support
- Social Services
- Transit Services



**Growth and Infrastructure
General Manager
Tony Cecutti**

- Building Services
- Engineering Services
- Environmental Services
- Planning Services
- Linear Services
- Roads and Transportation Services
- Water/Wastewater Services



Organizational Activities

Office of the Chief Administrative Officer

The Office of the Chief Administrative Officer leads the City's Executive Leadership Team, and provides strategic leadership to the organization.

2017 Accomplishments:

- Significantly advanced each of the four Large Projects identified as priorities by Council.
- Oversaw the website revitalization, transit wayfinding project, Transit Action Plan and capital program.
- Completed an organization restructuring.
- Worked with senior levels of government to obtain funding for key municipal projects.

Corporate Services

Corporate Services leads enterprise-wide service and support functions that build confidence in the City's direction and services among employees and citizens.

2017 Accomplishments:

- Selected a new provider for Employee Benefits.
- Completed a Long Term Financial Plan to guide Council's decisions and ensure a financially sustainable future.
- Commenced an Asset Management program and policy to guide decisions about maintaining, repairing and replacing our equipment, infrastructure and facilities.
- Implemented new collection measure for defaulted Provincial Offence fines.
- Led participation in the Municipal Benchmarking Network Canada for 2016 data.



Growth and Infrastructure

Growth and Infrastructure includes the departments within the City that support growth and public works projects.

2017 Accomplishments:

- Completed construction of the Notre Dame realignment and interchange structures associated with the Maley Drive Extension Project and completed the engineering and tendering process for the next stage of the Maley Drive Extension.
- Secured Clean Water Wastewater Funding (CWWF) for capital projects.
- Managed large capital projects such as Kingsway active transportation improvements, Second Avenue widening, Lorne Street road and water reconstruction, Lively and Copper Cliff sanitary sewer upgrades amongst others.
- Increased investments in winter maintenance of sidewalks to allow for enhanced modes of active transportation year round.
- Procured new contracts for operating landfills and recycling centres and equipment.
- Completed Phase 1 and initiated Phase 2 of the Official Plan Review Program.



Organizational Activities

Community Development

Community Development includes departments that are responsible for services that impact the daily lives and activities of citizens.

2017 Accomplishments:

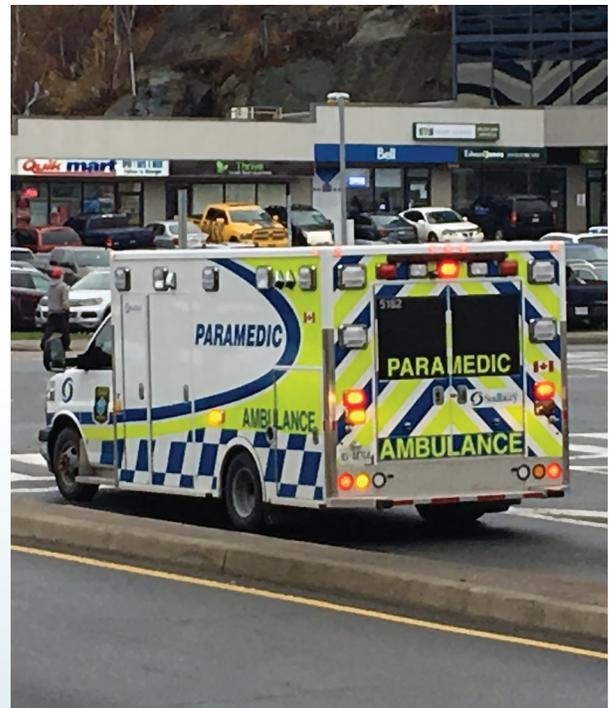
- Awarded Affordable Housing funding to build a 65-unit, 6-storey seniors building.
- Awarded Social Infrastructure Funding to build a 12 – unit, 1-storey supportive housing project.
- Collaborated with community partners to open a Low Barrier Emergency Shelter and a Managed Alcohol Program.
- Implemented the Early Development and School Readiness (EDSR) Child Care Subsidy program to provide up to 5 days per week of child care for eligible children.
- Opened the Morel Family Foundation Park, a 100 per cent donated park, playground and splash pad.
- Installed a new quad lift at Adanac Ski Hill.
- Installed a smaller concrete ice pad for kids and a new playground at Kivi Park in support of the efforts by the Fielding Foundation.
- Initiated the Transit Action Plan, a comprehensive review of the local public transit system, with the goal of achieving better routes, schedules and overall services.

Community Safety

Community Safety includes the departments that work to keep our community a safe place to live.

2017 Accomplishments:

- Launch of the Sudbury Alerts public emergency notification system
- Registered 76,320 phone numbers through Sudbury Alerts.
- Implemented PulsePoint, a crowd sourcing smartphone application that notifies the public of a cardiac arrest in public locations within a pre-defined radius of the user to improve survivability cardiac arrest by improving bystander CPR prior to first responder arrival.
- Completed Collective Bargaining with the Sudbury Firefighters Association.
- Recruited volunteer firefighters.



2017 Data

MUNICIPAL STATISTICS

Population

161,500

Households

75,434

EMPLOYEES

Full time employees

1,993

TAXABLE ASSESSMENT

(\$ millions)

Residential, multi-residential,
and miscellaneous assessment

\$14,471

Commercial assessment

\$1,983

Industrial and large industrial assessment

\$384

2017 Organizational Results

SERVICE INFORMATION

Building Permit Values (in 1000's)

\$384,024

Average monthly social assistance case load

3,474

Roads

3,535 kilometres

Annual volume of treated waste water

30,766 megalitres

Annual volume of treated drinking water

18,339 megalitres

Annual disposal of solid waste

97,283 tonnes

Annual diversion of solid waste

32,223 tonnes

Regular service passenger transit trips

4,063,000

BENCHMARK INFORMATION

CGS re-joined the national benchmarking organization Municipal Benchmarking Network Canada (MBNCan) in the spring of 2017, after a 2-year absence from the predecessor organization (OMBI)

The City participates in all 36 service areas and reported on 166 measures.

% of paved lane km where condition is rated good to very good

38.0%

of conventional transit passenger trips per person in service area per year

27.1

of waste water main backups per 100 km of waste water main per year

2.5

Full results for 2017 will be released on November 1, 2018 and will include the following benchmarks.

The 2016 MBNCanada Performance Measurement Report can be found at www.greatersudbury.ca/city-hall/budget-and-finance/performance-measurement/municipal-benchmarking-network-canada-mbncan/

% of waste water estimated to have bypassed treatment

0.7%

of water main breaks per 100 km of water distribution pipe per year

9.3

% of residential solid waste diverted for recycling

44.5%

Message from Executive Director of Finance, Assets and Fleet



It is my pleasure to submit the 2017 Annual Report for the City of Greater Sudbury. In addition to the consolidated financial results for the year ended December 31, 2017, this report highlights key financial policies, the annual budget process and other

information regarding financial performance related to the delivery of the City's programs and services.

The City of Greater Sudbury continues to ensure that it is financially prudent and sustainable by:

- Ensuring that reserves are not used to balance the operating budget;
- Updating the long term financial plan;
- Developing asset management plans; and
- Considering the use of debt to finance large scale capital projects.

The City of Greater Sudbury demonstrates open government relating to financial information by:

- Regularly reporting to Council: operating budget variance, capital variance reports for completed projects, water/wastewater variance;
- Revising its approach to delivering the 2017 budget to engage Council and the public;
- Receiving the Government Finance Officers Association (GFOA) Award of Excellence in Financial Reporting;
- Completing the Financial Information Return as required by the Ministry of Municipal Affairs; and
- Participating in the Municipal Benchmarking Initiative Canada.

The City continues to focus on operational excellence, continuous improvement and a sustainable approach.

I would like to thank our Finance team and the CGS staff for the continuous effort to produce the annual report and consolidated audited financial statements in a timely manner.

Sincerely,

Ed Stankiewicz
Executive Director of Finance,
Assets and Fleet



Financial Reporting

Annual Report and Consolidated Financial Statement

The City of Greater Sudbury's (CGS) management is responsible for all information contained in the Annual Report. This report provides the annual consolidated financial results for CGS for the year ended December 31, 2017 prepared in accordance with legislation and in accordance with generally accepted accounting principles for public sector entities as defined in the Public Sector Accounting Handbook.

The Consolidated Financial Statements include all organizations that are owned or controlled by the City. Some entities are fully consolidated, which means the financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. Government business enterprises are recorded using the modified equity method which means that the entity's accounting principles are not adjusted to conform to those of the City and inter-entity transactions and balances are not eliminated.

Fully consolidated entities include:

- Greater Sudbury Housing Corporation
- Greater Sudbury Police Services Board
- Downtown Sudbury
- Flour Mill Business Improvement Area
- Greater Sudbury Public Library Board.

Government Business enterprises include:

- Greater Sudbury Airport Community Development Corporation
- Greater Sudbury Utilities Inc.

The budget presented in the 2017 audited financial statements has been restated to conform to the Public Sector Accounting Standards. The standards require that all interfund transfers, capital expenditures, and debt principal repayments be removed and amortization, employee future benefits and landfill closure and post closure costs be included. Note 18 to the financial statements reconciles the 2017 operating and capital budgets, as approved by Council, adding the approved consolidated board budgets, in year budget adjustments in accordance with the Operating Budget Policy and adjusted for the items noted above.

External Auditors

The City's external auditors are KPMG LLP, Chartered Accountants. The role of the external auditor is to express an opinion on the annual Consolidated Financial Statements based on their audit. The auditors express their opinion in their Independent Auditor's Report that is attached to the Consolidated Financial Statements. Their opinion confirms that the statements are free from material misstatement. The external auditors are also responsible to advise management and Council of any control or operational issues identified during their audit.

For the year ended December 31, 2017, KPMG, LLP issued an unqualified audit opinion, meaning that in all material respects, the financial position of the City of Greater Sudbury and the results of its operations are free from material misstatements.

Audit Committee

The mandate of the Audit Committee is to provide oversight to the Auditor General and to the External Auditors. The Committee's responsibilities are to review internal and external reports including reviewing the Auditor General's reports, work plans, and to approve the External Auditors Annual Audit Plan, review the annual audited consolidated financial statements and external audit finding reports.

Performance Measurement and Benchmarking

By measuring progress towards goals and objectives, Key Performance Indicators (KPIs) enhance the explanation of achieved outcomes in the delivery of municipal services. In addition to participating in MBN Canada, Greater Sudbury participates in the BMA Management Consulting Inc. (Ontario) municipal comparative study, more commonly known as the BMA Study. Data from the BMA Study is collected mainly from two reliable sources: Financial Information Returns filed with the Ministry of Municipal Affairs, and tax roll and assessment data provided by the Municipal Property Assessment Corporation (MPAC).

In addition, the City belongs to several industry-specific organizations, which collaboratively compile and analyze benchmarking data to determine where service improvements can be made.

Financial Management

The City of Greater Sudbury maintains appropriate systems of internal controls to ensure effective financial management, reliable and relevant financial information, and the safeguarding of assets. Management systems, policies and by-laws are in place for financial management, accounting and budgeting to ensure transactions are appropriately authorized and recorded, and the integrity and completeness of financial records are assured. Key policies and by-laws include the Purchasing By-Law, Operating Budget Policy, Capital Budget Policy, Reserve and Reserve Fund By-Law and Investment Policy.

Long Term Financial Plan

The Long Term Financial Plan (LTFP) principles and policies have been designed to ensure the City attains financial sustainability and has sufficient resources to provide the services that the community expects. As outlined in the 2015-2018 Corporate Strategic Plan, the City completed a comprehensive LTFP which was presented to Council in early 2017 and will be in effect for ten years from 2018 to 2027. An annual update will be provided commencing in 2018.

One of the principles in the Long Term Financial Plan, states that debt financing should be used, where appropriate. More specifically, debt financing should only be considered for new, non-recurring infrastructure requirements or programs and facilities which are self-supporting or projects where the cost of deferring expenses exceeds debt servicing costs.

Reserve and Reserve funds

The City maintains reserve and reserve funds in accordance with the Reserve and Reserve Fund By-law. They are a critical component of a municipality's long-term financing plan. There are various reasons for maintaining reserves such as providing:

- Stability for tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- Financing for one-time, or short term requirements for operating or capital needs
- Replacement and or acquisition of assets/ infrastructure
- Flexibility to manage debt levels and protect the municipality's financial position
- For future liabilities incurred in the current year but paid for in the future.

Development Charges

Development charges are collected by municipalities to recover a portion of the growth-related costs associated with the capital infrastructure needed to service new development. Finance in consultation with Project Managers review the Capital Budget to determine if there are any growth related projects that are eligible for recovery from development charges. Generally, the City finances the growth related portion of capital projects through its capital budget. At the end of each year, capital projects are reviewed and the growth related portion of the capital costs is identified. The actual development charges revenues collected during the year are then applied to fund any growth related portion of the project as identified in the current Development Charges Background Study.

In 2018, Finance staff will lead the update to the Development Charges Background Study for approval by Council in June 2019.

Asset Management Plan

The City completed an Asset Management Plan that was presented to Council in December 2016. It highlighted the Infrastructure requirement plans for areas including roads, water/wastewater, facilities, transit, landfills, fleet and more, along with a proposed financial strategy. Further to this the City will be developing an enterprise-wide approach to prioritizing capital investment starting with the 2019 Budget. It involves a strategic asset management planning approach, changes to certain financial policies, in particular the capital budget policy, and a new process for describing and deciding which investments will be made in any given budget year.

The City will develop a formal asset management framework that will work on items relating to planning for capital assets that include:

- Clearly defined levels of services
- Condition assessments
- Growth projections
- Master plans
- City-wide asset management plans
- Long term financial plan

In 2018 Corporate Asset Management plan policies, data gathering and formal plan production will begin.

Financial Management

Credit Rating

The City is in the process of obtaining a credit rating from S&P Global Ratings. The credit rating will assess the credit worthiness of the City in general terms and can also be used with respect to future debt or financial obligations. The initial credit rating is expected in 2018.

Budget Process

The operating and capital budgets are prepared annually, with the capital budget providing a four-year outlook. City Council is also responsible for funding its share of three outside boards' budgets: Greater Sudbury Police Service Board, the Sudbury & District Health Unit, and the Nickel District Conservation Authority.

The first stage of the budget process is prepared in accordance with the Base Budget Preparation Policy. An analysis of inflationary pressures, such as wage adjustments in accordance with collective bargaining agreements, contract and material price increases, is prepared. It then incorporates input from elected officials, senior management and staff as well as the public.

A review of provincially-mandated programs and service contracts, costs to service growth, and prior year Council decisions and commitments is also conducted. Assessment growth is applied to total pressures to reduce the impact on property taxes. Provincial legislation requires revenues to be raised to meet all budgeted expenditures. Municipalities may not budget for surpluses or deficits and any that occur must be fully accounted for in the next year's budget.

The 2018 budget focuses on services and performance. The goal is to clearly illustrate the relationship between services, service levels and costs. The financial decisions that are made are critical to the long-term sustainability of our city.

Opportunities for engagement, openness and accountability continue to be a focus of the budget process.

Consistent, reliable services are what residents expect from their municipality. The 2018 budget presents the way City Council assigns resources to services. The annual operating budget includes estimated operating expenditures and revenues required to allow the City to deliver service levels approved by Council. Increases to the operating budget are limited to contractual and legislated obligations, inflationary increases, and increased costs associated with maintaining current service levels.

Estimates formed the basis of the directions City Council provided regarding this expectations about how the 2018 budget should appear. Council's directions provided staff with guidance for finalizing plans that not only incorporated Council's service expectations, but that also maintained costs within the range Council identified.

The City faces significant pressures in some areas such as:

- Anticipated reduction in provincial funding (Ontario Municipal Partnership Fund)
- Low levels of assessment growth
- WSIB presumptive legislation
- Increasing utility rates
- Higher than expected waste collection contract cost.



Financial Condition

The Public Sector Accounting Board has a Statement of Recommended Practices for governments to support discussions about their financial condition. These practices reflect the overall economic and financial environment, the City's ability to meet service commitments to the public, as well as financial obligations to creditors, employees and others.

The financial condition of the City is determined using three elements: Sustainability, Flexibility and Vulnerability.

Sustainability

Sustainability is the ability to maintain existing service levels and meet existing creditor requirements without significantly increasing debt or property taxes.

To the extent that the level of debt or tax burden grows at a rate that exceeds the growth in the City's assessment base, there is an increased risk that the City's current spending levels and ability to meet creditor obligations cannot be maintained.

Sustainability Indicators	2017	2016	2015	2014	2013
Ratio of Financial Assets to Liabilities	1.66	1.67	1.62	1.54	1.80
Debt per Household	\$1,027	\$1,096	\$1,178	\$434	\$502

The **ratio of financial assets to liabilities** defines the total liabilities relative to assets and provides a measurement of the city's solvency. Low levels of financial assets to financial liabilities are indicative of limited financial resources available to meet cost increases or mitigate revenue loss while a higher level indicates that the City does not utilize debt. In the City's 2017 Long term Financial Plan KPMG LLP recommended a target range of 0.75 to 1.50. The City is currently higher than the recommended range however based on the Long Term Financial Plan, with debt to be issued in the near future for various capital projects, the City will end up in the target range in the next few years.

The **debt per household** is not an estimate of how much each household must contribute to debt repayment. It simply describes the City's debt relative to the size of the community. As part of the City's financial planning, accommodation must be made to repay debt over time.

The City shows positive sustainability, as the City still has a low level of debt.

Flexibility

Flexibility is the ability the City has to increase its financial resources to address additional commitments and service levels. This may be done by increasing property tax revenues or by taking on additional debt. Increasing debt and taxation reduces flexibility and the City's ability to respond to changing circumstances.

Municipalities with relatively high flexibility have the potential to absorb cost increases without adversely impacting on affordability for local residents and other ratepayers.

Flexibility Indicators	2017	2016	2015	2014	2013
Ratio of Debt Charges to Total Revenue	0.02	0.02	0.01	0.01	0.01
Municipal Taxes as a per cent of Household Income	3.85%	3.63%	3.76%	4.01%	3.71%
Debt Charges per Net Revenues	2.19%	2.28%	1.90%	1.45%	1.89%

The **ratio of debt charges to total revenue** provides an indication as to the City's overall indebtedness by calculating the percentage of revenues used to fund long-term debt servicing costs. The results over the last five years indicate that the City maintains a low level of debt and debt repayment.

The City's **municipal taxes as a percentage of household income** have been consistently under 4%. This is a result of the City's efforts to maintain low property taxes, coupled with continuous efforts to be fiscally sustainable. The City is well within the recommended target range of 3.5% to 5.0% as indicated in the City's 2017 Long term Financial Plan presented by KPMG LLP.

The **debt charges per net revenues** provides an assessment of the City's own purpose revenue for annual debt repayment. The City had a significantly low ratio in 2013 and 2014 which increased in 2015 due to debt incurred for the Biosolids Management Facility (\$47 million) and Fleet/Transit Garage (\$14 million). In accordance with provincial guidelines, a municipality is able to utilize up to 25 per cent of its net revenues on debt repayment. Based on this information, the City has the capacity to increase debt repayments. Council approved a modification to the Debt Management Policy in 2017 to increase its allowable annual debt repayments from 5% to 10% of the City's net revenues. Council has approved a number of projects in 2017 and 2018 that will result

Financial Condition

in an estimated increase to external debt financing of \$128 million and annual debt repayments of approximately \$7.6 million.

The City demonstrates flexibility due to its low amount of debt and low taxation.

Vulnerability

Vulnerability is the degree to which the City is susceptible to changes in funding sources outside of the City’s control. There is a risk in relying too heavily on funding sources which can be reduced or eliminated without notice.

The City receives several grants from senior levels of government, including federal and provincial gas taxes and Ontario Municipal Partnership Fund, to name a few.

Federal and provincial funding to the City has fluctuated over the past few years, while revenues from our own sources, such as taxation revenue and user fees have been stable with slight increases. This demonstrates the City has the ability to maintain existing services while not relying heavily on other sources of government funding.

Vulnerability Indicator	2017	2016	2015	2014	2013
Ratio of Government Transfers to Total Revenue	0.30	0.25	0.27	0.26	0.26

The **ratio of government transfers to total revenue** was higher in 2017 due to additional funding received for social housing initiatives and large capital projects such as Maley Drive and improvements to water, wastewater and storm water systems. In the City’s 2017 Long term Financial Plan KPMG LLP recommended a target range of 0.10 to 0.25. The City is currently higher than the recommended range, due to large capital projects that are in addition to the regular operations of the City.

The City demonstrates some vulnerability as it does not control or influence the amount and timing of funding from senior levels of government.

Summary

The City of Greater Sudbury’s current financial condition is stable and trends indicate that the City is headed in the right direction. The City continues to face several pressures from continuing rising costs of service delivery and is at a risk of experiencing asset failure/service interruption, potentially leading to higher cost and lower public satisfaction. The City is exploring options for debt financing to help alleviate some of these pressures but a slow economy and minimal growth in the city make it challenging to maintain existing service levels at a low cost to taxpayers.



2017 Financial Results

INTRODUCTION

The Annual Report includes the Consolidated Financial Statements of the City of Greater Sudbury for the year ended December 31, 2017. These financial statements have been drafted by Finance in accordance with Generally Accepted Accounting Principles as established by the Public Sector Accounting Board and have been audited by KPMG, LLP. The Independent Auditor's Report expresses an unqualified audit opinion.

HIGHLIGHTS

The Consolidated Financial Statements include the following entities which are owned or controlled by the City:

Fully consolidated entities include:

- Greater Sudbury Housing Corporation
- Greater Sudbury Police Services Board
- Downtown Sudbury
- Flour Mill Business Improvement Area
- Greater Sudbury Public Library Board

The financial results of these entities include the assets, liabilities, revenues and expenses of these entities. Any inter-organization transactions have been eliminated.

In addition, the City invests in two Government Business Enterprises (GBEs):

- Greater Sudbury Airport
Community Development Corporation
- Greater Sudbury Utilities Inc.

These investments are accounted for by the modified equity method therefore these investments are recorded as assets in the Consolidated Statement of Financial Position and their net earnings are recorded as revenues in the Consolidated Statement of Operations and Accumulated Surplus. Inter-organization transactions and balances are not eliminated.

Key financial highlights for 2017 are as follows:

- The 2017 Consolidated Statement of Financial Position reports net financial assets of \$196 million, a decrease of \$2 million from \$198 million in 2016.
- The City's accumulated surplus increased from \$1.630 billion in 2016 to \$1.647 billion at December 31, 2017. Over 80 per cent of the accumulated surplus is comprised of equity in tangible capital assets which represents the service capacity available for future periods.
- The 2017 Consolidated Statement of Operations and Accumulated Surplus indicates an annual surplus of \$47 million compared to \$17 million in 2016.
- Revenues increased by \$50 million from 2016. Of this amount \$23 million is due to additional grant funding related to tangible capital assets and \$12 million in operating grants received.
- Expenses increased by \$20 million from 2016. Of this amount \$6 million related to social housing programs and \$5 million related to environmental services.
- The City's reserves and reserve funds decreased by \$15 million to \$146 million mainly due to funding of capital projects.



2017 Financial Results

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's Balance Sheet. Among other details, it reports on two key indicators – net financial assets and accumulated surplus.

Financial assets summary

Public Sector Accounting Board standards for reporting require the City to distinguish between financial and non-financial assets. Financial assets are assets on hand, which could be used to discharge liabilities or finance future operations. The difference between financial assets and liabilities, or net financial assets, is an indicator of the City's ability to finance future activities and to meet its liabilities and commitments. Non-financial assets represent economic resources that will be employed by the City to deliver programs and provide services in the future.

The City's financial assets are mostly comprised of cash, accounts receivable, investments in Government Business Enterprises (GBE) and investments. Financial assets remained stable during 2017 at \$494 million compared to \$495 million in 2016.

Investment in GBEs is the City's investment in the Sudbury Airport Community Development Corporation and Greater Sudbury Utilities Inc. These investments are comprised of notes receivable and the accumulated surplus of the two corporations. The investment has increased from \$106 million in 2016 to \$108 million in 2017.

The City's investments have decreased from \$323 million to \$298 million. This decrease is due mostly to a large increase in the City's receivables, specifically related to funding from federal and provincial governments for capital projects. Fluctuations in investments are mostly due to the timing of expenditures compared to the timing of funding payments received.

2017 Financial Assets

	2017	2016	2015	2014	2013
Financial assets	\$	\$	\$	\$	\$
Cash	6,188	7,044	6,136	17,217	10,797
Taxes receivable	9,360	7,122	7,355	6,569	7,939
Accounts receivable	69,426	48,252	51,650	44,495	39,961
Inventory held for resale	2,474	3,044	1,335	3,182	1,616
Investment in GBE	108,150	105,986	95,217	92,940	89,755
Investments	298,357	323,144	290,917	262,931	267,842
	493,955	494,592	452,610	427,334	417,910



2017 Financial Results

Financial liabilities summary

The City's financial liabilities are mostly comprised of accounts payable, employee benefit obligations and long term liabilities. Financial liabilities have remained stable during 2017 at \$298 million compared to \$297 million in 2016.

Accounts payable and accrued liabilities increased by 6 per cent or \$5 million and are amounts owing to government agencies, suppliers and employees.

The City receives funds for specific purposes under legislation, regulation or agreements and are internally recorded as Obligatory Reserve Funds. The recognition of these funds as revenues has been deferred until related expenses occur in the future. For example, development charges and some government transfers are only recognized as revenues when the related projects expenses are realized. These restricted funds are included in liabilities as "Deferred Revenue" and not part of the accumulated surplus.

Employee benefit obligations have increased by 6 per cent from 2016. These obligations are for WSIB, sick leave benefits, post-employment benefits and vacation pay. Employee benefit obligations represent the amounts payable in future years for services that were provided by employees in the current or past years. Actuarial valuations are undertaken every three years to calculate the obligations, estimating expected future cost and then calculating the present value based on the applicable municipal discount rate as at December 31 in accordance with PSAB standards.

Long term liabilities for 2017 total \$77 million and have decreased from 2016 due to debt principal repayments made during the year. These liabilities are comprised of long term debt to acquire tangible capital assets and accrued financial obligations related to Health Sciences North and Northern Ontario School of Architecture among others.

2017 Financial Liabilities

Financial liabilities	2017	2016	2015	2014	2013
Accounts payable and accrued liabilities	99,200	93,650	80,635	133,618	86,827
Deferred revenue - obligatory reserve funds	40,489	43,463	36,644	37,961	38,796
Deferred revenue - other	3,590	3,366	2,802	4,000	2,896
Employee benefit obligations	62,523	59,075	56,458	55,758	54,595
Solid waste management facility liability	14,944	14,429	14,222	13,263	11,359
Long-term liabilities	77,472	82,597	88,531	32,519	37,345
	298,218	296,580	279,292	277,119	231,818

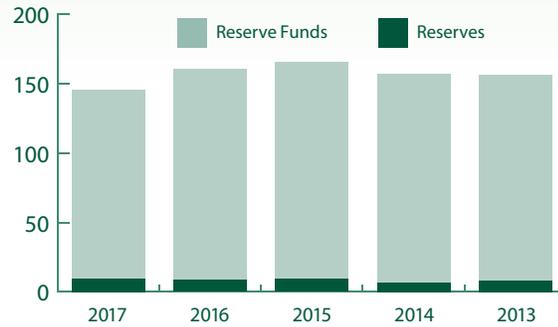
2017 Financial Results

Reserves and Reserve Funds

The City maintains reserve and reserve funds in accordance with the Reserve and Reserve Fund Bylaw. The purpose of the reserve and reserve funds is to provide stability of tax rates, financing of one time requirements, capital replacement and acquisition, internal financing and provide for future liabilities.

Reserves and Reserve funds total \$146 million compared to \$161 million in 2016. It's important to note that a significant portion of the reserve funds are committed to previous Council approved capital and other projects. These funds remain committed until spent on the related project. Approximately \$83 million of the total relate to committed projects.

2017 Reserves and reserve funds (in millions \$)



2017 Financial Results

Consolidated Statement of Operations

The Consolidated Statement of Operations and Accumulated Surplus is the municipal equivalent of the private sector’s Statement of Income and Retained Earnings. It provides a summary of the revenues, expenses, and surplus for the reporting period and outlines the changes in accumulated surplus.

It is important to note that a surplus does not indicate that there is extra cash to spend.

Revenues

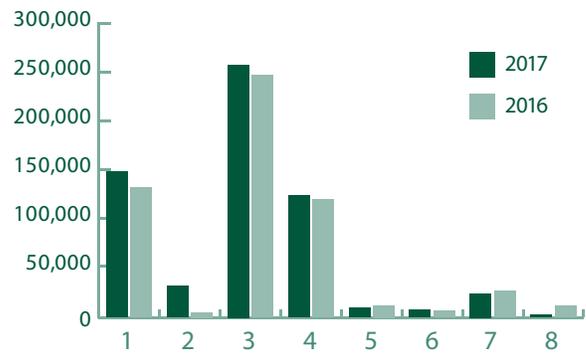
The City’s revenues are used to provide and maintain existing service levels, and sustain infrastructure. Revenues are comprised of government transfers, property taxes, user charges, investment income, fines and penalties, other revenues and net earnings from Government Business Enterprises.

The City’s revenues increased by 8.9 per cent from \$556 million in 2016 to \$605 million in 2017.

- Government transfers were \$44 million higher than 2016 due to additional grant funding related to tangible capital assets and for operating grants.
- Taxation revenue for 2017 was \$11 million higher than 2016 primarily due to a 3.6 per cent increase in the property tax levy.
- User charges increased by \$4 million from 2016 mostly due to an increase of user rates of 3 per cent in accordance with the Miscellaneous User Fee By-law and an increase to the water waste water rate of 7.4 percent.
- Government business enterprises contributed \$2 million to the 2017 annual surplus, a decrease of \$8.6 million.

It is to note that 63 per cent of the City’s revenue is attributed to taxation and user fees.

Revenues (in millions \$)



- | | |
|-------------------------------------|------------------------|
| 1. Government Transfers, Provincial | 5. Investment Income |
| 2. Government Transfers, Federal | 6. Fines and Penalties |
| 3. Taxation | 7. Other |
| 4. User Charges | 8. GBE Net Earnings |



2017 Financial Results

Consolidated Statement of Operations Expenses

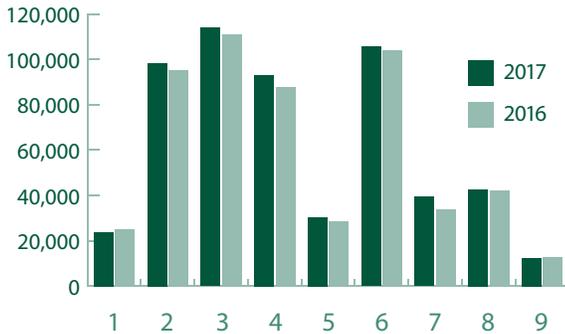
Expenses represent the City's costs to provide a wide range of services to more than 161,000 citizens. City services are provided by departments and their activities are reported by function.

Expenses can also be broken down by major expense categories: salaries, wages and benefits, materials, contract services, grants and transfer payments, amortization and other.

Expenses increased in 2017 by 3.67 per cent from \$539 in 2016 to \$559 million to maintain existing service levels.

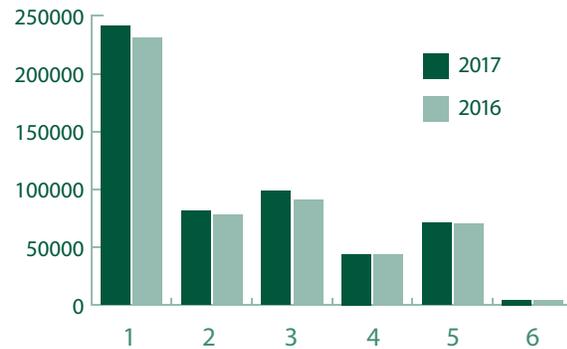
- Salaries, wages and benefits have increased \$2.9 million due to employee benefit obligation adjustments, labour pay adjustments and increased benefit costs.
- Grants and Transfer payments increased by \$7.2 million due to Affordable housing program grants.
- Environmental services increased by \$5.5 million due to an increase in the landfill liability and the solid waste disposal costs.

Expenses by Function (in millions \$)



- | | |
|----------------------------|-------------------------------------|
| 1. General Government | 6. Social Services |
| 2. Protection Services | 7. Social Housing |
| 3. Transportation Services | 8. Recreation and Cultural Services |
| 4. Environmental Services | 9. Planning and Development |
| 5. Health Services | |

Expenses by Category (in millions \$)



- | | |
|--------------------------------|---------------------------------|
| 1. Salaries wages and benefits | 4. Grants and Transfer Payments |
| 2. Materials | 5. Amortization |
| 3. Contract Services | 6. Other |



2017 Financial Results

Consolidated Statement of Change in Net Financial Assets

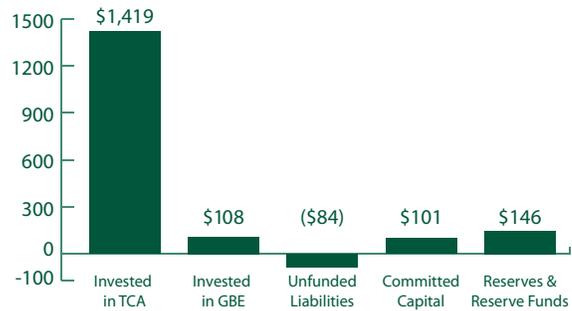
The Consolidated statement of change in net financial assets summarizes the change in net financial assets as a result of annual operations, tangible capital asset transactions and changes in other non-financial assets.

Accumulated surplus

The accumulated surplus is the amount by which all assets, including tangible capital assets, exceed liabilities. An accumulated surplus indicates a government has net resources to provide services in future reporting periods. It is comprised of the City's investments in tangible capital assets, Government Business Enterprises (GBE), committed capital projects, unfunded liabilities and reserves and reserve funds.

The City has an accumulated surplus of \$1.693 billion which is an increase of \$47 million from 2016. This increase can be attributed to an increase investment in tangible capital assets of approximately \$50 million.

2017 Accumulated surplus (in millions \$)



2017 Financial Results

Consolidated Statement of Cash Flow

The Consolidated statement of cash flow summaries the City's cash position and changes during the year by describing the source and uses of cash categorized by operating, capital, investing and financing transactions.

The Consolidated Statement of Cash Flows describes how activities were financed during the reporting period and the effect of activities on the cash balance.

The City utilized its cash during the year to acquire tangible capital assets and repay its debt. The City was required to sell investments during the year to meet the cash requirements due to an increase in accounts receivables.

This statement helps inform readers about whether future cash resources are sufficient for sustaining the City's activities.



Consolidated Financial Statements of

CITY OF GREATER SUDBURY

Year ended December 31, 2017



Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the City of Greater Sudbury (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

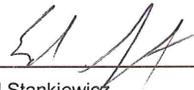
The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Ed Archer
Chief Administrative Officer



Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet



CITY OF GREATER SUDBURY

Consolidated Financial Statements Index
(in thousands of dollars)
Year ended December 31, 2017

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Fax (705) 675-7586

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of
Greater Sudbury

We have audited the accompanying consolidated financial statements of the City of Greater Sudbury, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising 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 our 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, we 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 is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects the financial position of the City of Greater Sudbury as at December 31, 2017, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 26, 2018



CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position
(in thousands of dollars)
December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash	\$ 6,188	\$ 7,044
Taxes receivable (note 3)	9,360	7,122
Accounts receivable (note 4)	69,426	48,252
Inventory held for resale	2,474	3,044
Investment in Government Business Enterprises (note 5 (a))	108,150	105,986
Investments (note 6)	298,357	323,144
	493,955	494,592
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	99,200	93,650
Deferred revenue - obligatory reserve funds (note 9)	40,489	43,463
Deferred revenue - other (note 10)	3,590	3,366
Employee benefit obligations (note 11)	62,523	59,075
Solid waste management facility liability (note 12)	14,944	14,429
Long-term liabilities (note 13)	77,472	82,597
	298,218	296,580
Net financial assets	\$ 195,737	\$ 198,012
Non-financial assets		
Tangible capital assets (note 14)	1,488,881	1,439,235
Inventory of supplies	3,976	4,785
Prepaid expenses	4,720	4,723
	1,497,577	1,448,743
Contractual obligations and commitments (note 16)		
Accumulated Surplus (note 17)	\$ 1,693,313	\$ 1,646,755

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF GREATER SUDBURY

Consolidated Statement of Operations and Accumulated Surplus
(in thousands of dollars)
December 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
	(note 18)		
Revenues			
Government transfers - Provincial	\$ 141,098	148,686	\$ 132,062
- Federal	31,441	31,557	4,592
Taxation (note 19)	257,833	257,561	246,972
User charges	126,099	124,053	119,971
Investment income	9,826	10,150	10,063
Fines and penalties	6,147	7,501	6,012
Other revenues (note 20)	26,760	23,762	25,440
Government Business Enterprises net earnings (note 5 (b))	1,605	2,164	10,769
	600,809	605,434	555,881
Expenses			
General government	23,192	23,700	25,269
Protection services	94,541	98,041	94,588
Transportation services	110,452	113,519	110,610
Environmental services	95,100	92,760	87,338
Health services	29,631	30,493	28,713
Social and family services	104,283	105,405	103,845
Social housing	39,461	39,599	33,912
Recreation and cultural services	37,422	42,911	42,112
Planning and development	12,874	12,448	12,729
	546,956	558,876	539,116
Annual Surplus	53,853	46,558	16,765
Accumulated surplus, beginning of the year	1,646,755	1,646,755	1,629,990
Accumulated surplus, end of the year	\$ 1,700,608	\$ 1,693,313	\$ 1,646,755

The accompanying notes are an integral part of these consolidated financial statements.



CITY OF GREATER SUDBURY

Consolidated Statement of Change in Net Financial Assets
(in thousands of dollars)
December 31, 2017, with comparative information for 2016

	2017	2017	2016
	Budget	Actual	Actual
	(note 18)		
Annual Surplus	\$ 53,853	\$ 46,558	\$ 16,765
Acquisition of tangible capital assets	(227,066)	(124,678)	(66,476)
Amortization of tangible capital assets	69,885	72,028	70,905
Loss on sale of tangible capital assets	-	2,652	2,344
Proceeds on sale of tangible capital assets	-	353	1,930
	(103,328)	(3,087)	25,468
Inventory of supplies	-	809	(579)
Prepaid expenses	-	3	(195)
Change in net financial assets	(103,328)	(2,275)	24,694
Net financial assets, beginning of the year	198,012	198,012	173,318
Net financial assets, end of the year	\$ 94,684	\$ 195,737	\$ 198,012

The accompanying notes are an integral part of these consolidated financial statements.



CITY OF GREATER SUDBURY

Consolidated Statement of Cash Flow
(in thousands of dollars)
December 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities		
Annual Surplus	\$ 46,558	\$ 16,765
Items not involving cash:		
Amortization of tangible capital assets	72,028	70,905
Loss on sale of tangible capital assets	2,652	2,530
Developer contributions of tangible capital assets	(5,329)	(3,158)
Change in employee benefit obligations	3,448	2,617
Change in solid waste management facility liability	515	207
Equity income in Government Business Enterprises	(2,164)	(10,769)
Change in non-cash working capital:		
(Decrease) increase in accounts and taxes receivable	(23,404)	3,627
Decrease (increase) in inventory held for resale	570	(1,709)
Increase (decrease) in inventory of supplies	809	(580)
Increase (decrease) in prepaid expenses	3	(195)
Increase in accounts payable and accrued liabilities	5,542	13,019
(Decrease) increase in deferred revenue - obligatory reserve funds	(2,973)	6,819
Increase in deferred revenue - other	223	564
	98,478	100,642
Cash flows from financing activities		
Long-term debt issued	1,000	-
Debt principal repayments	(3,985)	(3,807)
Financial obligations payments	(2,130)	(2,120)
Capital lease issued	-	50
Capital lease payments	(10)	(57)
	(5,125)	(5,934)
Cash flows from capital activities		
Proceeds on sale of tangible capital assets	353	1,931
Cash used to acquire tangible capital assets	(119,349)	(63,504)
	(118,996)	(61,573)
Cash flows from investing activities		
Sale (purchase) of investments	24,787	(32,227)
Net (decrease) increase in cash	(856)	908
Cash, beginning of the year	7,044	6,136
Cash, end of the year	\$ 6,188	\$ 7,044
Supplementary Information		
Interest received	\$ 6,214	\$ 5,571
Interest paid	\$ 3,022	\$ 3,203

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

The City of Greater Sudbury is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes including the Municipal Act, 2001, Provincial Offences Act and other legislation.

1. Significant accounting policies

The consolidated financial statements of the City of Greater Sudbury (the "City") are prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

(a) Reporting entity

(i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These boards, organizations and entities include:

Greater Sudbury Housing Corporation
Greater Sudbury Police Services Board
Downtown Sudbury
Flour Mill Business Improvement Area
Greater Sudbury Public Library Board

All interdepartmental and inter-organizational assets and liabilities and revenue and expenses have been eliminated.

(ii) Related entities

These consolidated financial statements do not reflect the assets, liabilities, sources of financing, expenses and the activities of the following boards, organizations and entities which are not under the control of Council:

Nickel District Conservation Authority
Board of Health for the Sudbury & District Health Unit
The City of Greater Sudbury Community Development Corporation

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

(ii) Related entities (continued)

The following contributions were made by the City to these entities:

	2017	2016
Nickel District Conservation Authority	\$ 683	\$ 701
Board of Health for the Sudbury & District Health Unit	6,029	5,917
The City of Greater Sudbury Community Development Corporation	1,542	1,528
	<u>\$ 8,254</u>	<u>\$ 8,146</u>

(iii) Investment in Government Business Enterprises

Government Business Enterprises (GBE) include the Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. (GSU), and the Sudbury Airport Community Development Corporation (SACDC), and are accounted for by the modified equity method.

Under the modified equity method, the business enterprise's accounting principles are not adjusted to conform with those of the City and inter-organization transactions and balances are not eliminated.

(iv) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities of Le Conseil Scolaire de District Catholique du Nouvel-Ontario, Sudbury Catholic District School Board, Rainbow District School Board and Conseil Scolaire Du District Du Grand Nord De L'Ontario are not reflected in these consolidated financial statements.

(b) Revenue recognition

Government transfers

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the City.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Taxation and related revenues

Annually, the City bills and collects property tax revenues for municipal purposes as well as provincial education taxes on behalf of the Province of Ontario (the "Province") for education purposes. The authority to levy and collect property taxes is established under the Municipal Act, 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual municipal property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the cost of education on a Province wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all of Ontario's Municipalities. The current value assessment (CVA) of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the City in the returned assessment roll in December of each year.

The amount of property tax levied on an individual property is the product of the CVA of the property (assessed by MPAC), the municipal tax rate for the class (approved by Council) and the education rates (approved by the Province), together with any adjustments that reflect Council approved mitigation or other tax policy measures, rebate programs, etc.

Property taxes are billed by the City twice annually. The interim billing, issued in February is based on approximately 50% of the total property taxes in the previous year, and provides for the cash requirements of the City for the initial part of the year. Final bills are issued in June.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The City may receive supplementary assessment rolls over the course of the year from MPAC, identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then billed according to the approved tax rate for the property class and on the supplementary/omitted due dates approved by Council.



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Taxation and related revenues (continued)

Taxation revenues in any year may also be reduced by reductions in assessment values resulting from assessment and/or property tax appeals. Each year, an amount is identified within the annual operating budget and accrued in the consolidated financial statements to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenues (i.e. uncollectible amounts, write offs, etc.).

In the City of Greater Sudbury, annual property tax increases for properties within the commercial, industrial and multi-residential tax classes have been subject to limitations on the maximum allowable year-over-year increase since 1998, in order to mitigate dramatic tax increases due to changes in assessed values.

User charges

User charges relate to various programs, and fees imposed based on specific activities, such as: transit fees, leisure services, water, wastewater and solid waste. Revenue is recognized when the activity is performed or when the services are rendered.

Fines and penalties

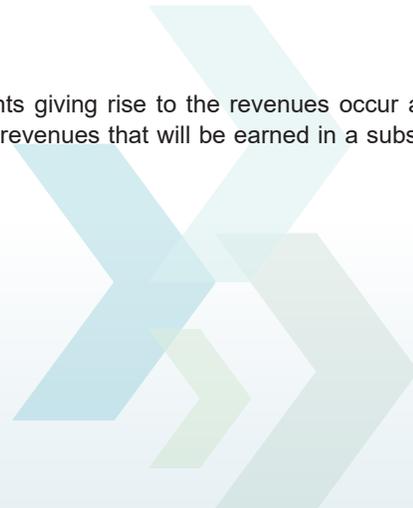
Fines and penalties revenue is primarily generated from the Provincial Offences Administration (POA) office.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor License Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

Balances arising from operation of the POA office have been consolidated with these consolidated financial statements. The City cannot reliably estimate the collections of this revenue, accordingly, revenue is recognized on the cash basis.

Other revenue

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(c) Investments and investment income

Investments are recorded at cost less any amounts written off to reflect a permanent decline in value.

Investment income is reported as revenue in the period earned. Investment income earned on reserve funds that are set aside for specific purposes by legislation, regulation or agreement, is added to the fund balance and forms part of the respective deferred revenue balances.

(d) Inventory held for resale

Inventory held for resale consisting of surplus land and cemetery plots, is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

(e) Pensions and employee benefits

The City makes contributions to the Ontario Municipal Employees' Retirement System plan (OMERS), a multi-employer pension plan, on behalf of most of its employees. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, the City does not recognize any share of the pension plan deficit, as this is a joint responsibility of all Ontario municipalities and their employees. Employer's contributions for current and past service are included as an expense on the consolidated statement of operations and accumulated surplus.

The amount contributed to OMERS and expensed in 2017 was \$16,686 (2016 - \$15,954). As of December 31, 2017 the OMERS plan, with approximately 482,000 members, has a funding surplus of \$605,000 (2016 – deficit \$2,341,000).

Vacation entitlements are accrued for as entitlements are earned.

Sick leave benefits are accrued when they are vested and subject to pay out when an eligible employee leaves the City's employ.

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined with reference to the City's cost of borrowing at the measurement date taking into account the cash flows that match the timing and amount of expected benefit payments.

Actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experiences and from changes in actuarial assumptions used to determine the accrued benefit obligation. These gains (losses) are amortized over the average remaining service period of active employees.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(f) Deferred revenue - obligatory reserve funds

The City receives certain sub-divider contributions and other revenues under the authority of federal and provincial legislation and City by-laws. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(g) Deferred revenue – other

The City receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met (i.e. related expenses are incurred, services are performed) except when stipulations are present and to the extent that the transfer give rise to an obligation that meets the definition of a liability.

(h) 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 extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

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

Asset	Useful Life - Years
General Capital	
Landfill and land improvements	15 - 75 years
Buildings	15 - 60 years
Machinery, furniture and equipment	2 - 50 years
Vehicles	2 - 20 years
Infrastructure	
Land improvements	50 - 100 years
Plants and facilities	10 - 60 years
Roads infrastructure	10 - 75 years
Water and wastewater infrastructure	40 - 100 years

Landfill sites are amortized using the units of production method based upon the capacity used during the year.

Amortization is charged from the date of acquisition to the date of disposal. Assets under construction are not amortized until the asset is put into service.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(h) Non financial assets (continued)

(i) Tangible capital assets (continued)

(i) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(ii) Capital interest

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(iii) Leased tangible capital assets

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

(iv) Inventory

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

(v) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made or where there was no future benefit related to the asset, the tangible capital asset was recognized at a nominal value. Land, buildings and machinery, furniture and equipment are the categories where nominal values were assigned.

(vi) Works of art and historical treasures

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(i) Landfill closure and post closure liability

The costs to close existing landfill sites and to maintain closed solid waste landfill sites are based on estimated future expenditures in perpetuity in current dollars, adjusted for estimated inflation. The estimated liability for active sites is recognized as the landfills site capacity is used. These costs are reported as a liability on the consolidated statement of financial position.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(j) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods.

Significant items subject to such estimates and assumptions include valuation allowances for taxes receivable, accounts receivable and post-employment benefits. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

Actual results could differ from these estimates.

2. Accounting standards issued but not yet adopted

Section PS 2200, Related Party Disclosures is effective for fiscal years beginning on or after April 1, 2017, early adoption is permitted. This section provides guidance on the definition and identification of related parties including key management personnel and establishes disclosure requirements for related party transactions. The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

Section PS 3210, Assets, Section PS 3320, Contingent Assets and Section PS 3380, Contractual Rights are effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The objective of these standards is to provide guidance on applying the definition of assets, contingent assets and contractual rights and establish their respective general disclosures standards. The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

Also, PS 3420, Inter-Entity Transactions is effective for fiscal years beginning on or after April 1, 2017, early adoption is permitted. This standard establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section provides guidance on the recognition, measurement, presentation and disclosure of inter-entity transactions. The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

Section PS 3430, Restructuring Transactions is effective for fiscal year beginning on or after April 1, 2018. Earlier adoption is permitted. This Section establishes standards on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Restructurings can be initiated by the entities involved or imposed by a higher level of government through legislation or by the controlling government. The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

2. Accounting standards issued but not yet adopted (continued)

Section PS 3041, Portfolio Investments, PS 3280, Asset Retirement Obligations, PS 3450, Financial Instruments, PS 2601, Foreign Currency Translation and PS 1201, Financial Statement Presentation are effective for fiscal years beginning on or after April 1, 2021. While early adoption is permitted, all four of the standards must be adopted in the same year except for PS 3280. PS 3041, Portfolio Investments provides guidance on how to account for and report portfolio investments. PS 3450, Financial Instruments provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. PS 2601 Foreign Currency Translation includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of tangible capital assets. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

3. Taxes receivable

	2017	2016
Current taxes and grants in lieu of taxes	\$ 7,351	\$ 7,587
Taxes in arrears	8,109	6,925
	15,460	14,512
Less: allowance for doubtful accounts	(6,100)	(7,390)
Net taxes receivable	\$ 9,360	\$ 7,122

4. Accounts receivable

Accounts receivable consists of the following:

	2017	2016
Government of Canada	\$ 21,813	\$ 7,704
Province of Ontario	12,778	5,072
Other municipalities	69	68
School boards	134	23
Other receivables	35,245	36,399
	70,039	49,266
Less: allowance for doubtful accounts	(613)	(1,014)
Net accounts receivable	\$ 69,426	\$ 48,252

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

5. Investment in Government Business Enterprises

The SACDC and GSU are owned and controlled by the City of Greater Sudbury. These corporations are business enterprises of the City and are accounted for on a modified equity basis in these consolidated financial statements.

(a) The investment in Government Business Enterprises consists of the following:

	SACDC	GSU	2017 Total	2016 Total
Balance, beginning of year	\$ 13,151	\$ 92,835	\$ 105,986	\$ 95,217
City's share of operating income for the year	515	1,649	2,164	10,769
Balance, end of year	\$ 13,666	\$ 94,484	\$ 108,150	\$ 105,986

The investment of \$94,484 in GSU includes a promissory note receivable of \$52,340 (2016 - \$52,340) which is unsecured and bears interest at a rate of 7.25% per annum. The note is repayable in full upon six months written notice from the City.

(b) Supplementary Information

The following tables provide condensed supplementary financial information for the year ended December 31, 2017:

Financial Position

	SACDC	GSU	2017 Total	2016 Total
Current assets	\$ 1,293	\$ 26,439	\$ 27,732	\$ 32,613
Capital assets	24,645	110,338	134,983	131,711
Other assets	-	13,774	13,774	10,926
Total assets	25,938	150,551	176,489	175,250
Current liabilities	1,054	15,254	16,308	20,422
Note payable to the City of Greater Sudbury	847	52,340	53,187	53,839
Long term liabilities	10,372	40,813	51,185	47,343
Total liabilities	12,273	108,407	120,680	121,604
Net assets	\$ 13,665	\$ 42,144	\$ 55,809	\$ 53,646

The \$847 (2016 -\$1,499) note payable to the City from SACDC accrues interest at the City's average monthly rate of return on investments plus 1% and has no specified terms of repayment.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

5. Investment in Government Business Enterprises (continued)

b) Supplementary Information (continued)

By-Law 2017-16 authorized an increased loan to the Sudbury Airport Community Development Corporation to \$7,500. The By-Law provides flexibility to temporarily exceed the \$7,500 limit for bridge financing in order to complete subsidized projects. As at December 31, 2017, the City is in compliance with the requirements of By-Law 2017-16.

	SACDC	GSU	2017 Total	2016 Total
Revenue	\$ 8,569	\$ 143,354	\$ 151,923	\$ 161,743
Expenses	(8,014)	(136,266)	(144,280)	(155,241)
Interest paid to the City of Greater Sudbury	(40)	(3,795)	(3,835)	(3,858)
Other	-	(553)	(553)	3,032
Other comprehensive income	-	(1,091)	(1,091)	5,093
Net income	\$ 515	\$ 1,649	\$ 2,164	\$ 10,769
Budgeted net income	\$ 578	\$ 1,027	\$ 1,605	2,085

(c) Related Party Transactions

Related party transactions between the City and its government business enterprises are as follows:

- (i) At December 31, 2017, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$749 (2016 - \$2,153) for water billings collected by GSU on behalf of the City.

A payable of \$33 (2016 - \$60) for electricity and water bill payments collected by the City on behalf of GSU.

- (ii) Revenues included in the Consolidated Statement of Operations and Accumulated Surplus of the City are:

	2017	2016
Property taxes	\$ 425	\$ 443
Interest on promissory note receivable	3,835	3,858
	\$ 4,260	\$ 4,301

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

5. Investment in Government Business Enterprises (continued)

c) Related Party Transactions (continued)

(iii) Expenses included in the Consolidated Statement of Operations and Accumulated Surplus of the City are:

	2017	2016
Billing and collection services for water and wastewater	\$ 1,565	\$ 1,354
Streetlighting maintenance services	524	510
Streetlighting infrastructure	298	329
Electricity	7,789	7,651
Telecommunications	487	546
	<u>\$ 10,663</u>	<u>\$ 10,390</u>

Transactions with related parties are in the normal course of operations and are recorded at the exchange amount, which is the amount agreed to by the related parties. It is management's opinion that the exchange amount represents fair market value for these services.

6. Investments

	2017 Interest Rates	Market	2017 Cost	Market	2016 Cost
Short term investments	(1.38% to 6.73%)	\$ 170,310	168,825	\$ 219,591	218,001
Long term investments	(0.00% to 4.60%)	130,420	129,532	106,629	105,143
		<u>\$ 300,730</u>	<u>298,357</u>	<u>\$ 326,220</u>	<u>323,144</u>

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 0.00% to 6.73% per annum and are recorded at cost adjusted for amortization of discounts and premiums. Maturity dates on long term investments range from 2019 to 2035 (2016 – 2017 to 2035).

By-Law 2013-179 adopted the Investment Policy which allows up to \$150,000 to be invested in long-term instruments (greater than one year). The remainder of the portfolio is restricted to short-term investments (one year and shorter). At December 31, 2017, the City is in compliance with the requirements of By-Law 2013-179.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2017	2016
Government of Canada	\$ 2,619	\$ 2,524
Province of Ontario	5,832	7,843
Other municipalities	44	69
School boards	11	270
Other payables	90,694	82,944
Total accounts payable and accrued liabilities	\$ 99,200	\$ 93,650

8. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2016 - \$10,000) bearing interest at the bank's prime rate less 0.5% for Bankers' Acceptance and 0.9% on loans with an effective rate of 2.95 % (2016 - 2.2%) per annum. No amounts were drawn against the facility as at December 31, 2017 and 2016.

9. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2016	Externally restricted inflows	Revenue earned	December 31, 2017
Gasoline Tax - Federal	\$ 18,007	\$ 10,259	\$ (14,952)	\$ 13,314
Gasoline Tax - Provincial	74	2,617	(2,691)	-
Ontario Community Infrastructure Fund (OCIF)	-	4,290	(3,918)	372
Social Housing Apartment Retrofit Program (SHARP)	1,637	31	(678)	990
Children's Services - Transition Mitigation Funding	6,296	58	(58)	6,296
Development Charges Act	1,557	3,912	(3,689)	1,780
Recreational Land (Planning Act)	860	171	(132)	899
Subwatershed Provincial Fund	-	1,551	(913)	638
Sub-Divider Contributions	8,835	1,003	(1,016)	8,822
Building Permit Revenues (Bill 124)	6,197	1,300	(119)	7,378
	\$ 43,463	\$ 25,192	\$ (28,166)	\$ 40,489

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

10. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31, 2016	Externally restricted inflows	Revenue earned	December 31, 2017
Federal government	\$ 35	\$ 34	\$ (45)	\$ 24
Provincial government	2,596	13,213	(13,095)	2,714
Municipal government	13	27	(40)	-
Other	541	665	(542)	664
Consolidated entities	181	188	(181)	188
	\$ 3,366	\$ 14,127	\$ (13,903)	\$ 3,590

11. Employee benefit obligations

Employee benefit obligations consist of the following:

	2017	2016
Future payments required for:		
WSIB obligations	\$ 5,189	\$ 3,762
Accumulated sick leave benefits	6,760	6,696
Other post-employment benefits	33,545	32,009
Liability for Stop Loss Insurance	1,305	1,435
Vacation pay	15,724	15,173
	\$ 62,523	\$ 59,075

The City has established reserve funds in the amount of \$15,149 (2016 - \$15,715) to mitigate the future impact of these obligations.

The City is a Schedule 2 employer under the provisions of the Workplace Safety and Insurance Board Act (WSIB), and as such, remits payments to the WSIB as required to fund disability payments.

Accumulated sick leave benefits accrue to certain employees of the City and are paid out either on approved retirement or upon termination or death.

Other post-employment benefits represent the City's share of the cost to provide certain employees with extended benefits upon early retirement.

Liability for stop loss insurance represents future payments for claims relating to catastrophic losses that occurred during the insured period and has exceeded or will exceed the City's deductible.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
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11. Employee benefit obligations (continued)

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2017 for each of the plans.

	WSIB	Sick leave	Other Post- Employment Benefits	2017 Total	2016 Total
Accrued benefit liability, beginning of year	\$ 10,130	6,533	35,211	51,874	49,906
Benefit cost	1,017	338	1,576	2,931	2,576
Interest cost	340	233	1,257	1,830	1,855
Benefit payments	(1,373)	(465)	(2,178)	(4,016)	(4,236)
Actuarial gain	-	-	-	-	1,772
Accrued benefit liability, end of year	10,114	6,639	35,866	52,619	51,873
Unamortized actuarial gain (loss)	(4,925)	121	(2,321)	(7,125)	(9,407)
	\$ 5,189	6,760	33,545	45,494	42,466

The total employee benefits expense include the following components:

	WSIB	Sick Leave	Other Post- Employment Benefits	2017 Total	2016 Total
Current period benefit cost	\$ 2,322	338	1,576	4,236	\$ 3,921
Amortization of actuarial loss	1,353	(42)	881	2,192	2,149
Interest expense	340	233	1,257	1,830	1,855
Total employee benefit expense	\$ 4,015	529	3,714	8,258	\$ 7,925

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimates. The following represents the more significant assumptions made:

	WSIB	Sick Leave	Other Post- Employment Benefits
Expected inflation rate	2.0%	2.0%	2.0%
Expected level of salary increases	N/A	3.1%	3.1%
Discount rate	3.60%	3.60%	3.60%

For other post employment benefits, as at December 31, 2017, the initial health care trend rate is 7.6% (2016 – 7.6 %) and the ultimate trend rate is 4.5% (2016 – 4.5%) which is expected to be reached in 2029 (2016 – 2029).

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

12. Solid waste management facility liability

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability, which is prepared by an engineering firm, is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses; capacity used or total capacity, useful life and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The City has three active and three inactive landfill sites. Estimated total expenses for these six sites represent the sum of the discounted future cash flows for closure and post-closure care activities discounted using an average borrowing rate of 3.85% (2016 – 3.85%) minus an inflation rate of 2.17% (2016 - 2.07%) (10-year average of CPI from 2007 to 2017). The estimated total landfill closure and post-closure care expenses are calculated to be \$24,738 (2016 - \$24,333). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2017, an amount of \$14,944 (2016 - \$14,429) with respect to landfill closure and post-closure liabilities has been accrued.

Active sites

The estimated remaining capacity of the Sudbury landfill site is 46% (3,579,984 cubic meters) (2016 - 48%) of its total estimated capacity and its estimated remaining life is 32 years (2016 - 33 years), after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Valley East landfill site is 36% (589,516 cubic meters) (2016 - 38%) of its total estimated capacity and its estimated remaining life is 21 years (2016 - 24 years), after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Rayside-Balfour landfill site is 48% (715,340 cubic meters) (2016 - 49%) of its total estimated capacity and its estimated remaining life is 31 years (2016 - 32 years), after which the period for post-closure care is estimated to be 25 years.

Inactive Sites

The City has identified three (2016 – three) inactive landfill sites for which it retains responsibility for all costs relating to closure and post-closure care.

Post-closure care activities for landfill sites are expected to occur in perpetuity and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and maintenance of the landfill cover.

The estimated liability for the care of inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs discounted using the City's average long-term borrowing rate of 3.85% (2016 – 3.85%). The estimated present value of future expenditures for post-closure care is \$2,225 (2016 - \$2,344).

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

13. Long-term liabilities

(a) Long-term liabilities consist of the following:

	2017	2016
Debentures (i)	\$ 51,975	\$ 55,300
Other loans (ii)	17,167	17,827
Capital lease obligations (iii)	30	40
Accrued financial obligations (iv)	8,300	9,430
	<u>\$ 77,472</u>	<u>\$ 82,597</u>

(i) The debentures bear interest at rates of 3.10% to 5.734%, repayable in aggregate blended monthly payments of \$441, maturing from March, 2023 to May, 2035.

(ii) The other loans bear interest at rates of 5.47% to 6.162%, repayable in aggregate blended annual payments of \$354 and an aggregated blended monthly payment of \$116, maturing from March 2025 to May, 2035.

(iii) The capital lease obligations bear interest at a rate of 0%, repayable in aggregate blended monthly payments of \$1, maturing in April 2021.

(iv) Accrued financial obligations consist of the following:

	Last Year of Obligation	2017	2016
Health Sciences North (PET Scanner)	2025	\$ 1,000	\$ -
Health Sciences North	2023	3,985	4,684
Northeastern Ontario Regional Cancer Centre	2023	1,715	2,016
Laurentian University (School of Architecture)	2019	1,500	2,500
Advanced Medical Research Institute of Canada	2018	100	200
Physician Service Agreements	2017	-	30
		<u>\$ 8,300</u>	<u>\$ 9,430</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

13. Long-term liabilities (continued)

(b) The principal payments on long-term liabilities are due as follows:

2017	\$	6,381
2018		5,977
2019		5,682
2020		6,488
2021		6,016
Thereafter		46,928
	\$	77,472

(c) The City's long-term liabilities are to be recovered from the following sources:

General municipal revenues	\$	32,315
Water/wastewater user fees		45,157
	\$	77,472

(d) The City expensed \$3,022 in 2017 (2016 - \$ 3,203) in interest on these borrowings.



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

14. Tangible capital assets

Cost	Balance December 31, 2016	Additions	Disposals / Transfers	Balance at December 31, 2017
General Capital:				
Land	\$ 74,114	\$ 2,273	(64)	\$ 76,323
Landfill and land improvements	39,236	1,102	-	40,338
Buildings	336,672	9,615	(2,007)	344,280
Machinery, furniture and equipment	114,094	5,672	(2,249)	117,517
Vehicles	75,945	5,681	(5,484)	76,142
Infrastructure:				
Land improvements	22,811	145	-	22,956
Plants and facilities	423,908	3,443	(1,150)	426,201
Roads infrastructure	1,195,806	50,765	(11,229)	1,235,342
Water and sewer infrastructure	507,291	17,277	(515)	524,053
Assets under construction	35,983	50,135	(21,428)	64,690
Total	\$ 2,825,860	\$ 146,108	\$ (44,126)	\$ 2,927,842

Accumulated amortization	Balance December 31, 2016	Amortization expense	Disposals / Transfers	Balance at December 31, 2017
General Capital:				
Land	\$ -	\$ -	-	-
Landfill and land improvements	17,274	1,522	-	18,796
Buildings	161,100	9,969	(1,050)	170,019
Machinery, furniture and equipment	65,441	8,174	(2,128)	71,487
Vehicles	42,333	4,910	(5,233)	42,010
Infrastructure:				
Land improvements	3,294	319	-	3,613
Plants and facilities	202,208	10,141	(1,147)	211,202
Roads infrastructure	730,142	29,921	(9,650)	750,413
Water and sewer infrastructure	164,834	7,073	(486)	171,421
Assets under construction	-	-	-	-
Total	\$ 1,386,626	\$ 72,028	\$ (19,694)	\$ 1,438,961

	Net book value December 31, 2016	Net book value December 31, 2017
General Capital:		
Land	\$ 74,114	\$ 76,323
Landfill and land improvements	21,962	21,542
Buildings	175,572	174,261
Machinery, furniture and equipment	48,654	46,030
Vehicles	33,613	34,132
Infrastructure:		
Land improvements	19,517	19,343
Plants and facilities	221,700	214,999
Roads infrastructure	465,664	484,929
Water and sewer infrastructure	342,455	352,632
Assets under construction	35,983	64,690
Total	\$ 1,439,234	\$ 1,488,881

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

14. Tangible capital assets (continued):

Cost	Balance December 31, 2015	Additions	Disposals / Transfers	Balance at December 31, 2016
General Capital:				
Land	\$ 70,610	\$ 4,032	(528)	\$ 74,114
Landfill and land improvements	37,291	1,945	-	39,236
Buildings	335,057	6,339	(4,724)	336,672
Machinery, furniture and equipment	108,852	8,257	(3,015)	114,094
Vehicles	74,417	8,211	(6,683)	75,945
Infrastructure:				
Land improvements	22,713	98	-	22,811
Plants and facilities	413,043	12,937	(2,072)	423,908
Roads infrastructure	1,184,245	17,413	(5,852)	1,195,806
Water and sewer infrastructure	499,340	8,290	(339)	507,291
Assets under construction	36,844	20,502	(21,363)	35,983
Total	\$ 2,782,412	\$ 88,024	\$ (44,576)	\$ 2,825,860

Accumulated amortization	Balance December 31, 2015	Amortization expense	Disposals / Transfers	Balance at December 31, 2016
General Capital:				
Land	\$ -	\$ -	-	-
Landfill and land improvements	15,855	1,419	-	17,274
Buildings	154,283	9,855	(3,038)	161,100
Machinery, furniture and equipment	60,102	8,262	(2,923)	65,441
Vehicles	43,517	4,693	(5,877)	42,333
Infrastructure:				
Land improvements	2,978	316	-	3,294
Plants and facilities	193,974	9,809	(1,575)	202,208
Roads infrastructure	705,524	29,631	(5,013)	730,142
Water and sewer infrastructure	158,240	6,921	(327)	164,834
Assets under construction	-	-	-	-
Total	\$ 1,334,473	\$ 70,905	\$ (18,753)	\$ 1,386,625

	Net book value December 31, 2015	Net book value December 31, 2016
General Capital:		
Land	\$ 70,610	\$ 74,114
Landfill and land improvements	21,436	21,962
Buildings	180,774	175,572
Machinery, furniture and equipment	48,750	48,654
Vehicles	30,900	33,613
Infrastructure:		
Land improvements	19,735	19,517
Plants and facilities	219,069	221,700
Roads infrastructure	478,721	465,664
Water and sewer infrastructure	341,100	342,455
Assets under construction	36,844	35,983
Total	\$ 1,447,939	\$ 1,439,235

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

14. Tangible capital assets (continued)

a) Assets under construction

Assets under construction having a value of \$64,690 (2016 - \$35,983) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$50,135 (2016 - \$20,502) to assets under construction and transferred \$21,428 (2016 - \$21,363) from assets under construction to tangible capital assets.

b) Developer contributions of tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$5,329 (2016 - \$3,158) comprised of the following:

	2017	2016
General Capital		
Land	\$ 426	\$ 88
Machinery and equipment	298	495
Land improvements	33	255
Infrastructure		
Land improvements	234	25
Roads network	1,484	1,000
Water and wastewater network	2,854	1,295
Total	\$ 5,329	\$ 3,158

15. Operations of school boards

Further to note 1(a) (iv), taxation and other revenues generated from the operations of the school board excluded from reported revenues are comprised of the following:

	2017	2016
Taxation	\$ 51,623	\$ 56,231
Payments in lieu of taxes	139	140
	\$ 51,762	\$ 56,371



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

16. Contractual obligations and commitments

(a) Contracts for capital projects

The balance of capital works uncompleted under contracts in progress at December 31, 2017 amounts to approximately \$68,519 (2016 - \$33,279). The proposed financing of these obligations is \$37,175 (2016 - \$11,633) from surplus funds and \$31,344 (2016 - \$21,645) from external sources.

(b) Contracts for services

The City has entered into contracts with third parties to provide various services to the City. The minimum anticipated payments under these contracts are as follows:

2018	30,259
2019	27,688
2020	22,108
2021	9,119
2022 and onwards	56,230
	\$ 145,404

(c) Contingent liabilities

As at December 31, 2017, certain legal actions are pending against the City. An estimate of the contingency cannot be made since the outcome of these matters is indeterminable. Should any loss result from the resolution of these matters, such loss would be charged to operations in the year of disposition.

(d) Liability for contaminated sites

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the City is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. As at December 31, 2017 there is no liability recorded in the consolidated financial statements. The City will continue to review contaminated sites on an annual basis and when the criteria for recognition have been met, a liability will be recorded.



CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements
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17. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Surplus		
Invested in tangible capital assets	\$ 1,419,491	\$ 1,365,836
Invested in government business enterprises	108,150	105,986
Other	2,828	3,365
Committed capital:		
Capital projects not completed	122,619	112,473
Unfinanced capital projects to be recovered through taxation or user charges	(21,304)	(20,072)
Unfunded:		
Landfill closure costs	(14,944)	(14,429)
Employee benefits	(61,127)	(57,640)
Accrued financial obligations	(8,100)	(9,400)
	1,547,613	1,486,119
Reserves	9,417	8,507
Reserve funds	136,283	152,129
	\$ 1,693,313	\$ 1,646,755



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

18. Budget data

Budget data presented in these consolidated financial statements are based on the 2017 operating and capital budgets approved by Council and Local Boards. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

	2017
Revenues	
Approved budget:	
Operating	\$ 526,812
Capital	229,663
Consolidated Boards	19,719
	<u>776,194</u>
Adjustments:	
Transfer from reserves to operating	(9,453)
Recognize revenues from obligatory reserve funds	(66,163)
In year budget adjustments - operating	3,797
Operating transfer to capital and future years funding	(105,752)
Contributed tangible capital assets	5,329
Reclass between revenues and expenses	(1,003)
Reclassification of taxation bad debt expense	(2,140)
Total revenues	<u>\$ 600,809</u>
Expenses	
Approved budget:	
Operating	526,812
Capital	229,663
Consolidated Boards (A)	18,114
	<u>774,589</u>
Adjustments:	
Amortization of tangible capital assets	69,885
Transfer to reserves and capital	(77,415)
Reduction due to tangible capital assets	(232,394)
Post employment benefit expense	700
Landfill closure and post closure expense	959
In year budget adjustments - operating	3,797
In year budget adjustments - capital	172
Reclassification of taxation bad debt expense	(2,140)
Debt principal repayments	(6,085)
Reclass between revenues and expenses	(1,003)
Operating expenses budgeted in capital expensed in current year	15,891
Total expenses	<u>\$ 546,956</u>
Annual surplus	<u>\$ 53,853</u>

Budget figures have been reclassified for purposes of these consolidated financial statements to comply with Public Sector Accounting Board reporting requirements and are not audited.

(A) The approved budgets of the Consolidated Boards include amortization. Their budgets also provide figures for the acquisition of tangible capital assets.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
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Year ended December 31, 2017

19. Taxation

Taxation consists of:

	2017 Budget	2017 Actual	2016 Actual
Municipal tax levy	\$ 249,689	249,701	\$ 239,156
Supplementary taxation	2,200	3,039	3,042
Payment in lieu of property taxes	8,025	7,656	7,797
Local improvements	59	59	229
	259,973	260,455	250,224
Rebates and tax concessions	(2,140)	(2,894)	(3,252)
Net municipal taxation	\$ 257,833	\$ 257,561	\$ 246,972

20. Other revenues

Other revenues consist of:

	2017 Budget	2017 Actual	2016 Actual
Gaming and casino revenues	\$ 2,175	\$ 2,255	\$ 2,158
Loss on sale of land and tangible capital assets	-	(2,588)	(631)
Donated tangible capital assets	5,329	5,329	3,158
Donations	691	86	1,084
Development Charges earned	3,689	3,689	3,700
Sub-divider contributions	1,135	2,049	1,811
Miscellaneous recoveries/revenues	13,741	12,942	14,160
	\$ 26,760	\$ 23,762	\$ 25,440

21. Trust funds

Trust funds amounting to \$15,912 (2016 - \$15,349) administered by the City are not included in the consolidated financial statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

22. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. These changes have no effect on the annual surplus previously reported in the prior year.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
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23. Segmented disclosure

The City is a diversified municipal government institution that provides a wide range of services to more than 161,000 citizens. Services include water, roads, fire, police, emergency medical services, waste management, public transit, recreation programs, economic development, land use planning and health and social services. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, and are as follows:

General Government

General Government consists of Office of the Mayor, Council expenses, Administrative Services (including Clerks, Elections, Communications, Legal and Information Technology Services), Human Resources, Auditor General and Finance Departments. Areas within the General Government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues, relating to governance, strategic planning and service delivery.

Transportation Services

This area is responsible for management of Roadways including traffic and winter control, Transit services, and the administration and operation of City-owned parking lots. This section also provides employee services to the SACDC.

Protection Services

This section consists of Fire, Police, contribution to the Nickel District Conservation Authority, Animal Control, Building Services, Emergency measures and management of Provincial Offences Act. Police Services ensures the safety of the lives and property of citizens; preserves peace and order; prevents crimes from occurring; detect offenders and enforce the law. Fire Services is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection and extinguishment of fires. The Building Services Division processes permit applications and ensure compliance with the Ontario Building Code and with By-Laws enacted by Council.

Environmental Services

In addition to the management of Waterworks, Sanitary and Storm Sewer systems, this area is responsible for Waste Collection, Waste Disposal and Recycling facilities and programs. This section is responsible for providing clean, potable water meeting all regulatory requirements and responsible for repairing breaks and leaks in the water and sewer system. This section produces quality effluents meeting regulatory requirements and minimizing environmental degradation.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
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Year ended December 31, 2017

23. Segmented disclosure (continued)

Health and Social Services

This section consists of Ambulance Services, Social Services including Housing Services, Childcare, Assistance to Aged Persons, Cemetery Services as well as the City's contribution to the Health Unit and Hospital. The Social Services division is responsible for the administration and delivery of the Ontario Works Act. Ontario Works is an employment based, provincially mandated program, cost-shared with the Ministry of Community and Social Services. To enable low-income families to pursue employment and educational opportunities, Children Services deliver child care services and assist with costs of child care via the provision of subsidies. Pioneer Manor is a Long-Term Care facility providing 24-hour care and services to 433 residents. Housing Services reflects the cost of administering and delivering social housing programs downloaded from the Province.

Recreation and Cultural Services

This section provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs and provides management of arenas and leisure facilities. This section also contributes to the information needs of the City's citizens through the provision of library and cultural services and by preserving local history and managing archived data.

Planning and Development Services

The goal of this section is to offer coordinated development services in order to maximize economic development opportunities. The Planning and Development Division ensures that the City of Greater Sudbury is planned and developed in accordance with the Ontario Planning Act, Provincial policies and good planning principles so that Sudbury is an enjoyable and beautiful community to live, work, play and shop. This section also provides leadership in matters relating to landscape restoration, ecosystem health, biological integrity, energy conservation, air and lake water quality.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, certain government grants and other revenue are apportioned to services based on a percentage of operations.



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
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23. Segmented Disclosure (continued)

December 31, 2017	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
Revenues									
Transfer Payments	\$ 23,799	3,808	39,097	6,174	105,269	713	1,383	-	180,243
Taxation	(20,119)	83,344	81,530	20,024	54,252	27,481	11,050	-	257,561
User Charges	5,401	5,718	10,017	74,713	18,733	8,639	831	-	124,053
Other	15,576	5,565	7,047	7,954	2,270	1,477	1,523	2,164	43,577
	24,656	98,435	137,692	108,865	180,524	38,310	14,788	2,164	605,434
Expenses									
Salaries, Wages and Benefits	25,323	78,486	32,173	19,546	59,960	20,908	7,283	-	243,678
Materials	7,569	8,460	29,605	21,497	20,382	11,697	2,234	-	101,444
Contract Services	4,040	1,470	14,019	29,020	36,482	1,388	538	-	86,957
Grants and Transfer Payments	520	694	48	54	46,227	1,411	1,635	-	50,589
Amortization	1,060	4,755	34,917	18,793	7,165	5,005	334	-	72,028
Other	770	327	441	2,096	303	189	54	-	4,179
Allocation of shared expenses	(15,581)	3,849	2,317	1,754	4,978	2,313	370	-	-
	23,700	98,041	113,519	92,760	175,497	42,911	12,448	-	558,876
Annual Surplus (Deficit)	\$ 956	\$ 394	\$ 24,173	\$ 16,105	\$ 5,027	\$ (4,602)	\$ 2,340	\$ 2,164	\$ 46,558



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
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Year ended December 31, 2017

23. Segmented Disclosure (continued)

December 31, 2016	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
Revenues									
Transfer Payments	26,033	4,023	6,475	1,682	94,011	862	1,304	-	134,390
Taxation	(22,836)	80,187	79,835	18,549	54,202	26,693	10,343	-	246,973
User Charges	5,116	4,996	9,981	72,360	18,271	8,488	760	-	119,972
Other	14,300	3,950	12,411	5,854	2,659	2,909	1,694	10,769	54,546
	<u>22,613</u>	<u>93,156</u>	<u>108,702</u>	<u>98,445</u>	<u>169,143</u>	<u>38,952</u>	<u>14,101</u>	<u>10,769</u>	<u>555,881</u>
Expenses									
Salaries, Wages and Benefits	30,391	74,691	30,970	18,584	58,486	20,041	7,653	-	240,816
Materials	7,167	8,149	20,144	15,013	19,339	9,435	2,350	-	81,597
Contract Services	5,622	1,950	20,890	31,239	35,359	2,830	458	-	98,348
Grants and Transfer Payments	121	726	50	54	39,653	1,606	1,182	-	43,392
Amortization	1,049	4,560	34,636	18,347	7,040	4,926	347	-	70,905
Other	748	272	485	2,080	318	112	43	-	4,058
Allocation of shared expenses	(19,829)	4,240	3,435	2,021	6,275	3,162	696	-	-
	<u>25,269</u>	<u>94,588</u>	<u>110,610</u>	<u>87,338</u>	<u>166,470</u>	<u>42,112</u>	<u>12,729</u>	<u>-</u>	<u>539,116</u>
Annual Surplus (Deficit)	<u>\$ (2,656)</u>	<u>\$ (1,432)</u>	<u>\$ (1,908)</u>	<u>\$ 11,107</u>	<u>\$ 2,673</u>	<u>\$ (3,160)</u>	<u>\$ 1,372</u>	<u>\$ 10,769</u>	<u>\$ 16,765</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

24. Supplementary financial information

i) Schedule of Revenues and Expenses - Library

	2017	2016
Revenues		
Government transfers (note 1)	\$ 403	\$ 427
Fines and fees	147	132
Other	20	18
	570	577
Expenses		
Salaries, wages and benefits	\$ 4,670	\$ 4,687
Materials and contract services	1,698	1,731
	6,368	6,418
Excess of expenses over revenues	\$ (5,798)	\$ (5,841)

1. The government transfers are comprised of the following:

Provincial

Ministry of Tourism and Culture - Operating	\$ 403	\$ 403
Ministry of Tourism and Culture - Other	-	24
	\$ 403	\$ 427



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

24. Supplementary financial information (continued)

ii) Schedule of Revenues and Expenses - Children's Services

The City has a Child Care and Family Support Program service agreement with the Ministry of Education. A requirement of the service agreement is the production of supplementary information by detail code/funding type, which summarizes all revenues and expenditures relating to the service agreement.

A review of these revenues and expenditures, by detail code/funding type, are outlined below. The identified surplus/(deficit) position is reflected prior to the application of flexibility in accordance with the Child Care Business Practices, Funding and Service Guideline.

	REVENUES (1)			
	Ministry of Education	Legislated Cost Share (Calculated)	Total	
Full Flexibility				
Core Services Delivery (100%)	\$ 4,490	0%	-	4,490
Core Services Delivery - (80%/20%)	6,159	20%	1,540	7,699
Core Service Delivery - (50%/50%)	355	50%	355	710
Language	2,618	0%	-	2,618
Aboriginal	188	0%	-	188
Cost of Living	364	0%	-	364
Rural/Remote	1,239	0%	-	1,239
Repairs and Maintenance	28	0%	-	28
Utilization Adjustment	137	0%	-	137
Capping Adjustment	2,584	0%	-	2,584
Total (full flexibility)	\$ 18,162	70%	1,895	20,057
Limited Flexibility				
Capacity Building	\$ 78	0%	-	78
Total (limited flexibility)	\$ 78		0	78
No Flexibility				
Wage Enhancement/HCCE Grant	\$ 2,300	0%	0	2,300
Wage Enhancement/HCCE Administration	148	0%	0	148
TOTAL	\$ 20,688		1,895	22,583

(1) Most recent Amended Service agreement



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

24. Supplementary financial information (continued)

ii) Schedule of Revenues and Expenses - Children's Services (continued)

	EXPENSES		
	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures
Full Flexibility			
General Operating	\$ 6,348	-	6,348
Fee Subsidy - Regular	8,744	(1,440)	7,304
Ontario Works and LEAP - Formal	305	-	305
Pay Equity Memorandum of Settlement	190	-	190
Special Needs Resourcing	1,592	-	1,592
Administration	1,618	-	1,618
Repairs and Maintenance	694	-	694
Transformation	196	-	196
Total (full flexibility)	\$ 19,687	(1,440)	18,247
Limited Flexibility			
Capacity Building	\$ 130	-	130
Total (limited flexibility)	130	-	130
No Flexibility			
Wage Enhancement/HCCE Grant	\$ 2,083	-	2,083
Wage Enhancement/HCCE Admin	149	-	149
TOTAL	\$ 22,049	(1,440)	20,609



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

24. Supplementary financial information (continued)

ii) Schedule of Revenues and Expenses - Children's Services (continued)

Family Support Program

	REVENUES			ADJUSTED GROSS EXPENDITURES	SURPLUS/DEFICIT
	Ministry of Education	Legislated Cost Share	Total	Total	Total
	Cost Share %	Calculated			
Full Flexibility					
A466 - Data Analysis Services	73	0%	0	73	0
A525 - ECD Planning	28	0%	0	28	0
Limited Flexibility					
A525 - ECD Aboriginal	17	0%	0	17	0
No Flexibility					
A386 - Delivery Agent - Resource Centres	786	80%	197	983	0
TOTAL	904		197	1,101	0



Financial Statements of

CITY OF GREATER SUDBURY TRUST FUNDS

Year ended December 31, 2017





KPMG LLP
 Claridge Executive Centre
 144 Pine Street
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 Canada
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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of
 Greater Sudbury

We have audited the accompanying financial statements of The City of Greater Sudbury Trust Funds, which comprise the statement of financial position as at December 31, 2017, the statement of changes in fund balances for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The City of Greater Sudbury Trust Funds as at December 31, 2017 and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 26, 2018
Sudbury, Canada



CITY OF GREATER SUDBURY TRUST FUNDS

Statement of Financial Position

December 31, 2017, with comparative information for 2016
(in thousands of dollars)

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 3)	Cemetery Pre-Need	Cemetery Care and Maintenance	Total 2017	Total 2016
Assets								
Cash	\$ 184	1,121	-	-	-	-	1,305	1,356
Due from City of Greater Sudbury (note 2)	-	5,053	50	-	1,305	8,199	14,607	13,993
Loans receivable	-	-	-	117	-	-	117	117
Allowance for doubtful loans	-	-	-	(117)	-	-	(117)	(117)
	\$ 184	6,174	50	-	1,305	8,199	15,912	15,349
Liabilities and Fund Balances								
Accounts payable	\$ 72	-	-	-	-	-	72	80
Fund balances	112	6,174	50	-	1,305	8,199	15,840	15,269
	\$ 184	6,174	50	-	1,305	8,199	15,912	15,349

See accompanying notes to financial statements.

CITY OF GREATER SUDBURY TRUST FUNDS

Statement of Changes in Fund Balances

Year ended December 31, 2017, with comparative information for 2016
(in thousands of dollars)

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 3)	Cemetery Pre-Need	Cemetery Care and Maintenance	Total 2017	Total 2016
Revenue:								
Plot sales	\$ -	-	-	-	103	262	365	374
Receipts from or on behalf of others	1,239	-	12	-	-	-	1,251	1,319
Interest earned	-	13	-	-	25	273	311	286
Subdividers' deposits	2	1,052	-	-	-	-	1,054	451
	1,241	1,065	12	-	128	535	2,981	2,430
Expenses:								
Disbursements to or on behalf of residents	1,257	-	-	-	-	-	1,257	1,322
Refunds	-	806	-	-	-	-	806	1,549
Transfer to City of Greater Sudbury	-	-	1	-	73	273	347	301
	1,257	806	1	-	73	273	2,410	3,172
Change in fund balance in year	(16)	259	11	-	55	262	571	(742)
Fund balance, beginning of year	128	5,915	39	-	1,250	7,937	15,269	16,011
Fund balance, end of year	\$ 112	6,174	50	-	1,305	8,199	15,840	15,269

See accompanying notes to financial statements.

THE CITY OF GREATER SUDBURY

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

The City of Greater Sudbury Trust Funds (the "Funds") consists of various trust funds administered by the City of Greater Sudbury (the "City").

The Funds are not subject to income taxes under Section 149 (1) of the Income Tax Act (Canada).

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

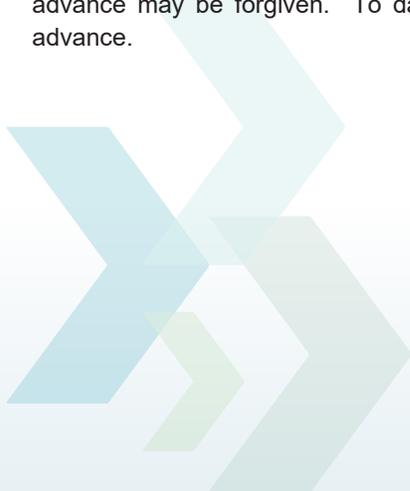
These financial statements include trust funds administered by the City as well as those within organizations that are accountable for the administration of their financial affairs and resources to City Council and are owned or controlled by the City. The Fund's financial statements are the responsibility of management and have been prepared in accordance with the accounting policy set out below.

2. Due from the City of Greater Sudbury:

At December 31, 2017, the Funds have amounts due from the City of \$14,607 (2016 - \$13,993) that arose as a result of investment and banking transactions due to the City maintaining bank accounts or holding investments on behalf of the Funds. These amounts are non-interest bearing other than \$1,305 and \$8,199 which bear interest at the rates of 1.88% and 3.38% respectively (2016 - 1.83% and 3.33%) and are due on demand.

3. Fednor Project Business Planning Initiative:

Fednor has advanced \$117 to be used by the Regional Business Centre, a division of the City, to aid small businesses. The advance is non-interest bearing. The funds were subsequently loaned to small businesses. The loans are non-interest bearing and have been fully provided for. The Regional Business Centre may be asked by Fednor to repay its advance or the advance may be forgiven. To date, Fednor has not asked for repayment or forgiven the advance.



2017

City of Greater Sudbury

Statistical Information

For the year ended December 31, 2017



Statistical Information

Consolidated Statement of Financial Position

(in thousands of dollars)

	2017	2016	2015	2014	2013
Financial assets	\$	\$	\$	\$	\$
Cash	6,188	7,044	6,136	17,217	10,797
Taxes receivable	9,360	7,122	7,355	6,569	7,939
Accounts receivable	69,426	48,252	51,646	44,495	39,961
Inventory held for resale	2,474	3,044	1,335	3,182	1,616
Investment in GBE	108,150	105,986	95,217	92,940	89,755
Investments	298,357	323,144	290,917	262,931	267,842
Total Assets	493,955	494,592	452,606	427,334	417,910
Financial liabilities					
Accounts payable and accrued liabilities	99,200	93,650	80,631	133,618	86,827
Deferred revenue - obligatory reserve funds	40,489	43,463	36,644	37,961	38,796
Deferred revenue - other	3,590	3,366	2,802	4,000	2,896
Employee benefit obligations	62,523	59,075	56,458	55,758	54,595
Solid waste management facility liability	14,944	14,429	14,222	13,263	11,359
Long-term liabilities	77,472	82,597	88,531	32,519	37,345
Total Liabilities	298,218	296,580	279,288	277,119	231,818
Net financial assets	195,737	198,012	173,318	150,215	186,092
Non-financial assets					
Tangible capital assets	1,488,881	1,439,235	1,447,939	1,439,124	1,375,254
Other	8,696	9,508	8,733	7,113	7,072
	1,497,577	1,448,743	1,456,672	1,446,237	1,382,326
ACCUMULATED SURPLUS	1,693,313	1,646,755	1,629,990	1,596,452	1,568,418



Statistical Information (continued)

Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)

	2017	2016	2015	2014	2013
Revenues	\$	\$	\$	\$	\$
Government Transfers, Provincial	148,686	132,062	129,582	123,459	130,617
Government Transfers, Federal	31,557	4,592	21,573	14,752	9,750
Taxation	257,561	246,972	237,142	238,467	231,004
User Charges	124,053	119,971	113,823	116,141	112,073
Investment Income	10,150	10,063	12,454	11,385	10,567
Fines and Penalties	7,501	6,012	6,099	5,802	6,226
Other	23,762	25,440	27,336	25,016	31,631
GBE net earnings	2,164	10,769	2,277	3,185	7,053
TOTAL REVENUES	605,434	555,881	550,286	538,207	538,921
Expenses by Object					
Salaries wages & employee benefits	243,678	240,816	231,338	229,598	225,886
Materials	101,446	81,597	77,462	82,332	76,280
Contract Services	86,957	98,348	91,006	88,895	89,604
Grants and Transfer Payments	50,589	43,392	43,647	40,760	42,972
Amortization	72,028	70,905	69,707	66,228	65,178
Other	4,179	4,058	3,588	2,360	2,066
TOTAL EXPENSES	558,876	539,116	516,748	510,174	501,987
ANNUAL SURPLUS	46,558	16,765	33,538	28,033	36,934
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,646,755	1,629,990	1,596,452	1,568,418	1,531,484
ACCUMULATED SURPLUS, END OF YEAR	1,693,313	1,646,755	1,629,990	1,596,452	1,568,418

Analysis of Expenses by Function

(in thousands of dollars)

	2017	2016	2015	2014	2013
General Government	23,700	25,269	23,145	23,543	22,052
Protection Services	98,041	94,588	89,388	87,293	85,142
Transportation Services	113,519	110,610	99,526	101,352	98,467
Environmental Services	92,760	87,338	88,107	84,165	79,814
Health Services	30,493	28,713	29,242	27,566	27,113
Social and Family Services	105,405	103,845	99,894	97,347	95,877
Social Housing	39,599	33,912	33,912	34,793	38,680
Recreation and Cultural Services	42,911	42,112	40,685	41,103	40,226
Planning and Development	12,448	12,729	12,849	13,011	14,616
TOTAL EXPENSES	558,876	539,116	516,748	510,174	501,987

Statistical Information (continued)

Reserves and Reserve Funds

(In thousands of dollars)

	2017	2016	2015	2014	2013
RESERVES	\$	\$	\$	\$	\$
Working funds	625	629	642	1,726	1,813
Tax rate stabilization	4,072	4,884	5,544	2,661	4,165
General government	742	433	762	875	1,014
Health, social services and housing	3,442	1,706	1,537	659	641
Planning and development	536	855	773	701	712
TOTAL RESERVES	9,417	8,507	9,258	6,622	8,345
RESERVE FUNDS	2017	2016	2015	2014	2013
Equipment Replacement	5,359	6,076	5,351	5,708	5,968
Employee benefit obligations	15,150	15,715	15,817	14,737	12,382
Insurance	1,714	1,610	1,650	1,791	1,663
General government	21,890	21,711	27,236	26,312	32,154
Protection services	7,423	6,834	6,476	5,865	5,321
Transportation services	24,034	37,630	40,981	38,973	31,793
Environmental Services	32,508	34,057	31,813	30,085	34,122
Health, social services and housing	11,836	11,394	11,515	11,930	11,507
Recreation and cultural services	2,765	3,288	3,610	4,684	3,577
Planning and development	13,604	13,814	12,298	10,589	9,709
TOTAL RESERVE FUNDS	136,283	152,129	156,745	150,674	148,196
TOTAL RESERVE AND RESERVE FUNDS	145,700	165,254	166,005	157,296	156,541

Additional Information

(in thousands of dollars)

	2017	2016	2015	2014	2013
NET FINANCIAL ASSETS	195,737	198,012	173,318	150,215	186,092
NET DEBT PER CAPITA	480	511	547	201	231
LONG-TERM LIABILITIES					
Supported by					
Property taxation	32,315	35,587	39,740	29,401	34,054
Water/wastewater user fees	45,157	47,010	48,791	3,118	3,291
	77,472	82,597	88,531	32,519	37,345

Statistical Information (continued)

Additional Information (continued)

Municipal Statistics	2017	2016	2015	2014	2013
Population	161,500	161,500	161,900	161,900	161,900
Households	75,434	75,337	75,158	74,851	74,405
Employees					
Full time employees	1,993	1,990	2,021	2,011	2,019
Service Information					
Building Permit Values (in 1000's)	384,024	254,506	237,362	344,303	287,333
Average monthly social assistance case load	3,474	3,450	3,706	3,703	3,548
Lane Kilometers of roads	3,535	3,625	3,623	3,619	3,617
Annual volume of treated waste water *	30,766	30,368	32,506	36,715	32,847
Annual volume of treated drinking water *	18,339	18,766	21,553	20,804	20,877
Annual disposal of solid waste (tonnes)	97,283	103,429	100,723	102,725	105,509
Annual diversion of solid waste (tonnes)	32,223	31,675	33,740	35,345	36,424
Regular service passenger Transit trips	4,063,000	4,171,000	4,262,000	4,458,000	4,362,000
Tax collection rate	3.1%	2.4%	2.6%	2.3%	2.8%
Property Tax Collection (in 1000's)	295,671	289,203	276,665	278,246	266,939
*(megalitres)					
TAXABLE ASSESSMENT (\$ millions)					
Residential assessment	\$14,419	\$14,368	13,695	12,863	12,009
Commercial assessment	\$1,983	\$1,937	1,833	1,737	1,634
Industrial assessment	\$706	\$513	490	473	446
BENCHMARK INFORMATION					
% of paved lane km where condition is rated good to very good	38.0%	38.0%	51.0%	51.0%	51.0%
# of conventional transit passenger trips per person in service area per year	27.1	30.2	30.9	32.3	31.6
# of waste water main backups per 100 km of waste water main per year	2.5	4.4	5.1	6.7	8.9
% of waste water estimated to have bypassed treatment	0.7%	1.1%	0.9%	2.1%	1.4%
# of water main breaks per 100 km of water distribution pipe per year	9.3	9.0	19.4	14.7	11.1
% of residential solid waste diverted for recycling	44.5%	43.0%	44.0%	45.0%	37.8%

Statistical Information (continued)

Additional Information (continued)

Major Property Taxpayers in 2017

Registered Owner	Total Taxable Assessment	% of Total Taxable Assessment
HOOP Realty Inc	\$165,566,000	0.98%
Vale Canada Limited	\$96,999,882	0.58%
Union Gas Limited	\$56,400,476	0.33%
Dalron Leasing Limited	\$54,270,514	0.32%
Calloway Reit (Sudbury) Inc	\$39,685,001	0.24%
2046735 Ontario Limited	\$37,315,502	0.22%
Riocan Holdings Ontario Inc	\$35,004,750	0.21%
Heddington Holdings Inc	\$31,134,977	0.18%
Zulich Enterprises Limited	\$30,384,789	0.18%
Glencore Canada Corporation	\$28,152,842	0.17%
Sudbury Finnish Rest Home	\$28,115,639	0.17%
1721169 Ontario Inc	\$25,626,275	0.15%
Dalron Construction Limited	\$25,541,550	0.15%
Sudbury Regent Street Inc	\$20,995,750	0.12%
2610026 Ontario Inc	\$19,597,501	0.12%
Total	\$694,791,448	4%
Total Taxable Assessment for 2017	\$16,838,096,592	100%

The list of major taxpayers does not include properties where grant or payments in lieu of property tax are paid.

Top Employers

Vale	3,900
Health Sciences North	3,890
Government of Canada - Tax Services	2,000
City of Greater Sudbury	2,959
Laurentian University	850

For Information Only

2017 Operating Budget Variance Report - December

Presented To:	Audit Committee
Presented:	Tuesday, Jun 19, 2018
Report Date	Friday, Jun 01, 2018
Type:	Correspondence for Information Only

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to operational matters.

Report Summary

This report provides Council with an analysis of the City's year-end position. The 2017 year end net over expenditure is approximately \$1.4 Million. The deficit will be funded from the Roads Winter Control Reserve Fund in accordance with the Reserve and Reserve Fund by-law.

Financial Implications

There are no financial implications associated with this report.

Signed By

Report Prepared By

Liisa Brule
Coordinator of Budgets
Digitally Signed Jun 1, 18

Manager Review

Jim Lister
Manager of Financial Planning and
Budgeting
Digitally Signed Jun 1, 18

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed Jun 1, 18

Financial Implications

Jim Lister
Manager of Financial Planning and
Budgeting
Digitally Signed Jun 1, 18

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jun 1, 18

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 4, 18

2017 Year End Operating Budget Variance Report

Executive Summary

This report provides Council with an analysis of the City's year end position. The 2017 year end net over expenditure is \$1.4 Million. The deficit will be funded from the Roads Winter Control Reserve Fund in accordance with the Reserves and Reserve Funds By-Law.

Background

The purpose of this report is to provide Council with an overview of year end variances. The monitoring and reporting of variances has been conducted in accordance with the Operating Budget Policy. Council is provided with a variance report after each quarter end. This report is an update from the year end forecast provided to Council in December 2017 and the projections included in the 2018 budget binder.

In accordance with the Reserves and Reserve Funds By-law, certain service areas that experienced a net under expenditure may retain this under expenditure if it does not put the municipality in a deficit position or increase the deficit; these areas include Information Technology, Pensioners, Land Reclamation Services, Social Housing Services, Libraries, and Police Services. The total net under expenditures for these areas was approximately \$200,000, however these areas did not retain their respective surpluses for 2017 as a result of the overall year end net over expenditure.

Attached is an additional schedule that reflects the annual net budget, year end position and variance for each area. In accordance with the Operating Budget Policy, the following explanations relate to areas where a variance of greater than \$200,000 resulted within a division or section.

Variance Explanations

1) Other Revenues and Expenses

This category is reflecting a net over expenditure of \$330,000 as follows:

- Increase in investment income of \$270,000.
- Increase in estimated liability relating to legal actions pending against the City in the amount of \$250,000.
- Unbudgeted funding provided to the Sudbury Theatre Centre in the amount of \$200,000.
- Various over expenditures totaling \$150,000 including increases in credit/debit charges, staffing, and reduced revenue for aggregate resources.

2) Legal & Clerks Services

This area is reflecting a net under expenditure of \$980,000 as follows:

- Revenues from Provincial Offences Act fees net of the victim fine surcharge exceeded budget by approximately \$950,000 and are affected by a number of factors including the number of charges laid, decisions made by the courts, and collection of significant fines.
- Salaries and benefits were under budget by \$200,000 as a result of vacancies.
- Legal costs are over budget by \$350,000 for external legal resources resulting from a significant increase in the amount and uniqueness of protracted litigation files.
- Various under expenditures in materials and office expenses totaled \$180,000 in an effort to mitigate the increase in legal costs.

3) Security & By-Law

This area is reflecting a net over expenditure of \$280,000 as follows:

- Over expenditure in salaries and benefits of \$100,000 due to increased part time staff and overtime required to perform operations and complete files.
- A net over expenditure of \$130,000 in animal control largely due to a shortfall in animal tag revenues, additional supplies, and increased utility costs.
- Shortfall in licenses revenues of \$50,000.

4) Information Technology

This area is reflecting a net under expenditure of approximately \$220,000 as follows:

- Salaries and benefits were under budget by \$170,000 as a result of vacancies and difficulties filling them.
- Under expenditures in operating expenses of \$100,000 primarily for telephone costs and equipment purchases.
- Over expenditure in software support and maintenance of \$50,000 as a result of a move by vendors from periodic software license towards annual software subscriptions.

5) Human Resources and Organizational Development

This area is reflecting a net over expenditure of approximately \$390,000 as follows:

- Increases in legal costs of \$290,000 due to a higher number of investigations, arbitration cases, human rights cases, employee changes and departures, issues related to health and safety and expenditures related to interest arbitration with the International Association of Fire Fighters (IAFF) and CUPE 148.
- Retirement fringe benefits are over budget by approximately \$440,000 due to the rise of health and dental benefit costs, and increased number of retirees.
- Salaries and benefits were under budget by \$300,000 as a result of staff on sick leave and vacancies.
- Miscellaneous operational expenses are under budget by \$40,000 in an effort to mitigate over expenditures in other areas.

6) Finance, Assets and Fleet

The year end net over expenditure of approximately \$980,000 consists of over expenditures of \$300,000 in Assets and \$680,000 in Fleet as follows:

The Assets net over expenditures of \$300,000 is a result of:

- Supplementary taxes for the Transit and Fleet garage resulting from a reassessment.

The Fleet net over expenditure of \$680,000 is primarily a result of:

- Over expenditure in vehicle repair, replacement parts and contracted services of \$680,000, largely a result of fleet vehicles remaining in service beyond their useful lives.

7) Economic Development

This area is reflecting a net under expenditure of \$350,000 as follows:

- Under expenditure in Salaries & Benefits of \$250,000 due to vacancies and staff turnover.
- Under expenditure of \$100,000 in marketing and advertising costs primarily due to increased revenues from partners, allowing the division to achieve goals with reduced reliance on the municipal budget.

8) Social Services

This area is reflecting a net under expenditure of \$1.1 million as follows:

- A positive variance of \$370,000 as a result of completing reconciliations for prior years' funding received from the Ministry of Community and Social Services
- An over expenditure of \$340,000 due to increased spending on discretionary special items and services.
- Increased grant revenue of \$1.1 million to fund administrative costs not recorded in Social Services
 - Employee liabilities including WSIB liability and post-employment liabilities
 - Additional program support costs
 - Items expensed from the capital fund
 - Support areas not funded through program support

9) Transit Services

This is reflecting a net over expenditure of \$940,000 as follows:

- A shortfall in user fee revenue of \$240,000, specifically in fare box revenue and special monthly passes, slightly offset by an increase in monthly pass revenue.
- Over expenditures in material costs for vehicle repair, maintenance, servicing, and shop supplies of \$805,000.
- An under expenditure in salaries due to vacancies, and contract services based on utilization of \$180,000.
- An increase in Diesel fuel of \$75,000 due to increasing fuel rates.

10) Roads

This area is reflecting a net over expenditure of \$2 million as follows:

- The net over expenditure of \$1.9 million in roads winter maintenance is a result of the above average snowfall throughout the year, and an increased number of freeze/thaw events. In accordance with the Reserves and Reserve Funds By-Law, this over expenditure may be funded from the Roads Winter Control Reserve Fund.

11) Emergency Medical Services

This area is reflecting a net under expenditure of \$560,000 as follows:

- Salaries and benefits are under spent by \$470,000 due to vacancies in year and sick leaves unable to be filled. Leave of absences were significantly impacted by recently passed presumptive legislation related to Post Traumatic Stress Disorder (PTSD).
- Under expenditures of \$80,000 in software costs and \$10,000 in office supplies.

Non Tax Levy Supported Areas:

In addition to the operating variances reported above, there are a number of areas which are not funded by the municipal tax levy, and therefore any over or under expenditures result in increased contributions to or from Reserves. The chart below indicates the variances between the budgeted and actual contributions to reserve for these areas.

Area	Budgeted Contribution to(from) Reserve	Actual Contribution to (from)Reserve	Increase(Decrease) in Contribution to Reserve
Parking Services	\$668,864	\$708,368	\$39,504
Building Services	(\$782,377)	\$1,175,145	\$1,957,522
Cemetery Services	\$157,275	\$162,632	\$5,357
RBC Business Centre	(\$115,023)	\$0	\$115,023
Water / Wastewater	\$0	(\$854,378)	(\$854,378)

Building Services

This section experienced a net under expenditure of \$1.9 million. In accordance with Bill 124, revenues generated from building permits are to be used to support the Building Services department. Therefore any surplus is contributed to the reserve to fund future deficits. In 2017, Building services experienced a significant increase in building permit revenues for large construction projects within the city.

Water Wastewater Services

- User fee revenues were under budget by \$2.5 million as actual billed consumption was 13.0 million cubic metres while the budget for 2017 was 13.8 million cubic metres. A large portion of the decrease was attributable to the wet spring and summer weather conditions.
- Other revenues were over budget by \$440,000 due to recovery of hydro costs from the Biosolids facility and increase volumes of hauled liquid waste received at the Sudbury wastewater treatment plant.
- Salaries and benefits were under budget by \$580,000 due to staffing vacancies in the management and operations level.
- Materials and operating expenses were over budget by \$400,000 due to increased volumes of chemicals used in both water and wastewater treatment processes. As well, inventory consumption adjustments added \$225,000 to this category.
- Purchased and Contract Services were under budget by \$930,000 due primarily to the fact that City crews were responsible for performing emergency repairs to its linear infrastructure. There were savings in certain aspects of the purchased service accounts, but there were additional expenses related to rented equipment, cold patching repairs and the fact that some repair work was performed by external contractors due to the size and complexity and unavailability of City crews. There was an under expenditure of \$500,000 in linear repair related purchased service accounts. Sludge haulage costs were under budget by \$130,000 due to savings realized through the ability to thicken sludge at outlying plants, effectively reducing water content and subsequently the number of loads hauled. Locate costs were under budget by \$350,000 due to decreased activity and the ability of staff to limit the amount of locates performed by contractors.
- In summary, total revenues were under budget by \$2 million and total expenditures were under budget by \$1.2 million resulting in a net over expenditure of \$850,000 in Water and Wastewater Services for 2017. Water had an under expenditure of \$290,000 which was contributed to the

Capital Financing Reserve Fund – Water in accordance with the Reserves and Reserve Funds By-Law. Wastewater had an over expenditure of \$1.15 million which was funded by a contribution from the Capital Financing Reserve Fund- Wastewater in accordance with the By-Law.

Summary

As per the attached schedule, the City's net year end deficit of \$1.4 million is funded from the Roads Winter Control Reserve Fund in accordance with the Reserves and Reserve Funds By-Law.

City of Greater Sudbury
 Net Revenues and Expenditures
 For the year ended December 31, 2017



Annual Budget	Year End Position	Surplus (Deficit)	
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Corporate Revenues and Expenses

Revenue Summary	(281,244,749)	(281,198,529)	(46,220)	
Other Revenues and Expenses	(10,467,583)	(10,132,835)	(334,748)	1
TOTAL CORPORATE REVENUES	(291,712,332)	(291,331,364)	(380,968)	

Executive and Legislative

Office of the Mayor	626,749	638,602	(11,853)	
Council Memberships & Travel	74,896	58,790	16,106	
Council Expenses	1,041,395	992,772	48,624	
Auditor General	365,314	341,686	23,628	
Office of the C.A.O.	2,890,364	2,693,115	197,249	
Executive and Legislative Summary	4,998,719	4,724,965	273,754	

Corporate Services

Corporate Services -GM Office	895,543	874,220	21,323	
Legal & Clerks Services	1,190,147	292,673	897,474	2
Security and By-Law	579,310	860,935	(281,625)	3
Information Technology	0	(220,481)	220,481	4
Human Resources and O.D.	(46,614)	340,403	(387,017)	5
Finance, Assets and Fleet	13,852,064	14,749,068	(897,004)	6
Corporate Services Summary	16,470,450	16,896,819	(426,368)	
Economic Development Summary	5,345,363	4,991,739	353,623	7

Community Development Services

G.M. Office	5,177,940	5,214,561	(36,621)	
Housing Services	19,428,389	19,418,919	9,470	
Long Term Care	3,871,407	3,720,727	150,680	
Social Services	5,988,783	4,890,798	1,097,985	8
Children and Citizen	9,878,878	9,885,517	(6,639)	
Leisure-Recreation	19,172,207	19,354,119	(181,912)	
Transit	12,627,206	13,564,202	(936,997)	9
Community Development Services Summary	76,144,810	76,048,843	95,966	

Growth and Infrastructure

Growth I.S. Other	194,933	190,698	4,235	
Public Works Depots	1,226,307	1,185,675	40,631	
Engineering Services	0	0	(0)	
Water - Wastewater	3,619,000	3,619,000	(0)	
Roads Maintenance	66,965,166	68,945,332	(1,980,166)	10
Environmental Services	12,962,204	13,005,485	(43,281)	
Planning and Development	4,694,346	4,534,343	160,002	
Building Services	0	0	0	
Growth and Infrastructure Summary	89,661,955	91,480,533	(1,818,578)	

City of Greater Sudbury
 Net Revenues and Expenditures
 For the year ended December 31, 2017



Annual Budget	Year End Position	Surplus (Deficit)	
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Community Safety

C.S. G.M.'s Office	0	0	0	
Emergency Management	692,291	540,234	152,056	
CLELC Section	309,636	418,687	(109,051)	
Emergency Medical Service	10,439,577	9,880,676	558,901	11
Fire Services	25,333,475	25,457,374	(123,899)	
Community Safety Summary	36,774,978	36,296,970	478,008	

Outside Boards

Outside Boards Other	6,711,854	6,711,854	(0)	
Police Services	55,604,204	55,604,204	(0)	
Outside Boards Summary	62,316,058	62,316,058	(0)	

TOTAL EXPENDITURES	291,712,332	292,755,927	(1,043,595)	
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TOTAL	\$0	\$1,424,563	(\$1,424,563)	
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City of Greater Sudbury
 Net Revenues and Expenditures
 For the year ended December 31, 2017



Annual Budget	Year End Position	Surplus (Deficit)	
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Building Services	0	0	0	
Growth and Infrastructure Summary	89,661,955	91,480,533	(1,818,578)	

City of Greater Sudbury
 Net Revenues and Expenditures
 For the year ended December 31, 2017



	Annual Budget	Year End Position	Surplus (Deficit)	
Community Safety				
C.S. G.M.'s Office	0	0	0	
Emergency Management	692,291	540,234	152,056	
CLELC Section	309,636	418,687	(109,051)	
Emergency Medical Service	10,439,577	9,880,676	558,901	11
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Community Safety Summary	36,774,978	36,296,970	478,008	
Outside Boards				
Outside Boards Other	6,711,854	6,711,854	(0)	
Police Services	55,604,204	55,604,204	(0)	
Outside Boards Summary	62,316,058	62,316,058	(0)	
TOTAL EXPENDITURES	291,712,332	292,755,927	(1,043,595)	
TOTAL	\$0	\$1,424,563	(\$1,424,563)	

For Information Only

Annual Status Report on the Wrongdoing Hotline

Presented To:	Audit Committee
Presented:	Tuesday, Jun 19, 2018
Report Date	Friday, Jun 01, 2018
Type:	Correspondence for Information Only

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report supports responsive, fiscally prudent, open governance.

Report Summary

On June 1, 2016, the City opened its 'Wrongdoing Hotline' for citizens, employees and contractors to report complaints that could be deemed illegal, dishonest, wasteful or a deliberate violation of policy. This report summarizes the complaints received from June 1, 2017 to May 31, 2018 and provides comparative statistics for the previous year.

Financial Implications

None

Signed By

Auditor General

Ron Foster

Auditor General

Digitally Signed Jun 1, 18

Annual Status Report on the Wrongdoing Hotline

For the Year Ended
May 31, 2018

June 1, 2018



BACKGROUND

On June 1, 2016, the City opened its ‘Wrongdoing Hotline’ for citizens, employees and contractors to report complaints that could be deemed illegal, dishonest, wasteful or a deliberate violation of policy.

This report summarizes the complaints received from June 1, 2017 to May 31, 2018 and provides comparative statistics for the previous year.

OBSERVATIONS

1. The volume of complaints has been lower in 2018 with 142 complete complaints compared to 156 during the previous year. Approximately 43% (43% in 2017) of these complaints did not require a detailed investigation as they related to service complaints or Bylaw/Building complaints or matters that were outside of the scope of the City’s services.
2. The volume of active complaints under investigation at the end of May 2018 was 15 compared to 35 in the previous year.
3. The costs for investigations by third parties were \$4,125 this year compared to \$23,137 last year. Internal costs increased from \$25,000 in 2017 to \$37,500 in 2018 as a result of 35 investigations that were deferred from 2017 to 2018 and increased reliance on internal staff for the performance of investigations.
4. Approximately \$12,750 has been spent of the \$20,000 of funds that Council approved in 2016 to establish a wrongdoing hotline for a two-year pilot period which ends on May 31, 2018.
5. The 142 complaints received during this year came from 89 complainants who represent a small fraction of the employees, residents and businesses that interacted with the City during the year ended May 31, 2018.
6. The wrongdoing hotline promotes a focus on openness, transparency and accountability within the City which supports the strategic objective of responsive, fiscally prudent, open governance.
7. The wrongdoing hotline clarifies the responsibilities of staff for conducting investigations within the City and reduces the cost for investigations by external consultants.
8. The coordination of investigations is improved by having the Auditor General’s Office independently assign, monitor and report on the status of complaints received under the wrongdoing hotline.

SUMMARY OF COMPLAINTS

Source of Complaint	12 Months Ended May 31, 2017	12 Months Ended May 31, 2018
Total complaints	182	160
Tests	(4)	0
Incomplete complaints	(22)	(18)
Complaints received	156	142
Complaints closed	(109)	(127)
Active complaints	47	15

Complaints Received	156	142
Referred to By-law or Building Services for review	(27)	(27)
Referred to 311 for review	(18)	(7)
Referred to related Agencies and other entities	(3)	(6)
Referred to external law enforcement or courts	(3)	(7)
Referred to others or closed as unrelated to CGS	(16)	(10)
Duplicate complaints	-	(4)
Complaints subject to investigation	89	81
Closed as insufficient evidence of wrongdoing found or no action needed to be taken	(35)	(36)
Complaints which required further analysis	54	45
Closed with action planned or taken	(19)	(30)
Active complaints not yet analyzed	35	15

Subject of Complaints Investigated	Active Complaints End of May 2017	Active Complaints End of May 2018	Complaints which required Action in 2017	Complaints which required Action in 2018
Office of the Mayor	0	0	0	1
Members of Council	3	2	0	8
City Processes	15	5	8	13
City Staff	17	8	11	8
Total	35	15	19	30

COMPLAINTS WHICH REQUIRED ACTION

Complaint	Opened	Closed	Action Planned or Taken for Closed Complaints
17-0087	June 5	Oct 10	Supervisor and staff member coached on the appropriate use of IT.
17-0093	June 24	Sept 8	Supervisor coached the staff member as well as other staff members on the appropriate use of social media.
17-0094	June 25	Jan 31	A meeting was held with the Councilor regarding Council's Code of Ethics.
17-0095	June 26	Jan 31	A meeting was held with the Councilor regarding Council's Code of Ethics.
17-0106	July 9	Oct 31	Feedback from the Resident Advisory Panel will be considered during the renewal process for business activities in the park.
17-0107	July 11	Oct 11	Repairs to resident's property completed.
17-0108	July 17	Dec 13	Supervisors have been asked to remind staff to ensure they drive safely.
17-0111	Aug 9	Jan 31	Meeting to discuss the relevant sections of Council's Code of Ethics.
17-0113	Aug 11	Dec 13	A commitment was made to review the use of CGS tools in this area.
17-0114	Aug 11	Oct 19	The Annual Status Report has been subject to an independent audit to ensure it is prepared in accordance with accepted reporting practices.
17-0121	Sept 4	Feb 3	Staff member coached on appropriate use of CGS assets and hours of work.
17-0126	Sept 13	Mar 21	Appropriate controls over City assets have been implemented.
17-0127	Sept 13	Oct 18	The Transit Task Force continues to meet to discuss and make recommendations to enhance the safety of both bus operators and citizens.
17-0132	Sept 15	Jan 31	Bylaw Services staff addressed the complaint about the dog and Building Services staff issued orders regarding work without a permit.

17-0133	Sept 18	Dec 12	Staff will continue to provide oversight and supervision of any resident who performs some of tasks as part of the Pieces training program to ensure residents follow proper and safe procedures, including proper hand hygiene.
17-0139	Sept 28	Mar 21	The renovation project was cancelled. Future work will be planned in conjunction with staff in the Facilities Management section.
17-0145	Oct 12	Feb 3	A general reminder was issued to employees to ensure they are following CGS policies with respect to the proper use of CGS resources.
17-0147	Oct 10	Jan 2	Appropriate actions have been taken by recreation staff to adequately address the allegation of unofficial day care.
17-0148	Oct 16	Jan 31	Meetings were held with the Councilors regarding Council's Code of Ethics.
17-0150	Oct 18	Dec 13	Senior staff spoke directly with the complainant and with the staff person to resolve this complaint.
17-0152	Oct 24	Mar 21	Staff responsible for the collection has been reminded to ensure that any waste collected is disposed off per the established procedures.
17-0158	Oct 30	Jan 31	A meeting was held with the Councilor regarding relevant By-laws.
17-0175	Dec 19	May 29	The use of supplies was reviewed by the Auditor General's Office. Control processes were reviewed and additional recommendations were provided.
18-0007	Jan 11	Apr 27	Management met with the employee to discuss the appropriate use of CGS facilities.
18-0010	Jan 13	Feb 3	A meeting was held with the Mayor to facilitate the timely resolution of the outstanding complaints.
18-0011	Jan 19	May 29	Signs were posted to ensure staff was aware of the hazards.
18-0020	Jan 26	May 11	A meeting was held with the Councilor regarding Council's Code of Ethics.
18-0022	Jan 31	May 11	A meeting was held with the Councilor regarding Council's Code of Ethics.
18-0025	Feb 6	May 29	Reviews were conducted by Engineering Services and Bylaw Services.
18-0029	Feb 10	May 11	A meeting was held with the Councilor regarding Council's Code of Ethics.

Overview of Individual Complaints Received During the Year Ended May 31, 2018

Complaint Number	Opened	Closed	Complaint/Allegation	Investigation Outcome
17-0087	June 5	Oct 10	Conduct of staff	Action Planned or Taken
17-0089	June 6	Oct 10	Misrepresenting to collect welfare	Not related to CGS Services
17-0090	June 7	Dec 8	Misuse of social media	No Action Planned or Taken
17-0091	June 16	Oct 10	Littering around parks	Not related to CGS Services
17-0092	June 23	Oct 10	Conduct of staff	No Action Planned or Taken
17-0093	June 24	Sept 8	Conduct of staff	Action Planned or Taken
17-0094	June 25	Jan 31	Conduct of a member of Council	Action Planned or Taken
17-0095	June 26	Jan 31	Conduct of a member of Council	Action Planned or Taken
17-0096	June 26	Dec 12	Conduct of a staff member	Referred internally
17-0097	June 26	Jan 31	Conduct of a member of Council	Insufficient evidence of wrongdoing
17-0098	June 27	Jan 31	Conduct of a member of Council	Referred to other entity
17-0099	June 27	Dec 8	Illegal dumping	Referred internally
17-0100	June 28	Dec 8	Conduct of a staff member	No Action Planned or Taken
17-0101	June 29	Jan 31	Conduct of a member of Council	Referred to other entity
17-0102	June 29	Mar 22	Conduct of a staff member	Insufficient evidence of wrongdoing
17-0103	July 3	Nov 2	Contractor abuse	No Action Planned or Taken

17-0104	July 4	Jan 31	Conduct of a member of Council	Insufficient evidence of wrongdoing
17-0105	July 7	Aug 17	Noise complaint	Referred internally
17-0106	July 9	Oct 31	Conduct of business activities in parks	Action Planned or Taken
17-0107	July 11	Oct 11	Delayed restoration by a City contractor	Action Planned or Taken
17-0108	July 17	Dec 13	Unsafe operation of vehicle by staff	Action Planned or Taken
17-0109	July 24	Aug. 17	Property damage of a resident	Not related to CGS Services
17-0110	July 24	July 25	Parking mobility scooter	Not related to CGS Services
17-0111	Aug 9	Jan 31	Conduct of a member of Council	Action Planned or Taken
17-0112	Aug 9	Aug. 17	Misuse of handicap parking area	Referred internally
17-0113	Aug 11	Dec 13	Misuse of CGS assets	Action Planned or Taken
17-0114	Aug 11	Oct 19	Reliability of status report	Action Planned or Taken
17-0115	Aug 11	Dec 20	Conduct of staff	Duplicate complaint
17-0116	Aug 15	Aug 16	Noise and disturbance	Referred to law enforcement or legal authority
17-0117	Aug 23	Sept 14	Zoning and construction	Referred internally
17-0118	Aug 27	Aug 30	Neighbor behavior	Referred internally
17-0119	Sept 1	Jan 2	Invasive species management	Insufficient evidence of wrongdoing
17-0120	Sept 1	Mar 7	Conduct of staff and management of Freedom of information requests	Insufficient evidence of wrongdoing
17-0121	Sept 4	Feb 3	Conduct of staff members	Action Planned or Taken
17-0122	Sept 6	Oct 11	Easement	Referred internally
17-0123	Sept 6	Oct 12	Garbage	Referred internally
17-0125	Sep 11	Oct 12	Parking hazard	Referred internally
17-0126	Sept 13	Mar 21	Conduct of a staff member	Action Planned or Taken
17-0127	Sept 13	Oct 18	Transit operator safety	Action Planned or Taken
17-0128	Sept 14	Oct 11	Unlicensed garage operation	Referred internally
17-0129	Sept 14	Oct 11	Misuse of welfare	Referred internally
17-0130	Sept 14	Sept 15	Incomplete complaint	No Action Planned or Taken
17-0131	Sept 14	Oct 11	Conduct of a resident of Sudbury Housing	Referred to law enforcement or legal authority
17-0132	Sept 15	Jan 31	Person working without a permit and noise complaint.	Action Planned or Taken
17-0133	Sept 18	Dec 12	Long term care residents are doing the work of staff	Action Planned or Taken
17-0134	Sept 18	Sept 21	Conduct of a business	Referred internally
17-0135	Sept 19	Jan 2	Storm drain pipe against family home	Referred internally
17-0136	Sept 25	Sept 25	Conduct of a business	Duplicate complaint
17-0137	Sept 27	Oct 5	Conduct of staff	Referred internally
17-0138	Sept 29	Oct 6	Yard trees on corner of an intersection exceed bylaw restrictions	Referred internally
17-0139	Sept 28	Mar 21	Concerns about the merits of a plan to renovate the kitchen in a fire hall	Action Planned or Taken
17-0140	Sept 29	Oct 4	Potential wrongdoing by a sports association	Not related to CGS Services
17-0141	Oct 1	Dec 8	Conduct of staff	Insufficient evidence of

				wrongdoing
17-0142	Oct 1	Dec 12	Smoking bylaw infractions by a resident	Referred internally
17-0143	Oct 5	Nov 7	Request for refund	No Action Planned or Taken
17-0144	Oct 6	Dec 13	Conduct of staff	Referred internally
17-0145	Oct 12	Feb 3	Conduct of staff	Action Planned or Taken
17-0146	Oct 14	Oct 16	Resident feeding pigeons leads to health hazard	Referred internally
17-0147	Oct 14	Jan 2	Allegation that an unofficial daycare is being run in City facility	Action Planned or Taken
17-0148	Oct 16	Jan 31	Conduct of members of Council	Action Planned or Taken
17-0150	Oct 18	Dec 13	Conduct of staff	Action Planned or Taken
17-0151	Oct 19	Nov 17	Unfair process denying safe and open access to our property	No Action Planned or Taken
17-0152	Oct 24	Mar 21	Allegation that a City facility is not equipped for recycling	Action Planned or Taken
17-0153	Oct 24	Feb 3	Conduct of staff	Insufficient evidence of wrongdoing
17-0154	Oct 25	Oct 31	Lack of regard for parking by-laws	Referred internally
17-0156	Oct 27	Oct 31	Hydro bills waste paper and are not environmentally friendly	Not related to CGS Services
17-0157	Oct 30	Feb 3	Merits of a new staff position	Insufficient evidence of wrongdoing
17-0158	Oct 30	Jan 31	Potential By-law infractions by a member of Council	Action Planned or Taken
17-0159	Oct 31	Jan 31	Conduct of a member of Council	No Action Planned or Taken
17-0160	Nov 2	Jan 31	Conduct of a member of Council	Insufficient evidence of wrongdoing
17-0162	Nov 7	Apr 5	Alleged exclusive use of a property by City employees	Insufficient evidence of wrongdoing
17-0164	Nov 19	Dec 8	Removal of gravel during snow plowing	Referred internally
17-0166	Nov 22	Jan 31	Potential conflict of interest by a member of Council	Insufficient evidence of wrongdoing
17-0167	Dec 3	Dec 8	Activities at a condemned building	Referred internally
17-0168	Dec 4	Mar 21	Garbage collection	Insufficient evidence of wrongdoing
17-0169	Dec 5	Jan 31	Attachments related to complaint 17-0158 shown above	Duplicate complaint
17-0170	Dec 6	Dec 13	Social assistance	Not related to CGS Services
17-0171	Dec 6	Apr 23	Fumes from trucks for construction work	No action planned or taken
17-0172	Dec 7	Jan 31	Potential conflict of interest by members of Council	Insufficient evidence of wrongdoing
17-0173	Dec 12	Dec 15	Inadequate snowplowing	Referred internally
17-0174	Dec 19	Mar 21	Poor quality of snowplowing	Referred internally
17-0175	Dec 19	May 29	Conduct of staff	Action Planned or Taken
17-0176	Dec 30	Jan 2	Car parked in no parking area	Referred internally
18-0001	Jan 7	May 11	Conduct of Councilor	Referred to related agency

18-0002	Jan 8	Mar 27	Snow removal from driveways	Referred internally
18-0003	Jan 8	May 28	Staff conduct	Referred internally
18-0004	Jan 10	Mar 27	Various wrongdoing concerns	Referred externally
18-0005	Jan 10	Mar 27	Various wrongdoing concerns	Referred externally
18-0006	Jan 10	Mar 27	Various bylaw infractions	No action planned or taken
18-0007	Jan 11	Apr 27	Conduct of staff	Action planned or taken
18-0008	Jan 11	May 29	Access to City facilities	Referred internally
18-0009	Jan 12	Apr 12	Unsafe operation of vehicle	No action planned or taken
18-0010	Jan 13	Feb 3	Conduct of Mayor	Action planned or taken
18-0011	Jan 19	May 25	Conduct of staff	Action planned or taken
18-0012	Jan 20	May 11	Conduct of Councilor	No action planned or taken
18-0013	Jan 23	May 29	Alleged bylaw infraction	Referred to related agency
18-0014	Jan 24	Mar 27	Access to land	Not related to City services
18-0015	Jan 24	May 21	Alleged bylaw infraction	Referred internally
18-0016	Jan 24	Feb 1	Alleged bylaw infraction	Referred internally
18-0017	Jan 24	Mar 27	Alleged bylaw infraction	Referred internally
18-0018	Jan 24	Mar 27	Suggestion for improvement	Insufficient evidence of wrongdoing
18-0019	Jan 24	Jan 30	Alleged bylaw infraction	Insufficient evidence of wrongdoing
18-0020	Jan 26	May 11	Conduct of Councilor	Action planned or taken
18-0021	Jan 31	Feb 6	Social assistance recommendations	Referred to legal authority
18-0022	Jan 31	May 11	Conduct of Councilor	Action planned or taken
18-0024	Feb 5	Mar 28	Alleged bylaw infraction	Referred internally
18-0025	Feb 6	May 29	Alleged bylaw infraction	Action planned or taken
18-0026	Feb 6	May 31	Staff conduct	No action planned or taken
18-0027	Feb 8	Mar 27	Alleged bylaw infraction	Referred internally
18-0028	Feb 8	Mar 27	Alleged bylaw infraction	Duplicate complaint
18-0029	Feb 10	May 11	Conduct of Councilor	Action planned or taken
18-0030	Feb 13	Apr 18	Allegations of fraud	Insufficient evidence of wrongdoing
18-0031	Feb 14	Feb 16	Alleged bylaw infraction	Referred internally
18-0032	Feb 14	Feb 16	Alleged bylaw infraction	Referred internally
18-0033	Feb 17	Mar 5	Sidewalk cleaning	Insufficient evidence of wrongdoing
18-0034	Feb 17	May 29	Staff conduct	No action planned or taken
18-0035	Feb 19	Feb 22	Alleged policy infractions	Referred to related agency
18-0036	Feb 27	Feb 28	Staff conduct	Referred to other entity
18-0037	Feb 27	Mar 27	Concern with quality of roads	Referred internally
18-0038	Mar 1	Mar 27	Alleged bylaw infraction	Referred internally
18-0040	Mar 5	Mar 27	Alleged bylaw infraction	Insufficient evidence of wrongdoing
18-0042	Mar 7	May 23	Invasive species management	Insufficient evidence of wrongdoing
18-0043	Mar 8	Mar 27	Alleged bylaw infraction	Referred to law enforcement
18-0045	Mar 10	Mar 27	Alleged bylaw infraction	Referred internally
18-0047	Mar 12	Open	Staff conduct	
18-0055	Mar 29	Open	Staff conduct	

18-0056	Apr 3	Open	Conduct of a Councilor	
18-0057	Apr 6	Open	Staff conduct	
18-0058	Apr 9	Apr 9	Alleged fraud	Referred to law enforcement
18-0059	Apr 12	Open	Staff conduct	
18-0060	Apr 13	Open	Staff conduct	
18-0061	Apr 21	Apr 23	Quality of snowplowing	Referred internally
18-0062	Apr 25	Open	Staff conduct	
18-0063	Apr 29	Open	Alleged bylaw infraction	
18-0064	Apr 30	Open	Alleged bylaw infraction	
18-0065	May 1	Open	Staff conduct	
18-0066	May 9	Open	Conduct of contractor	
18-0067	May 10	May 10	Alleged bylaw infraction	Referred internally
18-0068	May 16	Open	Staff conduct	
18-0069	May 25	Open	Restricted access to City facilities	
18-0070	May 26	Open	Conduct of a Councilor	
18-0071	May 31	Open	Rezoning complaint	

Request for Decision

Governance Audit of the City of Greater Sudbury Community Development Corporation

Presented To:	Audit Committee
Presented:	Tuesday, Jun 19, 2018
Report Date	Thursday, May 31, 2018
Type:	Managers' Reports

Resolution

That the City of Greater Sudbury approves the recommendations as outlined in the report entitled "Governance Audit of the City of Greater Sudbury Community Development Corporation" from the Auditor General, presented at the Audit Committee meeting on June 19, 2018.

Signed By

Auditor General
Ron Foster
Auditor General
Digitally Signed May 31, 18

Relationship to the Strategic Plan / Health Impact Assessment

This report provides recommendations that support responsive, fiscally prudent, open governance.

Report Summary

Based on the results of the audit, the oversight structures and processes in place with respect to the GSDC generally appear to be effectively designed. Notwithstanding, a number of opportunities for improvement were identified.

Financial Implications

None

Governance Audit of the City of
Greater Sudbury Community
Development Corporation

May 31, 2018
FINAL REPORT



1. ORGANIZATIONAL BACKGROUND

The City of Greater Sudbury Community Development Corporation (GSDC) was incorporated in January 2001 under the *Ontario Business Corporations Act (OBCA)* and Municipal Act as a non-share, not-for-profit corporation. The GSDC is a municipal corporation which is governed by a Board of 18 Directors which consists of the Mayor and 3 members of Council and 14 community representatives.

The GSDC provides strategic leadership and coordination for all aspects of community economic development within the City of Greater Sudbury. Its mandate is to promote community economic development with the cooperation and participation of the community by encouraging, facilitating and supporting community strategic planning and increasing self-reliance, investment and job creation within the community. It works with partners including federal and provincial governments, community agencies, educational institutions and business to strengthen and diversify existing business, attract new business and investment from outside the region and coordinate strategic economic development initiatives within the community.

The relationship between the City and the GSDC is set out in an Operating Agreement dated May 3, 2007. Under this agreement, the City is required to provide facilities, equipment and administrative services to the GSDC as well as funding. In return for this funding and administrative services, the GSDC is required to comply with the City's Purchasing, Remuneration and Retention, and French Language Policy By-laws as well as such policies of general application in the City as may be implemented by by-law of the City or as may be provided to the GSDC from time to time.

In fiscal year ended December 31, 2016, the GSDC had revenues of \$1.53 million and expenses of \$1.41 million and a net surplus of \$0.12 million.

2. GOVERNANCE REVIEW: APPROACH & EXECUTION

This governance audit was completed based on the assessment framework detailed in the *Practice Guide to Auditing Oversight ("Practice Guide")* published by the Canadian Audit & Accountability Foundation. Based on the *Guide*, the following Approach, Objectives and Assessment Criteria were used.

2.1 Approach

The audit focused on the oversight structures and systems in place within the GSDC, including examining:

- Structure and mandate of each organization;
- Definition of roles and responsibilities of each organization and its senior leadership team;
- Oversight exercised by each organization over its respective areas of responsibility; and
- Oversight exercised by other government bodies over each organization.

2.2 Scope

The scope of the audit of included activities from January 1, 2015 to December 31, 2017.

2.3 Objectives & Assessment Criteria

The key objective of this audit was to assess the effectiveness of the design of oversight structures and processes. As such, the audit was not specifically designed to assess whether the oversight processes are

operating as designed and/or the outcomes generated by these oversight processes are appropriate. The table below sets out the review objectives and related assessment criteria.

Audit Area	Objectives	Assessment Criteria
Overall Oversight Framework	To determine whether the structures and processes established for the organization set the framework for effective oversight	The governance structure and mandate of the organization are sufficient and appropriate to provide a framework for effective oversight
Oversight Roles	To determine whether the board (or governing body) has clear oversight roles and responsibilities and a clear mandate to carry out specific oversight functions	The oversight body and its committees and members have clearly defined oversight roles and responsibilities
Performance Monitoring	To determine whether the board (or governing body) has put in place adequate systems and practices to monitor the organization's performance in meeting its established objectives	The oversight body has established a performance management framework for the organization Performance targets and pertinent indicators are in place to enable the oversight body to monitor properly organizational performance
City Oversight	To determine whether the city/other oversight bodies has established a clear framework for the oversight of the organization	The city (or other oversight body) has defined and communicated its expectations with regard to organizational performance and the reporting thereof

2.4 Execution

The audit was completed based on a number of key activities:

- **Documentary Review:** Relevant documentation was collected and reviewed in relation to objectives and assessment criteria;
- **Interviews:** Interviews were conducted with selected members of the GSDC Board of Directors and managers within the City;
- **Survey:** A survey questionnaire was provided to several members of the Board of Directors; and
- **Informal Benchmarking:** Limited, informal benchmarking analysis was completed based on available documentation and stakeholder input.

2.5 Audit Standards

We conducted our audit in accordance with Generally Accepted Government Auditing Standards which require that we adequately plan for the audit; properly supervise audit staff; obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions; and prepare audit documentation related to the planning, conducting, and reporting for each audit. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

For further information regarding this report, please contact Ron Foster at extension 4402 or via email at ron.foster@greatersudbury.ca

3. OBSERVATIONS

The following section sets out the key observations which generally relate to the design of the oversight structures and processes in place with respect to the GSDC. However, observations related to the operation of these structures and processes are noted where relevant.

3.1 Overall Oversight Framework

The oversight framework is generally effectively designed and the governance structure and mandate of the organization are sufficient and appropriate to provide a framework for effective oversight. For example:

- a) The mandate of the GSDC is documented within the operating agreement, strategic plan and the Articles of Incorporation.
- b) Formal mandates of the Community Economic Development Committee and Nomination Committee have been clearly established, however, the mandate of the Executive Committee has not been formally defined or documented.
- c) While the roles and responsibilities of the officers of the Board are briefly described within By-laws No. 5, there are no separate job descriptions for these important positions.
- d) Under the GSDC's Operating Bylaws (Bylaw #5, Section 8), the General Manager of Growth and Development is identified as the General Manager of the CSDC. This position no longer exists within the CGS organization chart and the responsibility has passed to the Director of Economic Development. The practice of the City and GSDC has been to have the CAO of the City participate on the Board and Executive Committee as a non-voting member.
- e) New Directors are provided with orientation sessions and key documents to acquaint them with the vision, mission, strategic plan, annual planning priorities of the GSDC as well as major initiatives and Operating agreement with the City and major policies such as Conflict of Interest and CED Funding Guidelines.
- f) The behavioural expectations and obligations of most Directors are specifically documented in the Conflict of Interest Policy. Insufficient details are provided to Councillors to assist them with determining if they are in conflict.

3.2 Oversight Roles & Responsibilities

The oversight roles and responsibilities of the GSDC Board of Directors are defined and documented but the Board does not have a clearly documented mandate to perform a number of tasks. For example:

- a) The Board is responsible for appointing the General Manager ("CEO") but is not responsible for preparing his/her performance appraisal.
- b) The role of the Board for vetting projects with a large economic impact is not clearly defined in the By-laws, mission or vision of the Corporation. At present, there is no requirement for the City to consult

with the GSDC on proposed business cases for projects to ensure sufficient community input is obtained on these projects.

- c) The Board is responsible for reviewing and approving all reports to Council including annual financial statements and annual reports. The Board does not, however, prepare an annual business plan or budget.

3.3 Performance Monitoring

The Board has established systems and practices to monitor the performance of the organization and to assess the extent to which its established objectives have been achieved. For example:

- a) The Strategic Plan was developed with the input of the previous and current Board, including assessing the consistency of the Plan with the GSDC mandate and organizational authorities. In addition, the new Board reviewed the Strategic Plan when it was appointed in 2015 and prepared the first annual report in 2017. The Strategic Plan includes a list of Key Performance Indicators that are monitored and reported at least annually.
- b) The Board reviews and approves annual financial statements for the GSDC.
- c) The Board receives and reviews a monthly reporting package from the General Manager that includes information related to the annual planning priorities and major initiatives.
- d) The Board reviewed the business cases for the Synergy Centre which will have a major economic impact on the City if it is approved by City Council. The Board did not, however, have input on the business case for the Art Gallery/Library or Event Centre projects.

3.4 City Oversight

While the City has established a general framework for the oversight of the organization, a number of opportunities for improvement were identified. For example:

- a) The Operating Agreement sets out the certain roles of the City and the GSDC. While the City is responsible for control of the corporate governance structure of the corporation, it has not updated the agreement since 2007 to formalize a number of relevant oversight processes.
- b) The Operating Agreement does not provide the City with full and free access to GSDC's records for the purpose of audit. The Municipal Act may exempt the GSDC unless the City specifies otherwise.
- c) There have been differences of opinion about the role of the GSDC and responsibilities of Council for vetting major projects that may have a major economic impact on the City.
- d) The City provides minimal information about the GSDC and almost no orientation to members of Council during the nomination process for members of Council that are appointed to the board of the GSDC and other agencies, boards and municipally-controlled corporations.

- e) The GSDC provides orientation training to new Board members but does not tailor its orientation program for members of Council who are appointed to the Board.

4. FINDINGS AND RECOMMENDATIONS

The audit assessed the effectiveness of the design of oversight structures and processes. As noted above, the audit was not specifically designed to assess whether the oversight processes are operating as designed and/or the effectiveness of the outcomes generated by these oversight processes. However, where operational observations were noted they have been identified above.

Based on the results of the audit, the oversight structures and processes in place with respect to the GSDC generally appear to be effectively designed. Notwithstanding this finding, some concerns have been identified below along with a recommendation and management response for each.

The management responses outlined after each recommendation have been jointly developed and approved by the City of Greater Sudbury and the GSDC Board of Directors.

- 1) The Operating Agreement is dated and requires formal review and updating to ensure that there is a shared understanding of the respective roles, responsibilities and authorities of the GSDC and the City for vetting projects with a major economic impact on the City.

The GSDC should work with the City to review and update the Operating Framework to ensure there is a shared understanding of the respective roles, responsibilities and authorities of the GSDC and the City for vetting projects with a major economic impact on the City.

Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Reaffirming the relationship between the CGSCDC and City of Greater Sudbury will form part of this review and a written operating agreement between the two organizations will be a deliverable of this process.

- 2) The By-laws of the GSDC and City are ambiguous on the role of the GSDC for vetting major projects with a major economic impact on the City.

The City's and the GSDC's applicable By-laws should be updated to support their respective roles, responsibilities and authorities for economic development.

Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Reaffirming the relationship between the CGSCDC and City of Greater Sudbury will form part of this review and a written operating agreement between the two organizations will be a deliverable of this process. Part of the

Governance Review will be a consultation with Council to determine whether this role is appropriate and desired in the future. Results of these deliberations will be incorporated in the revised operating agreement and in by-laws as appropriate.

- 3) Under the GSDC's Operating Bylaws (Bylaw #5, Section 8), the General Manager of Growth and Development is appointed as the Chief Administrative Officer of the GSDC. This responsibility has been passed to the Director of Economic Development as this General Manager Position no longer exists.

Bylaw 5 of the GSDC should be updated to clarify that the Director of Economic Development is now the General Manager of the GSDC.

Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. The GSDC's Operating Bylaw will be updated as a result of this review and changes will be made to address this issue.

- 4) The roles of the executives of the board are briefly described within the By-laws but are not defined separately and clearly within job descriptions.

The roles of the executives of the board are should be defined separately and clearly within job descriptions.

Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Outlining the role of the Executive and other committees, and developing job descriptions for each committee position, will be a deliverable of this review process.

- 5) The mandate of the Executive Committee is not specified in the By-laws or clearly identified in other documents.

The mandate of the Executive Committee should be formalized and included in the GSDC's By-laws.

Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Outlining the role of the Executive and other committees, and developing job descriptions for each committee position, will be a deliverable of this review process.

- 6) The City's information package for Councillors does not provide sufficient information on the mandate of the GSDC and the role and obligations of Councillors participating on the GSDC's Board for Councillors to make informed decisions during the nomination process.

The information package provided to members of Council during the nomination process should be updated to increase the content related to the mandate of the GSDC.

Management Response

We accept this recommendation. The City of Greater Sudbury is updating its Council Orientation Process and associated materials in preparation for the new council term which begins on December 1, 2018. Additional information will be provided in order to better orient councillors to the role of the Board.

- 7) The GSDC's orientation of new Board members does not provide sufficient context with respect to the duties and obligations of Councillors as Board members and the potential for conflict between the interests of a Councillor and as a member of the GSDC Board.

The Board Orientation Program provided by the GSDC should be updated to increase the focus on the obligations of Councillor Members of the Board to the GSDC in their capacity as Board members.

Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Updating the Board Orientation Program will form part of this review process and appropriate updates will be made to address this recommendation.

- 8) The Board is responsible for appointing the General Manager but does not prepare his/her annual performance appraisal or evaluate the quality of support received from the City in conjunction with the expectations set out in the Operating Agreement.

The Board's responsibility for preparing an annual performance appraisal of the General Manager should be documented. Additionally, the Board should assess the quality of services provided by the City on an annual basis.

Management Response

We accept the principle of this recommendation. The GSDC Board does not have a traditional employer/employee relationship with the General Manager as all staff resources are provided by the CGS. It is appropriate, however, for the GSDC Board to establish performance goals for the General Manager and review these with him or her on an annual basis. The GSDC Board, with the assistance of staff of the CGS

Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Developing an appropriate process for setting and reviewing performance goals will be a deliverable of this process. In addition, reviewing the services provided by the CGS under a new operating agreement, will form part of the GSDC's Annual Report beginning in 2019.

- 9) The Board does not prepare an annual business plan or budget or monitor its progress annually against these documents. Instead, it develops annual strategic priorities and monitors progress against them at each meeting.

To ensure it meets its mission, the Board should consider preparing an annual business plan and budget and monitor its progress against these documents.

Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. The potential for the GSDC Board to develop an annual business plan and budget will form part of this review and the Board will determine options and a course of action based on the results of the review.

Request for Decision

Governance Audit of the Greater Sudbury Police Services Board

Presented To:	Audit Committee
Presented:	Tuesday, Jun 19, 2018
Report Date	Thursday, May 31, 2018
Type:	Managers' Reports

Resolution

That the City of Greater Sudbury approves the recommendations as outlined in the report entitled "Governance Audit of the Greater Sudbury Police Services Board" from the Auditor General, presented at the Audit Committee meeting on June 19, 2018.

Signed By

Auditor General
Ron Foster
Auditor General
Digitally Signed May 31, 18

Relationship to the Strategic Plan / Health Impact Assessment

This report supports the attainment of responsive, fiscally prudent, open governance.

Report Summary

The structure and processes used by the City to govern its relationship with the Board and Police Service have been implemented and are working effectively. However, a number of areas for improvement were identified for City management to address.

Financial Implications

None

Governance Audit of the
Greater Sudbury Police Services
Board

May 31, 2018
FINAL REPORT



1. BACKGROUND

Section 6(2) of the *City of Greater Sudbury Act 1999* established the Greater Sudbury Police Services Board as the police services board of the City. Under the *Municipal Act*, Police Services Boards are reflected under the definition of a “local board” as described below:

“Local board” means a municipal service board, transportation commission, public library board, board of health, police services board, planning board, or any other board, commission, committee, body or local authority established or exercising any power under any Act with respect to the affairs or purposes of one or more municipalities, excluding a school board and a conservation authority; (“conseil local”).

The legislated mandate and responsibilities of Police Services Boards are set out in the *Ontario Police Services Act (the Act)*. Section 3 of the Act sets out the statutory responsibilities of the Minister which includes the provision of adequate and effective police services municipally, monitoring boards and services to ensure they comply with the prescribed standards, developing and promoting professional police practices standards and training, providing advice respecting the management and operation of police services, issuing directives and guidelines on policy matters, and conducting a system of inspection and review of police services to name a few. In addition, the Ministry has appointed Police Service Advisors who are assigned to specific police services throughout the province to provide ongoing advice and guidance on police service delivery and board governance.

Section 4(1) of the *Act* requires that each municipality provide adequate and effective police services in accordance with its needs and provide at minimum:

1. Crime Prevention
2. Law Enforcement
3. Assistance to victims of crime
4. Public order maintenance
5. Emergency response

Further, in doing so a municipality is responsible for providing all the infrastructure and administration necessary for providing such services including vehicles, boats, equipment, communications devices, buildings and supplies.

The *Act* establishes the general principles that should govern the provision of police services, including:

- Ensuring safety and security
- Safeguarding fundamental rights
- Ensuring cooperation between police services and communities
- Ensuring respect for victims of crime
- Ensuring sensitivity in the provision of police services to the diverse nature of communities
- Ensuring police services are representative of communities they serve

The provincial authority over policing is the Ministry of Community Safety and Correctional Services (the Ministry). The Policing Standards Division of the Ministry develops regulations and guidelines to:

- ensure adequate and effective police services across Ontario;
- support the implementation of professional police practices; and
- address a broad range of issues to assist police in protecting public safety and preventing crime

Section 3(2) (a)(b) of the *Act* provides that the Solicitor General monitor police forces to ensure that adequate and effective services are provided at the municipal and provincial levels and further monitor board and police forces to ensure that they comply with prescribed standards of service.

The Operations Unit of the Ministry of Community Safety and Correctional Services is responsible for administering the provincial appointees to police services boards. The conduct of members of the Police Services Board is governed by Ontario Regulation 421/97 established under the *Act*.

In addition, the *Act* provides the authorities and responsibilities of the Board and prescribes Board composition and the member appointment process. The GSPSB is a five-member Board consisting of two Council appointees, a Council-appointed community representative, and two Provincial appointees. The specific responsibilities of Boards are defined in the *Act* under Section 31(1). A Board is responsible for the provision of adequate and effective police services in the municipality and shall:

- Appoint the members of the municipal police force;
- Generally determine, after consultation with the Chief of Police, objectives and priorities with respect to police service in the municipality;
- Establish policies for the effective management of the police force;
- Recruit and appoint the Chief of Police and any Deputy Chief of Police, and annually determine their remuneration and working conditions, taking their submissions into account;
- Direct the Chief of Police and monitor his or her performance;
- Establish policies respecting the disclosure by Chief of Police of personal information about individuals;
- Receive regular reports from the Chief of Police on disclosures and decisions made under section 49 (secondary activities);
- Establish guidelines with respect to the indemnification of members of the police force for legal costs under section 50;
- Establish guidelines for dealing with complaints made under Part V;
- Review the Chief of Police's administration of the complaints system under Part V and receive regular reports from the Chief of Police on his or her administration of the complaints system.

The Board operates in a highly legislative and regulated environment in terms of oversight, accountability, transparency and operational influence. Section 31 (3) speaks to the requirement of the Board to monitor the performance of the Chief of Police as a direct employee of the Board under contract. The Board may

give orders and to the Chief of Police, but not to other members of the police service and no member may give orders or directions to any other member of the police service. The Board cannot direct the Chief of Police on specific operational decisions or with respect to the day-to-day operation of the police force.

The Chief of Police is responsible for administering the service and overseeing its operation in accordance with the objectives, priorities and policies established by the Board. The Board is responsible for overseeing the activities of the Greater Sudbury Police Services and ensuring police services are provided to the municipality in accordance with its needs.

The Ontario Civilian Police Commission

The Ontario Civilian Police Commission (OCPC) is an independent oversight agency tasked with ensuring that adequate and effective policing services are provided in a fair and accountable manner under the Ontario Police Services Act. The OCPC carries out a number of duties that are primarily adjudicative and decision-making in nature including:

- hearing appeals of police disciplinary decisions;
- adjudicating disputes between municipal councils and police service boards involving budget matters;
- conducting hearings into requests for the reduction, abolition, creation or amalgamation of police services;
- conducting investigations and inquiries into the conduct of chiefs of police, police officers and members of police services boards;
- determining the status of police service members; and
- reviewing the adequacy and effectiveness of policing services.

Office of the Independent Police Review Director

The Office of the Independent Review Director (OIPRD) is responsible for receiving, overseeing and conducting public complaint investigations related to police officer conduct or the services received. The Office is staffed entirely by civilians and decisions are independent from government, police and the community.

Special Investigations Unit

The Special Investigations Unit is a civilian law enforcement agency, independent of the police, that conducts criminal investigations into circumstances involving police and civilians that have resulted in serious injury, death or allegations of sexual assault. The mandate of the SIU is to maintain confidence in Ontario's police services by assuring the public that police actions resulting in serious injury, death, or allegations of sexual assault are subjected to rigorous, independent investigations.

Budget and Funding

Section 39 of the Police Services Act requires that police boards submit operating and capital estimates to the municipal council that show the amounts required to maintain the police service and provide it with equipment and facilities and resources required to pay the expenses of the board's operation. Council has the authority to establish an overall budget, but cannot approve or disapprove specific items in the budget. Decisions regarding the estimates should be made within the context of the Act and Regulation 3/99 Adequacy and Effectiveness of Police Services.

The final Police Service budget for Fiscal 2017 was \$55.6 million which included \$60.6 million in expenditures and \$5.0 million in revenues. The 2018 budget includes \$63.5 million in expenditures and \$5.8 million in revenues for a net budget of \$57.8 million.

2. GOVERNANCE AUDIT APPROACH

The audit is intended to assess the structures and processes used by the City to manage its relationship with the GSPSB and the Greater Sudbury Police Services (Police Services).

As the City's Auditor General does not have legislative authority over the GSPSB (Board), the Auditor General reached out to the Police Services administration to explore the receptiveness of the Board to meet to discuss the relationship between the City and the Board, in particular, the lines of communication between the City, the Board and the Police Services and opportunities to maximize joint efficiencies.

With the consent of the Board, the audit was conducted within the context of the legislative framework within the Ontario Police Services Act (the Act). Accordingly, all of the recommendations in this report are directed to City management.

2.1 Approach

The audit focused on the structures and processes in place within the City to govern its relationship with the Board and Police Services, in particular to ensure appropriate lines of communication between the City and the GSPSB and Police Services and alignment of the City's strategies, objectives and initiatives with those of the GSPSB/Police Services.

2.2 Objectives

The key audit objective was to determine whether the City has established formal structures and processes to manage its relationship with the GSPSB and Police Services that are consistent with the legislative and regulatory framework for policing established by the Government of Ontario.

2.3 Scope

The audit scope covered activities from January 1, 2015 to December 31, 2017.

2.4 Execution

The audit was completed based on the following key activities:

- Document Review: Publicly available information that was relevant to the audit objectives was collected and reviewed;
- Interviews: Interviews were conducted with selected members of the City, and the Chief Administrative Officer of the Police Services; and
- Meetings: A meeting was held with members of the GSPSB to discuss the objectives of the audit and requirements of the OPSA for the establishment of a Board for the GSPS.

2.5 Audit Standards

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we adequately plan for the review; properly supervise audit staff; obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions; and prepare audit documentation related to the planning, conducting, and reporting for each audit. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review.

For further information regarding this report, please contact Ron Foster at extension 4402 or via email at ron.foster@greatersudbury.ca

3. OBSERVATIONS

The following section sets out the key observations resulting from the audit.

3.1 Oversight

The relationship between the City and the GSPSB is structured based on the Ontario Police Services Act (the Act) which is purposefully written to ensure significant independence of the GSPSB and Police Services from Council. Within the context of the Act, the City has established a generally effective framework for the oversight of the GSPSB. For example:

1. Under *the Act*, Council has authority to appoint 3 of the 5 members of the GSPSB. In addition, Council has the authority to set the term of office of Council-appointed Board members at the time of appointment (with term not to exceed the term of office of the Council appointing the Board member). Members of the GSPSB must always act in the best interests of the Police Services Board notwithstanding other roles they may hold, including that of City Councillor.
2. Council has authority to establish the overall budget of the Police Services based on estimates provided by the GSPSB but has no authority to approve or disapprove specific items included in the estimates. Council executes this responsibility annually and provides an effective challenge of these estimates while ensuring that the budget is sufficient to maintain an adequate number of police officers and civilian employees as well as adequate facilities and equipment.

3. The City provides information to new and returning Councillors that includes a discussion of the mandates of agencies, boards and municipally-controlled corporations that are overseen by the City including the GSPSB. Senior staff of the Police Services also provide orientation training to members of Council which serve on the GSPSB and have invited all members of Council to these sessions.
4. The City also coordinates the selection and appointment of a civilian representative to the Board.
5. Relationships between the City and the GSPSB and Police Services appear to be effective with open lines of communication. Police Services staff that were interviewed reported positive relationships with City staff and collaboration on projects with common aims around efficiencies. City staff and the Mayor also reported effective working relationships with the senior staff of the Police Services.
6. Like all Ontario police services at law, the Police Services are also overseen by several independent provincial oversight bodies, including the Special Investigations Unit, Office of the Independent Police Review Directorate and Ontario Civilian Police Commission, all of which are supported by the Ministry of Community Safety and Correction Services. To enhance and refine accountability mechanisms, the Ontario Government introduced draft legislation entitled the *Safer Ontario Act, 2017* which constitutes a major re-write of several Acts including the *Ontario Police Services Act*.
7. During the interviews, the inadequate condition of police facilities was raised by the GSPSB and senior staff. A recent report from KPMG identified significant deficiencies within the facilities of the service. The Chief and Chief Administration Officer have made presentations to Council in recent years to identify the need to commence the process of identifying funding for new or substantially improved facilities for the service.

4. FINDINGS AND RECOMMENDATIONS

The structure and processes used by the City to govern its relationship with the Board and Police Services have been implemented and are working effectively. However, the following areas for improvement were identified for City management to address:

Finding 1:

Orientation services provided by the City to members of Council do not include a detailed discussion of the role of the GSPSB, the role of the City with respect to the organization or the dual obligations of Council members sitting on the GSPSB.

Recommendation:

The Councillor Orientation Program provided by the City should be updated to increase the content related specifically to the needs of the GSPSB and to focus on the role and obligations of Councillors when acting as Board members on the Police Services Board. This is an important and critical

distinction for Councillors sitting on police boards in as much as they must be cognizant of not exercising their position as City Councillor while at the GSPSB board.

Management Response:

Staff are currently reviewing the content for the orientation of a newly elected Council and additional content will be provided regarding the roles and obligations of Council members appointed to external boards and corporations.

Finding 2:

The selection and appointment of members of Council and civilian members to the Board is currently done with limited consultation with staff of the Police Services although this advice is available and could be helpful.

Recommendation:

The City should seek input from police services on the desirable characteristics and attributes for members of Council and civilian members appointed to the Board.

Management Response:

Staff will meet with the Chief Administrative Officer for the Greater Sudbury Police Services Board to obtain input on desirable characteristics and attributes and will provide such information to Council in order to assist them with their selection process.

Finding 3:

The City and Police Services presently share a number of services. Opportunities to share additional services such as fleet have not been closely examined to determine if they can be delivered more economically and effectively by the City.

Recommendation:

The City should work with GSPSB staff to examine opportunities for additional shared services such as fleet services if they can be delivered more economically and effectively by the City.

Management Response:

Given the scope of such a recommendation, consideration needs to be given for the current lack of capacity to service such a large client as well as the effect such an undertaking would have on the Fleet Services work plan and existing clients.

In order to provide capacity, significant renovations, investment and operational changes would need to occur. Renovations to accommodate additional parts and vehicle storage, investment in technicians

and supervisory capacity, and transitioning the Lorne street garage to add a third shift to daily operations would be required.

Fleet has fairly recently transitioned to the Finance, Assets and Fleet Division within Corporate Services. There are a number of process improvement projects underway to improve both systems internal to Fleet and further definition of service levels with existing customers. In order to not compromise service to existing divisions/departments as well as the Fleet work plan, it is not recommended that Fleet Services provide service to Police Services at this current time.

The City will continue to review other areas where services can be shared effectively in addition to the current services provided in Human Resources, Information Technology and Finance including accounts payable, payroll, purchasing, accounting and budget system maintenance.

Finding 4:

The Police Services and KPMG have identified that several facilities deficiencies are an impediment to providing police services safely, effectively and efficiently.

Recommendation:

As facilities are a critical infrastructure requirement for police services - which is a core service of the City - the upgrade or replacement of these facilities should be prioritized within the City's asset management and facilities management planning processes.

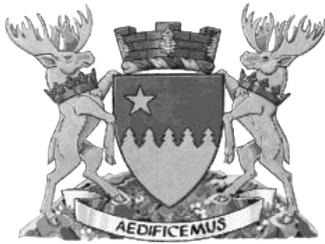
Management Response:

The City of Greater Sudbury has approximately 550 facilities within its portfolio. In order to direct capital expenditures to the highest priority projects staff has advised Council that the City is moving forward with the production of comprehensive asset management plans that will have defined service levels, asset condition data and risk considerations. Combined with a revised capital budgeting model that is aimed at ensuring the highest priority projects receive funding; capital investment will be allocated where it is most effective at ensuring safety, reducing risk, foregoing costs, and meeting legislative and operational requirements.

The Facilities Capital Project section will continue to work closely with Police Services at identifying and articulating future capital requirements. Similarly, the Facilities Maintenance section will continue to promptly service and rectify any maintenance related issues at Police occupied facilities.

5. CONCLUSION

The Auditor General wishes to thank the Greater Sudbury Police Services Board and Police Services staff for their commitment to governance and transparency. There is a willingness on the part of the Board and Police Services to work together with City staff to ensure that police services are provided efficiently and effectively with full acknowledgement of the respective roles of all parties.



City of Greater Sudbury Charter

WHEREAS Municipalities are governed by the Ontario Municipal Act, 2001;

AND WHEREAS the City of Greater Sudbury has established Vision, Mission and Values that give direction to staff and City Councillors;

AND WHEREAS City Council and its associated boards are guided by a Code of Ethics, as outlined in Appendix B of the City of Greater Sudbury's Procedure Bylaw, most recently updated in 2011;

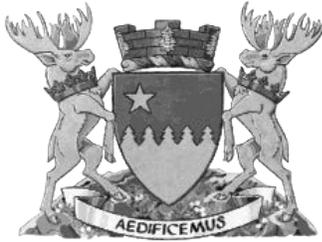
AND WHEREAS the City of Greater Sudbury official motto is "Come, Let Us Build Together," and was chosen to celebrate our city's diversity and inspire collective effort and inclusion;

THEREFORE BE IT RESOLVED THAT Council for the City of Greater Sudbury approves, adopts and signs the following City of Greater Sudbury Charter to complement these guiding principles:

As Members of Council, we hereby acknowledge the privilege to be elected to the City of Greater Sudbury Council for the 2014-2018 term of office. During this time, we pledge to always represent the citizens and to work together always in the interest of the City of Greater Sudbury.

Accordingly, we commit to:

- Perform our roles, as defined in the Ontario Municipal Act (2001), the City's bylaws and City policies;
- Act with transparency, openness, accountability and dedication to our citizens, consistent with the City's Vision, Mission and Values and the City official motto;
- Follow the Code of Ethical Conduct for Members of Council, and all City policies that apply to Members of Council;
- Act today in the interest of tomorrow, by being responsible stewards of the City, including its finances, assets, services, public places, and the natural environment;
- Manage the resources in our trust efficiently, prudently, responsibly and to the best of our ability;
- Build a climate of trust, openness and transparency that sets a standard for all the City's goals and objectives;
- Always act with respect for all Council and for all persons who come before us;
- Ensure citizen engagement is encouraged and promoted;
- Advocate for economic development, encouraging innovation, productivity and job creation;
- Inspire cultural growth by promoting sports, film, the arts, music, theatre and architectural excellence;
- Respect our historical and natural heritage by protecting and preserving important buildings, landmarks, landscapes, lakes and water bodies;
- Promote unity through diversity as a characteristic of Greater Sudbury citizenship;
- Become civic and regional leaders by encouraging the sharing of ideas, knowledge and experience;
- Work towards achieving the best possible quality of life and standard of living for all Greater Sudbury residents;



Charte de la Ville du Grand Sudbury

ATTENDU QUE les municipalités sont régies par la Loi de 2001 sur les municipalités (Ontario);

ATTENDU QUE la Ville du Grand Sudbury a élaboré une vision, une mission et des valeurs qui guident le personnel et les conseillers municipaux;

ATTENDU QUE le Conseil municipal et ses conseils sont guidés par un code d'éthique, comme l'indique l'annexe B du Règlement de procédure de la Ville du Grand Sudbury dont la dernière version date de 2011;

ATTENDU QUE la devise officielle de la Ville du Grand Sudbury, « Ensemble, bâtissons notre avenir », a été choisie afin de célébrer la diversité de notre municipalité ainsi que d'inspirer un effort collectif et l'inclusion;

QU'IL SOIT RÉSOLU QUE le Conseil de la Ville du Grand Sudbury approuve et adopte la charte suivante de la Ville du Grand Sudbury, qui sert de complément à ces principes directeurs, et qu'il y appose sa signature:

À titre de membres du Conseil, nous reconnaissons par la présente le privilège d'être élus au Conseil du Grand Sudbury pour le mandat de 2014-2018. Durant cette période, nous promettons de toujours représenter les citoyens et de travailler ensemble, sans cesse dans l'intérêt de la Ville du Grand Sudbury.

Par conséquent, nous nous engageons à :

- assumer nos rôles tels qu'ils sont définis dans la Loi de 2001 sur les municipalités, les règlements et les politiques de la Ville;
- faire preuve de transparence, d'ouverture, de responsabilité et de dévouement envers les citoyens, conformément à la vision, à la mission et aux valeurs ainsi qu'à la devise officielle de la municipalité;
- suivre le Code d'éthique des membres du Conseil et toutes les politiques de la municipalité qui s'appliquent à eux;
- agir aujourd'hui pour demain en étant des intendants responsables de la municipalité, y compris de ses finances, biens, services, endroits publics et du milieu naturel;
- gérer les ressources qui nous sont confiées de façon efficiente, prudente, responsable et de notre mieux;
- créer un climat de confiance, d'ouverture et de transparence qui établit une norme pour tous les objectifs de la municipalité;
- agir sans cesse en respectant tous les membres du Conseil et les gens se présentant devant eux;
- veiller à ce qu'on encourage et favorise l'engagement des citoyens;
- plaider pour le développement économique, à encourager l'innovation, la productivité et la création d'emplois;
- être une source d'inspiration pour la croissance culturelle en faisant la promotion de l'excellence dans les domaines du sport, du cinéma, des arts, de la musique, du théâtre et de l'architecture;
- respecter notre patrimoine historique et naturel en protégeant et en préservant les édifices, les lieux d'intérêt, les paysages, les lacs et les plans d'eau d'importance;
- favoriser l'unité par la diversité en tant que caractéristique de la citoyenneté au Grand Sudbury;
- devenir des chefs de file municipaux et régionaux en favorisant les échanges d'idées, de connaissances et concernant l'expérience;
- viser l'atteinte de la meilleure qualité et du meilleur niveau de vie possible pour tous les résidents du Grand Sudbury.