

AUDIT COMMITTEE AGENDA

Audit Committee Meeting
Tuesday, June 20, 2017
Council Chamber, Tom Davies Square

COUNCILLOR DEB MCINTOSH, CHAIR

Mike Jakubo, Vice-Chair

4:15 p.m. AUDIT COMMITTEE MEETING - OPEN SESSION
COUNCIL CHAMBER

AUDIT COMMITTEE MEETING - CLOSED SESSION
COMMITTEE ROOM C-11

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DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

PRESENTATIONS

1. Report dated May 25, 2017 from the General Manager of Corporate Services regarding 2016 Audit Findings Report. **5 - 22**
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)
 - Oscar Poloni, KPMG

(This report provides the audit findings with respect to the 2016 year-end.)

2. Report dated May 25, 2017 from the General Manager of Corporate Services regarding 2016 Annual Financial Statements. **23 - 100**
(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, 2016 be adopted by Council.)

CORRESPONDENCE FOR INFORMATION ONLY

- C-1. Report dated June 7, 2017 from the Executive Director of Finance, Assets and Fleet regarding Consolidated Reserves and Reserve Funds Balances as of December 31, 2016. **101 - 115**
(FOR INFORMATION ONLY)
- (This report advises of the balances in the Reserves and Reserve Funds at December 31, 2016.)
- C-2. Report dated May 31, 2017 from the General Manager of Corporate Services regarding 2016 Operating Budget Variance Report - December. **116 - 122**
(FOR INFORMATION ONLY)
- (This report provides a year end projection based on expenditures and revenues to the end of December, 2016.)
- C-3. Report dated May 31, 2017 from the General Manager of Corporate Services regarding 2016 Water Wastewater Variance Report. **123 - 127**
(FOR INFORMATION ONLY)
- (This report provides a year end position for the Water Wastewater Division based on the expenditures and revenues for the year ended December 31, 2016.)
- C-4. Report dated June 6, 2017 from the Executive Director of Finance, Assets and Fleet regarding 2016 Capital Projects in Progress and Completed Capital Projects. **128 - 150**
(FOR INFORMATION ONLY)
- (This report provides a year end position of Capital Projects in Progress which includes Committed Capital and Committed Reserve Funds for capital projects for the year ended December 31, 2016. It also includes completed capital projects from October 2016 to March 2017.)
- C-5. Report dated May 25, 2017 from the Auditor General regarding Status Report on Wrongdoing Hotline. **151 - 157**
(FOR INFORMATION ONLY)
- (This report provides an update on the Wrongdoing Hotline.)
- C-6. Report dated June 2, 2017 from the Auditor General regarding Status Report on Previous Audit Observations and Action Plans. **158 - 198**
- (This is a status report on previous audit observations and action plans.)

- C-7. Report dated June 2, 2017 from the Auditor General regarding Performance Audit of Risk Management Processes. **199 - 209**
(FOR INFORMATION ONLY)
(This report outlines the performance audit of Risk Management processes.)

MANAGERS' REPORTS

- R-1. Report dated June 2, 2017 from the Auditor General regarding Value-For-Money Audit - Paramedic Services. **210 - 215**
(FOR INFORMATION ONLY)
(This report outlines the value-for-money audit of Paramedic Services.)
- R-2. Report dated June 2, 2017 from the Auditor General regarding Value-For-Money Audit Report - Fire Services. **216 - 227**
(FOR INFORMATION ONLY)
(This report outlines the value-for-money audit report on Fire Services.)

ADDENDUM

CIVIC PETITIONS

QUESTION PERIOD AND ANNOUNCEMENTS

NOTICES OF MOTION

RESOLUTION TO MEET IN CLOSED SESSION

Resolution to move to Closed Session to deal with one (1) Personal Matter (Identifiable Individual) regarding the Auditor General Annual Performance Review, in accordance with the Municipal Act 2001, s. 239(2)(b).

(RESOLUTION PREPARED)

RECESS

MATTERS ARISING FROM THE CLOSED SESSION

ADJOURNMENT

For Information Only

2016 Audit Findings Report

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Thursday, May 25, 2017
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 2016 year-end.

Financial Implications

This report has no financial implications.

Signed By

Report Prepared By

Christina Dempsey
Co-ordinator of Accounting
Digitally Signed May 25, 17

Manager Review

Lorraine Laplante
Manager of Accounting
Digitally Signed May 25, 17

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed May 31, 17

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jun 5, 17

Financial Implications

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed May 31, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 5, 17

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 2016 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 2016 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. The Audit Findings Report comments on weaknesses that have been identified as part of the audit and those identified in the report relate to information technology recommendations.



City of Greater Sudbury

Audit Findings Report
For the year ended December 31, 2016

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants



The contact at KPMG in connection with this report is:

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 Lead Audit Engagement
 Partner

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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours.**

Executive summary

Purpose of this report

The purpose of this Audit Findings Report is to assist you in your review of the results of our audit of the consolidated financial statements of the City of Greater Sudbury (the “City”) as at and for the year ended December 31, 2016.

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 and previously communicated to the Audit Committee.

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

As a result of our audit procedures, we have not identified any corrected or uncorrected audit differences other than matters that are considered to be trivial in nature.

Finalizing the audit

As of the date of this report, we have completed the audit of the consolidated 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 consolidated financial statements.
- Obtaining the signed management representation letter.
- Updating our assessment of subsequent events and other matters up to the date of approval of the consolidated financial statements by Council.

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 consolidated financial statements.

Executive summary (continued)

Audit Materiality

We determined materiality by using prior year audited revenues as a benchmark and applying 2.0%, resulting in a materiality of \$11 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

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 consolidated financial statements.

Significant accounting policies

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 consolidated financial statements. The City has applied these policies consistently throughout the year ended December 31, 2016.

Financial statement presentation and disclosure

The presentation and disclosure of the consolidated 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.

Financial reporting risks and results

Inherent risk 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.

Our assessment of inherent risk is based on various factors, including the size of the balance, its inherent complexity, the level of uncertainty in measurements, as well as significant external market factors or those particular to the internal environment of the entity.

Areas of focus	Why	Audit findings
Key management estimates	<p>In preparing the City's consolidated financial statements, management is required to estimate certain financial statement items, including but not limited to allowances for doubtful accounts and liabilities relating to employee future benefits, landfill closure and post-closure activities and property assessment appeals. As these estimates are subjective in nature and influenced by the underlying assumptions, the potential exists for misstatements.</p>	<p>We have performed the necessary audit procedures over key management estimates, including:</p> <ul style="list-style-type: none"> • Reviewing the appropriateness of key assumptions underlying the management estimates and determining consistency with the prior year; • Testing the accuracy of key data inputs used by the City in the preparation of management estimates; • Where appropriate, comparing the final settlement of prior year's estimates to assess the overall effectiveness of the City's process for developing management estimates; and • Where the City has retained external experts to assist in the quantification of management estimates, we have assessed the qualifications of the external experts, as well as the accuracy of the data provided to them. <p>Based on the results of our audit procedures, no audit misstatements were identified.</p>
Capital assets	<p>Capital expenditures have been identified as a potential audit risk due to (i) the significance of capital expenditures and their associated funding; and (ii) the potential incentive for management to capitalize operating costs in order to achieve a pre-determined financial result.</p>	<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, no audit misstatements were identified.</p>

Financial reporting risks and results

<p>Revenue recognition</p>	<p>The City has received a significant amount of grant revenues that in a number of cases is subject to stipulations on use that could affect the recognition of revenue.</p>	<p>We have reviewed management’s basis for revenue recognition, including:</p> <ul style="list-style-type: none"> • Reviewing supporting documentation for significant grants in order to identify stipulations on use and other conditions that could impact revenue recognition • For grants that are recognized based on expenditures incurred, ensuring that (i) grant revenues are appropriately calculated based on the level of expenditures incurred; and (ii) ensuring appropriate cut-off for revenue recognition • Reviewing journal entries to identify instances where management may have adjusted grant revenues in the course of preparing the consolidated financial statements • Reviewing the appropriateness of the City’s cut-off procedures for user fees and other revenue sources, including the accrual of water and wastewater revenues from the date of the last billing to year-end. <p>Based on the results of our audit procedures, no audit misstatements were identified.</p>
<p>Provisions for assessment appeals</p>	<p>The City is subject to potential liability as a result of property assessment appeals, which could be significant depending on the properties involved and the number of years under appeal. Management has recorded accruals for potential refunds relating to property appeals and other potential taxation impacts (e.g. vacancy rebate applications).</p>	<p>We have reviewed management’s estimate of potential tax-related liabilities, including comparing projected and actual settlements for prior years and assessing the reasonableness of the underlying assumptions made by management based on available documentation concerning current appeals.</p> <p>Based on the results of our audit procedures, no audit misstatements were identified.</p>

Fraud risks and results

Professional standards presume the risk of fraudulent revenue recognition and the risk of management override of controls exist in all companies.

The risk of fraudulent recognition can be rebutted, but the risk of management override of control cannot because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Areas of focus	Why	Audit findings
Fraud risk from revenue recognition	This is a presumed fraud risk. Management may have the incentive to overstate revenues through overstatement of shareable costs in order to achieve the intended financial results.	Our audit procedures test for potential overstatement of revenues through: <ul style="list-style-type: none"> • Testing of journal entries • Testing of grant revenues to ensure appropriate revenue recognition • Testing of capital additions to ensure appropriate treatment of repair and maintenance costs Based on the results of our audit procedures, no audit misstatements were identified.
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.	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. Based on the results of our procedures, no audit misstatements or possible fraud exposures were identified.

Other Areas of Focus

During the course of our audit, we have conducted specific procedures on certain processes and financial statement items that were not intended to support our audit opinion but rather were undertaken for the purposes of addressing potential areas of reputational risk or to contribute to the effectiveness and efficiency of the City's processes.

Areas of focus	Why	Audit 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.	<p>We have undertaken specific procedures relating to the City's procurement processes, including</p> <ul style="list-style-type: none"> - Reviewing selected procurements for compliance with the City's purchasing bylaw - Reviewing selected disbursements to ensure that the City's internal controls over payments, including approval levels established under the City's purchasing bylaw were complied with <p>Based on the procedures performed, we did not identify any instances of non-compliance with the City's procurement policies.</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 and Payment of Expenses bylaw.	<p>We have tested a sample of expense reports submitted by management and members of Council in order to ensure:</p> <ul style="list-style-type: none"> • The nature of the expenses submitted are in compliance with the City's policies and applicable bylaws, with supporting documentation available for out-of-pocket costs • Expense reports are approved in accordance with the provisions of the City's policies and applicable bylaws <p>Based on the procedures performed, we did not identify any instances of non-compliance with the City's policies, procedures and bylaws relating to travel and expense reimbursements.</p> <p>Notwithstanding the above, we note that the City's policies permit the reimbursement of alcohol purchases under certain circumstances and our testing did identify instances of reimbursement of alcohol purchases. The reimbursement of alcoholic beverages may expose the City to potential reputational and legal risks, recognizing that other municipalities also permit the reimbursement of alcoholic beverages. In light of potential risk exposures, the City may wish to re-evaluate its policies with respect to alcoholic beverages.</p>

Other Areas of Focus

Internal processes

The testing of internal controls undertaken as part of our audit processes is intended to provide audit evidence in support of our audit opinion and will not necessarily test the full extent of a specific transaction process. As a value added service for the City, we have undertaken a detailed analysis of its payroll processing function.

The results of our review of the City's payroll process did not identify significant internal control weaknesses. However, we did identify a number of potential areas for improvement from an efficiency perspective, which have been communicated to the City separately.

Financial statement presentation and disclosure

The presentation and disclosure of the consolidated financial statements are in accordance with the City's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter.

We also highlight the following:

Form, arrangement, and content of the consolidated financial statements

- The form, arrangement and content of the consolidated financial statements has been reviewed as part of our audit procedures and is considered to be adequate.
- The consolidated 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.
- The consolidated financial statements includes note disclosure concerning future accounting pronouncements.

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 adjustments or differences be corrected.

Corrected adjustments

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

Uncorrected differences

No uncorrected audit differences were identified as a result of our audit procedures.

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.

During the course of our audit, we tested selected controls over the following processes:

- Payroll
- Procurement and disbursements
- Council and management expense reports

As a result of our procedures, we did not identify any instances of (i) internal control weaknesses; or (ii) non-compliance with the City's policies and bylaws.

Appendices

Appendix 1: Audit Quality and Risk Management

Appendix 2: KPMG's audit approach and methodology

Appendix 1: 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 <http://www.kpmg.com/Ca/en/services/Audit/Pages/Audit-Quality-Resources.aspx> for more information.

- Other controls include:
 - Before the firm issues its audit report, 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 2: KPMG’s audit approach and methodology

Technology-enabled audit work flow (eAudit)

Engagement Setup

- Tailor the eAudit work flow to your circumstances
- Access global knowledge specific to your industry
- Team selection and timetable

Completion

- Tailor the eAudit work flow to your circumstances
- Update risk assessment
- Perform completion procedures and overall evaluation of results and financial statements
- Form and issue audit opinion on financial statements
- Obtain written representation from management
- Required Audit Committee communications



Risk Assessment

- Tailor the eAudit work flow to your circumstances
- Understand your business and financial processes
- Identify significant risks
- Plan involvement of KPMG specialists and others including external experts, internal auditors, service organizations auditors and component auditors
- Determine audit approach
- Evaluate design and implementation of internal controls

Testing

- Tailor the eAudit work flow to your circumstances
- Test operating effectiveness of internal controls (as considered necessary)
- Perform substantive tests

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Request for Decision

2016 Annual Financial Statements

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Thursday, May 25, 2017
Type:	Presentations

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, 2016 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 May 25, 17

Manager Review

Lorraine Laplante
Manager of Accounting
Digitally Signed May 25, 17

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed May 31, 17

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jun 5, 17

Financial Implications

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed Jun 5, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 5, 17

Background

Find attached the City of Greater Sudbury Annual Report for the year ended December 31, 2016. The Annual Report includes the Consolidated Financial Statements of the City of Greater Sudbury and the City of Greater Sudbury Trust Funds for the year ended December 31, 2016. These financial statements have been audited and the Independent Auditor's Report expresses an unqualified audit opinion.

At a later date, you will receive a comprehensive package that includes the following financial reports for the year ended December 31, 2016:

- 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

Prepared by
Finance
City of Greater Sudbury
Ontario



2016

City of Greater Sudbury Annual Report

For the year ended December 31, 2016



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Prepared by:
Finance
City of Greater Sudbury

Audited by:
KPMG, LLP

2016

City of Greater Sudbury Annual Report

For the year ended December 31, 2016

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Government Finance Officers Association

**Canadian Award
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Presented to

**City of Greater Sudbury
Ontario**

For its Annual
Financial Report
for the Year Ended

December 31, 2015

Executive Director/CEO

Message from the Chief Administrative Officer



The 2016 City of Greater Sudbury Annual Report describes the City's financial performance based on a fiscal framework endorsed by Council. It provides critical information necessary for assessing the City's financial condition.

A team of committed staff assembled the information and analysis required for this report and I am grateful to them for their work. Greater Sudbury also benefits from having a Council that understands the value of long range financial planning, and of regularly monitoring the city's financial sustainability while at the same time making investments that help the community make progress.

Last December, the City of Greater Sudbury approved its 2017 Budget with a theme of "Moving Our City Forward". It provided information about our operating environment, key risks and our understanding of the costs required to support our programs and services. It is a business plan that outlines not only our services and the expected benefits they help create for residents of Greater Sudbury, but also how we are going to pay for them.

The Annual Report serves as a bookend to the Budget – the Budget describes the plan and the Annual Report describes the results. It is built on reporting practices recommended by the Public Sector Accounting Board to describe sustainability, flexibility and vulnerability when assessing the financial health of the City.

You will find a variety of data to support assessments of the city's financial condition. For example, one sign of the city's sustainability is its currently low level of residential taxes per household compared to other Ontario municipalities. Greater Sudbury has the fourth lowest property taxes in the Province amongst municipalities with a population of 100,000 or more.

However, Greater Sudbury also has a relatively high level of operating costs for Ontario municipalities. This reflects the challenge of serving a population of just over 160,000 residents with not only infrastructure like roads, pipes and public buildings, but also with daily programs and services over an area that covers 3,627 square kilometres.

Like other municipalities, Greater Sudbury faces the pressures of increasing input costs for our services, aging infrastructure, and declining transfer payments under the Ontario Municipal Partnership Fund (OMPF). We need to find approaches for service delivery and asset renewal that help maintain the City's low-cost position.

The 2016 budget benefited from significant federal and provincial investments that allow the City to grow and maintain essential infrastructure, including roads, water, wastewater and public transit. These investments have been reflected in the 2017 capital budget.

At the same time, the City continues to deliver a wide array of daily services, including emergency, garbage and recycling, animal control and leisure. As staff, we recognize the significant influence public services can have on residents' daily lives and want to ensure value is provided for the taxes people and businesses pay as citizens of our community.

This document is part of a series of actions designed to strengthen the public's trust in the organization and to build confidence in our ability to produce results. It provides a basis for demonstrating accountability.

I am confident that staff will continue to demonstrate our focus on service and performance so that residents will readily see positive effects in their daily lives and throughout the whole community.

Sincerely,

Ed Archer, Chief Administrative Officer,
City of Greater Sudbury

Message from the Mayor



It is the role of Council to prioritize spending choices that will build and rebuild our community's foundation. The Annual Report is an essential resource to ensure that tax dollars are invested wisely to provide value for the services you receive.

We took some major steps in 2016 toward sustainable infrastructure, a key pillar of Council's Strategic Plan. Significant federal and provincial investments announced last year will help ensure the growth of our community in the short term and will have a lasting impact on our future.

- The long-awaited Maley Drive Extension was given the green light under the Building Canada Fund, a one-third cost sharing partnership with the Government of Canada, the Province of Ontario and the City of Greater Sudbury.

Construction of Phase One of this important new east-west access began immediately and is well underway. Our City's \$26.7 million share of this project is an excellent example of financial planning. Since 2008, \$2.3 million has been allocated each year to a dedicated account to fund this project, meaning our City's investment could be repaid in less than seven years.

- Safeguarding our natural resources is a priority. A \$2.3 million investment from the Province of Ontario and annual contributions of \$250,000 from the City of Greater Sudbury will advance stormwater management through capital improvements to the end of March 2018.

- An additional \$10.5 million through the Government of Canada's Clean Water and Wastewater Fund is available for replacement of aging water and wastewater mains and culverts to the end of March 2018. The City is contributing approximately \$3.5 million to preserve the quality of these municipal services.
- The Public Transit Infrastructure Fund, a cost-matching partnership with the Government of Canada administered by the Ontario Ministry of Transportation, is making substantial improvements to Greater Sudbury Transit. A total of \$7.3 million will deliver a more efficient transit route network, renovate the Downtown Transit Terminal, upgrade the Transit and Fleet Centre and restore bus shelters throughout the city to the end of March 2018.

An asset management plan was completed by the end of 2016. The plan identifies an approximate \$1.9 billion infrastructure deficit to replace aging water and wastewater services and to rebuild municipal roads. The plan also identified a need to replace, renovate or improve municipal buildings constructed in the 1960s and 1970s, including arenas, pools, fire and paramedic stations, public works depots and Tom Davies Square.

It is clear that the financial decisions we make today are critical to maintain and grow our service levels at an acceptable cost to taxpayers. I thank Council and staff for their dedication to creating a culture of excellence in public service and for their commitment to transparency and accountability of the financial resources held in trust for our citizens.

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 four key pillars that form the foundation of planning and service delivery for the next several years:

- Growth and Economic Development
- Responsive, Fiscally Prudent, Open Governance
- Quality of Life and Place
- Sustainable Infrastructure

Employees are committed to producing results for the community that reflects Council's desired outcomes. This is why, to support the pillars of Council, a Corporate Implementation Plan was developed. It is 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. The performance metrics included help track and report progress to demonstrate accountability.

Vision, Mission, Values

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.

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.

2017 Budget

The 2017 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 defined in the Corporate Strategic Implementation Plan, with summary financial information included. The programs and services outlined in the plan are reflected in their summary budget information. Each summary business plan includes:

- Financial information
- An overview of the service area and the services provided
- Issues and opportunities
- Key accomplishments for 2016
- Key deliverables for 2017, as defined by the Corporate Implementation Plan.

The City approved a 3.6% operating budget increase and a 7.4% increase in water/wastewater user rates.

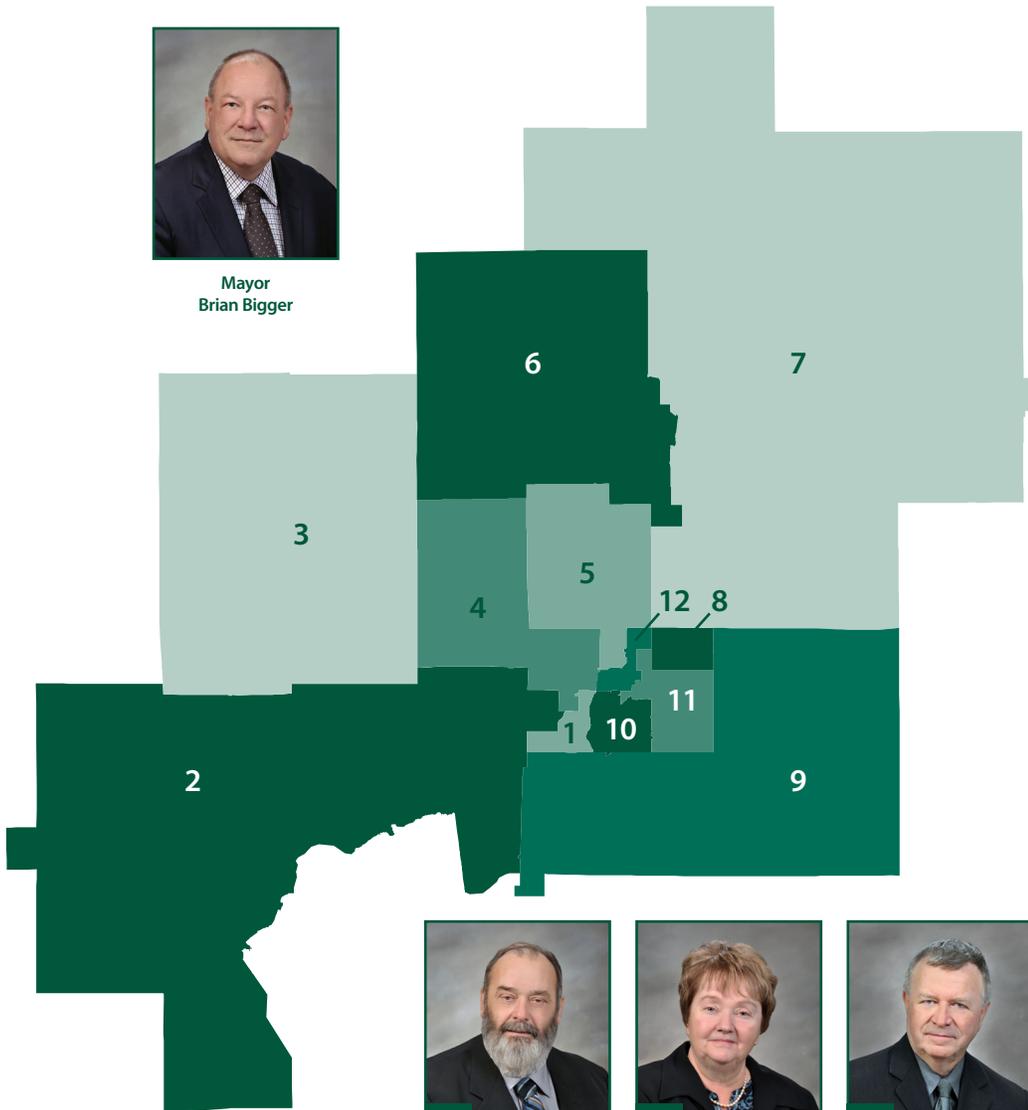
City Council

The Council of the City of Greater Sudbury is composed of a Mayor, who represents the City as a whole and twelve Councillors, each of who represents 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 on how municipal services are provided to you our 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-Altman
Ward 12



Community Profile



About Greater Sudbury

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 3,267 square kilometres in area, making it geographically the largest municipality in Ontario and second largest in Canada.

In 2016, Greater Sudbury was home to approximately 161,500 people. It is a multicultural and truly bilingual community. Over 26 per cent of people living in the City reported French as their mother tongue in 2011. There are 38 per cent of people that identified themselves as being bilingual. 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 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.

Greater Sudbury at a Glance

Local Economy

As an economic centre for northeastern Ontario, the growth of Greater Sudbury is affected by the growth of this area of the province. Greater Sudbury is a great place to live, work, shop and play, and plays 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

7.4%

UNEMPLOYMENT
RATE
October 2016

ONTARIO

6.4%

Labour Force Survey, October 2016, Statistics Canada

\$90,837

MEDIAN
HOUSEHOLD INCOME
2015

\$90,504

2016 BMA Study

Economic Indicators

Economic Indicators	2014	2015	2016	2017f	2018f	2019f	2020f	2021f
Real GDP at basic prices (2007 \$ millions)	8,265	8,064	8,173	8,290	8,392	8,494	8,577	8,676
percentage change	-0.1	-2.4	1.4	1.4	1.2	1.2	1.0	1.2
Total employment (000s)	83	82	82	82	82	83	83	84
percentage change	-0.4	-0.7	-0.8	0.8	-0.1	0.7	0.8	0.7
Unemployment rate (per cent)	6.5	7.4	7.9	7.4	7.2	6.8	6.8	6.7
Personal income per capita (\$)	44,607	45,412	46,149	47,548	48,855	50,442	52,038	53,689
percentage change	0.4	1.8	1.6	3.0	2.7	3.2	3.2	3.2
Population (000s)	165	165	165	164	164	164	164	164
percentage change	-0.2	-0.3	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Total housing starts	271	247	265	326	317	329	344	354
Retail sales (\$ millions)	1,928	1,960	2,002	2,044	2,069	2,107	2,142	2,174
percentage change	1.7	1.7	2.1	2.1	1.3	1.8	1.7	1.5
CPI (2002 = 1.0)	1.259	1.274	1.3	1.325	1.35	1.379	1.408	1.438
percentage change	2.3	1.2	2.0	1.9	1.9	2.1	2.1	2.1

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

f = forecast

Prepared by Analytics and GIS, Community & Strategic Planning Section, City of Greater Sudbury

17-May-17



MUNICIPAL STATISTICS

Population
161,500
 Households
75,337

EMPLOYEES

Full time employees
1,990

SERVICE INFORMATION

Building Permit Values (in 1000's)
\$254,506
 Average monthly social assistance case load
3,450
 Kilometers of roads
3,625
 Annual volume of treated waste water (megalitres)
30,368
 Annual volume of treated drinking water (megalitres)
18,766
 Annual disposal of solid waste (tonnes)
103,429
 Annual diversion of solid waste (tonnes)
31,675
 Regular service passenger transit trips
4,171,000

TAXABLE ASSESSMENT (\$ millions)

Residential, multi-residential, and miscellaneous assessment
\$14,368
 Commercial assessment
\$1,937
 Industrial and large industrial assessment
\$513

BENCHMARK INFORMATION

% of paved lane km where condition is rated good to very good
51.0%
 # of conventional transit passenger trips per person in service area per year
30.2
 # of waste water main backups per 100 km of waste water main per year
4.4
 % of waste water estimated to have bypassed treatment
1.1%
 # of water main breaks per 100 km of water distribution pipe per year
9.0
 % of residential solid waste diverted for recycling
43.0%

GREATER TOGETHER IN 2016, BY THE NUMBERS

Growth and Economic Development	Quality of Life and Place	Responsive, Fiscally Prudent, Open Governance	Sustainable Infrastructure
1.2M Visitors to the City of Greater Sudbury	1,476 Sightings reported via Report-a-Bear	99 Council/Committee Meetings	49 Infrastructure capital projects tendered totaling
\$179.9M Total visitor spending	700,000 Visits to Libraries and Citizen Service Centres	280 Freedom of Information requests	\$55M In capital investment
2,083 Building permits issued	110,000 Trees and shrubs planted	35 Open Data sets	80 Single lane kms of roadway rebuilt or repaired
108 Businesses assisted in starting up and expanding, resulting in	9.6M Total planted since 1978	4,000 Visitor sessions	1.8km Sidewalk and curb repaired
126 Jobs created	89 Flags on the Bridge of Nations	2,900 Citizens took part in the Citizen Survey	15 Bridges/culverts repaired
604 External job postings	1,896 Children registered in summer day camp and programs	244,000 Calls to 311	11 Pedestrian crossings installed
288 Summer student employment opportunities	100 Fire education visits to schools, daycares and events	4.7M Website page views	\$2.3M Funding for nine watershed studies
18 Film and television projects filmed locally	17 Concerts and events at the Sudbury Community Arena	21,400 Total views via Livestream	5km New water mains
\$21.1M Spent on local film and television projects	400 Residents trained in Hands Only Bystander CPR	9,400 Facebook page likes	5km new sanitary sewer systems
100 Festival and events throughout the community	25,600 Calls to Paramedic Services	9,000 Twitter Followers	1,361 Fire inspections conducted at various properties
62 Tournaments held in Greater Sudbury. Notably: Silver Stick	4,500 Calls to Fire Services	425 Public Releases including traffic notices/updates	18,800 Tonnes of recyclables diverted from the landfill
360 Land use-planning applications	2 New Automated External Defibrillators (AEDs) (122 total)	200 Projects tendered, including Police and Airport	360 Tonnes of household hazardous waste diverted
\$550,000 Investment in Arts and Culture	85 Wedding ceremonies performed	249 New or revised By-laws	
		450 Submissions during budget public engagement	

Organization Profile

The City of Greater Sudbury is a single-tier municipality, which means it is responsible for all municipal services and for maintaining all City infrastructure and assets across 3,267 square kilometers. The operating budget funds the day-to-day operations of the City, such as maintaining services, program delivery, employee salaries and benefits, and more.

- Resident Safety: Police, Fire, Ambulance, By-Law Enforcement, Building Inspections, Animal Control

- Public Health: water treatment and distribution, drainage and flood management, wastewater collection and treatment, Sudbury & District Health Unit
- Resident Transportation: Roads and bridges, transit, winter road maintenance, traffic control, sidewalks and bike lanes
- Resident Quality of Life: parks and playgrounds, recreation programs and facilities, land use planning oversight, community grants, social services

Executive Leadership Team

Greater Sudbury's operations are overseen by the Office of the CAO and managed through the following departments: Corporate Services, Community Development, Community Safety and Growth and Infrastructure. These departments work

together to ensure that citizens' 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
Trevor Bain

- Fire Services
- 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
- Roads and Transportation Services
- Water/Wastewater Services

Message from Executive Director of Finance, Assets and Fleet



It is my pleasure to submit the 2016 Annual Financial Report for the City of Greater Sudbury. In addition to the consolidated financial results for the year ended December 31, 2016, 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.

Greater Sudbury continues to ensure that it is financially prudent/sustainable by:

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

Open government data/financial reporting:

- Regular reports to Council: operating budget variance, capital variance reports for completed projects, water/wastewater variance,
- Revised 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 received for 2015 Annual Financial Report
- Completing the Financial Information Return as required by the Ministry of Municipal Affairs and Housing
- Leading the City's participation 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 for the continuous effort made to produce the financial report and audited statements in a timely manner.

Sincerely,

Ed Stankiewicz
 Executive Director of Finance,
 Assets and Fleet
 June 27, 2017



Financial Reporting

Annual Report and Consolidated Financial Statement

The City of Greater Sudbury's management is responsible for all information contained in the Annual Financial Report. This report provides the annual consolidated financial results for the City of Greater Sudbury for the year ending December 31, 2016 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 that 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 2016 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 2016 approved 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, 2016, 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 and consists of full Council. The Committee's responsibilities are to review internal and external reports including reviewing the Auditor General's reports, work plans, and the approval of the External Auditors Annual Audit Plan, review the annual audited consolidated financial statements and external audit finding reports.

Financial Accountability

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. Greater Sudbury participates annually 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

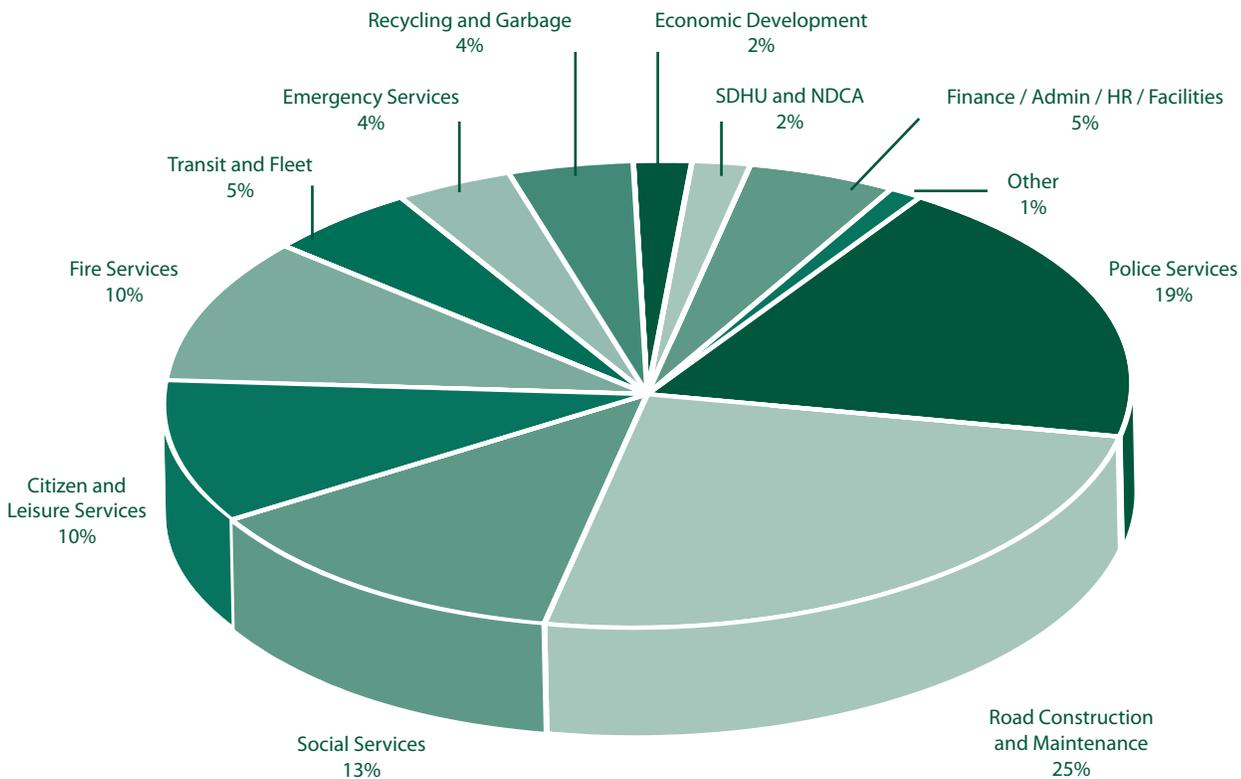
Ministry of Municipal Affairs and Housing, and tax roll and assessment data provided by the Municipal Property Assessment Corporation (MPAC).

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.

During the 2017 Budget deliberations Council approved an option to join the Municipal Benchmarking Network Canada and will report on its 2016 performance measures.

Municipal Services received for \$1,000 in 2016 based on Budget

The following chart illustrates the distribution of the municipal property tax revenues across service areas.



About 46% of the operating budget comes from property taxes. Without these revenues, it would not be possible for the City to provide the services residents rely on every day.

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) financial 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 to be presented to Council in early 2017 which will be in effect for ten years from 2018 to 2027.

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. Each year, 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. At the end of each year, the capital projects are reviewed, and the growth related portion of the capital costs are 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.

Budget Process

The 2017 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.

Consistent, reliable services are what residents expect from their municipality. The 2017 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 2017 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 Practice for governments to support discussions about a government’s financial condition.

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 requirements without significantly increasing the relative debt or property taxes.

The City shows positive sustainability even with the increase in debt per household, as the City still has a low ratio of debt to revenue.

Sustainability Indicators	2016	2015	2014	2013	2012
Ratio of Financial Assets to Liabilities	1.67	1.62	1.54	1.80	1.86
Ratio of Debt to Revenue	0.15	0.16	0.06	0.07	0.08
Debt per Household	\$1,096	\$1,178	\$434	\$502	\$588

Flexibility

Flexibility is the ability the City has to increase its financial resources to address additional commitments and service levels. This is done by increasing property tax revenues or by taking on additional debt.

The City’s taxes as a percentage of household income have been slightly decreasing over the last five years. This is a result of the City’s efforts to maintain low property taxes, coupled with continuous efforts to be fiscally sustainable.

Flexibility Indicators	2016	2015	2014	2013	2012
Ratio of Debt Charges to Total Revenue	0.02	0.01	0.01	0.01	0.00
Municipal Taxes as a % of Household Income	3.63%	3.76%	4.01%	3.71%	4.11%

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 funding grants from senior levels of government, including Provincial and Federal gas taxes and Ontario Municipal Partnership Fund allocations, to name a few.

Total provincial and federal funding provided to the City has fluctuated over the past few years, while revenues from our own sources, such as taxation revenue and user fees, have increased. This shows the City has the ability to maintain existing services while not relying heavily on other sources of government funding.

Vulnerability Indicator	2016	2015	2014	2013	2012
Ratio of Government Transfers to Total Revenue	0.25	0.27	0.26	0.26	0.26

Summary

The City of Greater Sudbury’s current financial condition is stable and trends show we are headed in the right direction. However, the City is facing 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. Staff are 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.

2016 Financial Results

Consolidated Statement of Financial Position

Financial assets summary

The City's financial assets are mostly comprised of cash, accounts receivable, investments in Government Business Enterprises (GBE) and investments. Financial assets have increased by 9% from \$453 million to \$495 million.

Investment in GBEs is the City's investment in the Sudbury Airport Community Development Corporation and Greater Sudbury Utilities Inc. The investment is comprised of notes receivable and the accumulated surplus of the two corporations. The investment has increased from \$95 million to \$106 million.

The City's investments have increased from \$291 million to \$323 million.

Financial liabilities summary

The City's financial liabilities are mostly comprised of accounts payable, employee benefit obligations and long term liabilities. Financial liabilities have increased from \$279 million to \$297 million.

Accounts payable and accrued liabilities increased by 16% or \$13 million and are amounts owing to government agencies, suppliers and employees.

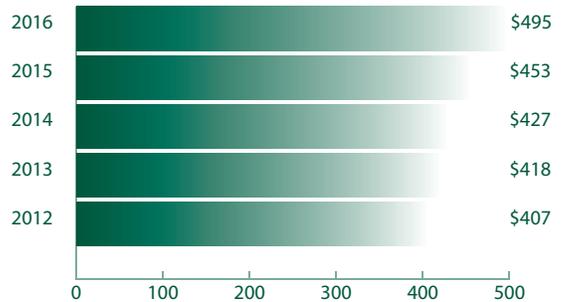
Employee benefit obligations have increased by 5% from 2015. These obligations are for WSIB, sick leave benefits, other post-employment benefits and vacation pay.

Long term liabilities for 2016 total \$83 million and have decreased from 2015 due to payments made during the year and are comprised of long term debt to acquire tangible capital assets and accrued obligations for Health Sciences North and Northern Ontario School of Architecture among others.

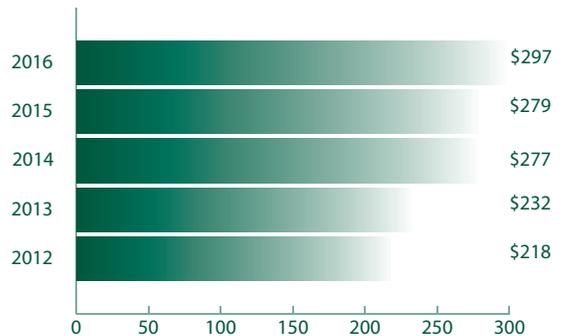
Accumulated surplus breakdown

Accumulated Surplus 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.

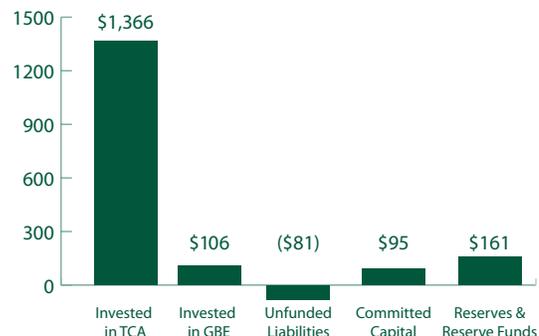
2016 Financial Assets (in millions \$)



2016 Financial Liabilities (in millions \$)



2016 Accumulated surplus (in millions \$)

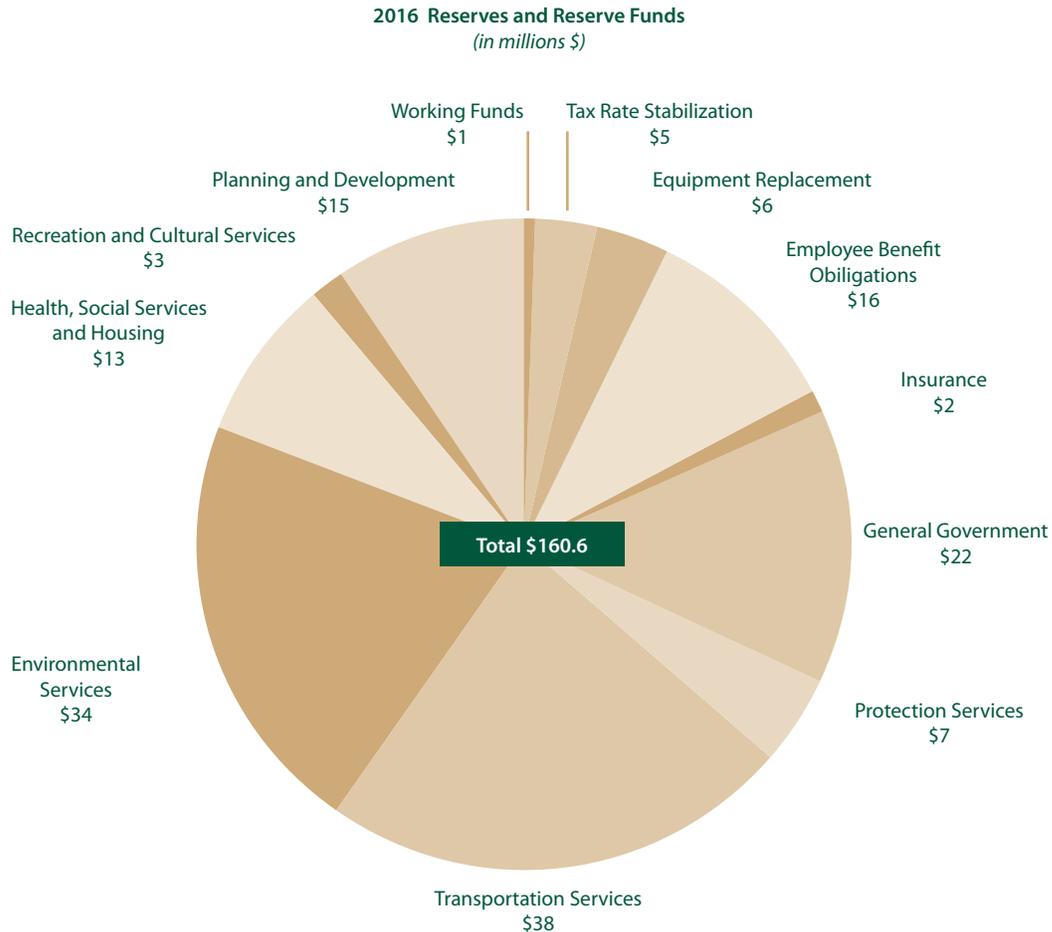
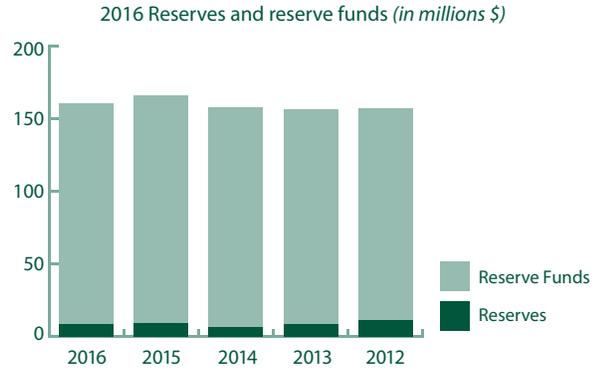


Reserves and Reserve Funds

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 offer liquidity which enhances the municipality's flexibility and the level of reserves and reserve funds is a key measure of the financial health of a municipality.

Reserves and Reserve funds total \$161 million compared to 2015 balances of \$166 million. 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 in reserve funds until spent on the related project. Approximately \$83 million of the total relates to reserve funds previously committed by City Council that are unspent.



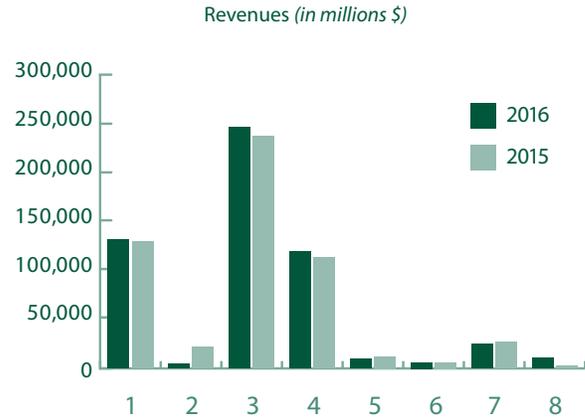
Consolidated Statement of Operations

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 1% from \$550 in 2015 to \$556 million.

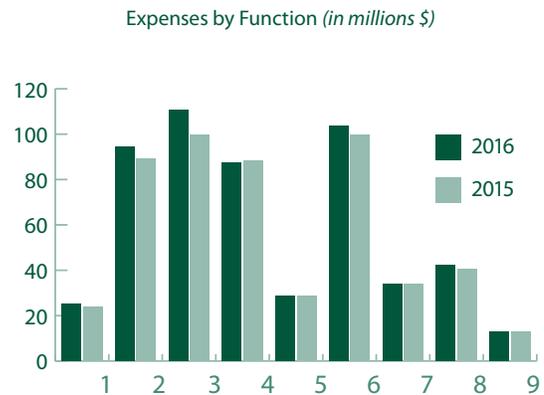
- | | |
|-------------------------------------|------------------------|
| 1. Government Transfers, Provincial | 5. Investment Income |
| 2. Government Transfers, Federal | 6. Fines and Penalties |
| 3. Taxation | 7. Other |
| 4. User Charges | 8. GBE Net Earnings |



Expenses

Expenses increased in 2016 by 4.3% from \$517 in 2015 to \$539 million to maintain existing service levels.

- | | |
|----------------------------|-------------------------------------|
| 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 | |

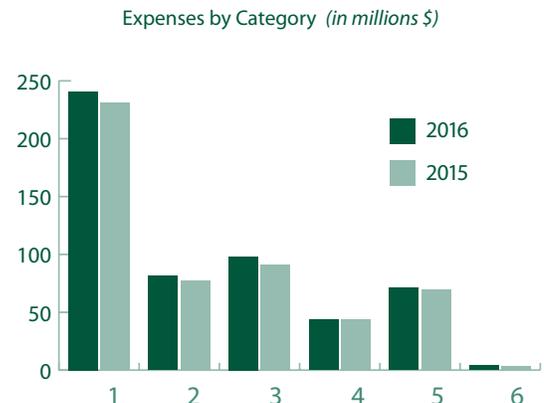


Expenses by type

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

Salaries, wages and benefits have increased \$9.5 million due to employee benefit obligation adjustments, labour pay adjustments and increased benefit costs.

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



Consolidated Financial Statements of

CITY OF GREATER SUDBURY

Year ended December 31, 2016

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



KPMG LLP
 Claridge Executive Centre
 144 Pine Street
 Sudbury Ontario P3C 1X3
 Canada
 Telephone (705) 675-8500
 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, 2016, the consolidated statements of operations and accumulated surplus, change in 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, 2016, 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.

Other Matters

The consolidated financial statements of the City of Greater Sudbury as at and for the year ended December 31, 2015 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 27, 2016.

Chartered Professional Accountants, Licensed Public Accountants

June 28, 2017

Sudbury, Canada

DRAFT

CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position

(in thousands of dollars)

December 31, 2016, with comparative figures for 2015

	2016	2015
Financial assets		
Cash	\$ 7,044	\$ 6,136
Taxes receivable (note 3)	7,122	7,355
Accounts receivable (note 4)	48,252	51,646
Inventory held for resale	3,044	1,335
Investment in Government Business Enterprises (note 5 (a))	105,986	95,217
Investments (note 6)	323,144	290,917
	494,592	452,606
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	93,650	80,631
Deferred revenue - obligatory reserve funds (note 9)	43,463	36,644
Deferred revenue - other (note 10)	3,366	2,802
Employee benefit obligations (note 11)	59,075	56,458
Solid waste management facility liability (note 12)	14,429	14,222
Long-term liabilities (note 13)	82,597	88,531
	296,580	279,288
Net financial assets	\$ 198,012	\$ 173,318
Non-financial assets		
Tangible capital assets (note 14)	1,439,235	1,447,939
Inventory of supplies	4,785	4,205
Prepaid expenses	4,723	4,528
	1,448,743	1,456,672
Contractual obligations and commitments (note 16)		
Accumulated Surplus (note 17)	\$ 1,646,755	\$ 1,629,990

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, 2016, with comparative figures for 2015

	2016 Budget	2016 Actual	2015 Actual
	(note 18)		
Revenues			
Government transfers - Provincial	\$ 130,194	132,062	\$ 129,582
- Federal	4,463	4,592	21,573
Taxation (note 19)	247,129	246,972	237,142
User charges	120,927	119,971	113,823
Investment income	10,155	10,063	12,454
Fines and penalties	6,047	6,012	6,099
Other revenues (note 20)	24,349	25,440	27,336
Government Business Enterprises net earnings (note 5 (b))	2,085	10,769	2,277
	545,349	555,881	550,286
Expenses			
General government	20,124	25,269	23,145
Protection services	91,001	94,588	89,388
Transportation services	102,263	110,610	99,526
Environmental services	95,857	87,338	88,107
Health services	28,838	28,713	29,242
Social and family services	102,406	103,845	99,894
Social housing	32,330	33,912	33,912
Recreation and cultural services	41,107	42,112	40,685
Planning and development	13,397	12,729	12,849
	527,323	539,116	516,748
Annual Surplus	18,026	16,765	33,538
Accumulated surplus, beginning of the year	1,629,990	1,629,990	1,596,452
Accumulated surplus, end of the year	\$ 1,648,016	\$ 1,646,755	\$ 1,629,990

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, 2016, with comparative figures for 2015

	2016 Budget (note 17)	2016 Actual	2015 Actual
Annual Surplus	\$ 18,026	16,765	\$ 33,538
Acquisition of tangible capital assets	(117,348)	(66,476)	(81,051)
Amortization of tangible capital assets	66,339	70,905	69,706
Loss on sale of tangible capital assets	-	2,344	1,959
Proceeds on sale of tangible capital assets	-	1,930	571
	(32,983)	25,468	24,723
Inventory of supplies	-	(579)	(1,465)
Prepaid expenses	-	(195)	(155)
Change in net financial assets	\$ (32,983)	\$ 24,694	\$ 23,103
Net financial assets, beginning of the year	173,318	173,318	150,215
Net financial assets, end of the year	\$ 140,335	\$ 198,012	\$ 173,318

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, 2016

	2016	2015
Cash flows from operating activities		
Annual Surplus	\$ 16,765	\$ 33,538
Items not involving cash:		
Amortization of tangible capital assets	70,905	69,706
Loss on sale of tangible capital assets	2,530	1,959
Developer contributions of tangible capital assets	(3,158)	(3,936)
Change in employee benefit obligations	2,617	700
Change in solid waste management facility liability	207	959
Equity income in Government Business Enterprises	(10,769)	(2,277)
Change in non-cash working capital:		
Increase (decrease) in accounts and taxes receivable	3,627	(7,937)
Decrease (increase) in inventory held for resale	(1,709)	1,847
Increase in inventory of supplies	(580)	(1,465)
Increase in prepaid expenses	(195)	(155)
(Decrease) increase in accounts payable and accrued liabilities	13,019	(52,987)
Increase (decrease) in deferred revenue - obligatory reserve funds	6,819	(1,317)
(Decrease) increase in deferred revenue - other	564	(1,198)
	100,642	37,437
Cash flows from financing activities		
Debt issued	-	61,081
Debt principal repayments	(5,907)	(4,827)
Financial obligations	(20)	(60)
Capital lease issued	50	-
Capital lease payments	(57)	(182)
	(5,934)	56,012
Cash flows from capital activities		
Proceeds on sale of tangible capital assets	1,931	571
Cash used to acquire tangible capital assets	(63,504)	(77,115)
	(61,573)	(76,544)
Cash flows from investing activities		
Purchase (Sale) of investments	(32,227)	(27,986)
Net (decrease) increase in cash	908	(11,081)
Cash, beginning of the year	6,136	17,217
Cash, end of the year	\$ 7,044	\$ 6,136
Supplementary Information		
Interest received	\$ 5,571	\$ 7,625
Interest paid	\$ 3,203	\$ 2,543

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, 2016

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 related 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
Sudbury & District Health Unit
City of Greater Sudbury Community Development Corporation

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

(ii) Related entities (continued)

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

	2016	2015
Nickel District Conservation Authority	\$ 701	\$ 655
Sudbury & District Health Unit	5,917	5,773
City of Greater Sudbury Community Development Corporation	1,528	1,597
	\$ 8,146	\$ 8,025

(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), 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, 2016

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 May.

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 up to four 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, 2016

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, 2016

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 2016 was \$15,954 (2015 - \$16,227). As of December 31, 2016 the OMERS plan, with approximately 470,000 members, has a funding deficit of \$2,341,000 (2015 - \$5,259,000).

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, 2016

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, 2016

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, 2016

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, 2016

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

Section PS 3041, Portfolio Investments, 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, 2019. While early adoption is permitted, all four of the standards must be adopted in the same year. 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. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

3. Taxes receivable

	2016	2015
Current taxes and grants in lieu of taxes	\$ 7,587	\$ 7,126
Taxes in arrears	6,925	6,564
	14,512	13,690
Less: allowance for doubtful accounts	(7,390)	(6,335)
Net taxes receivable	\$ 7,122	\$ 7,355

4. Accounts receivable

Accounts receivable consists of the following:

	2016	2015
Government of Canada	\$ 7,704	\$ 5,154
Province of Ontario	5,072	3,922
Other municipalities	68	162
School boards	23	198
Other receivables	36,399	43,829
	\$ 49,266	\$ 53,265
Less: allowance for doubtful accounts	(1,014)	(1,619)
Net accounts receivable	\$ 48,252	\$ 51,646

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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	2016 Total	2015 Total
Balance, beginning of year	\$ 12,505	\$ 82,712	\$ 95,217	\$ 92,940
City's share of operating income for the year	646	10,123	10,769	2,277
Balance, end of year	\$ 13,151	\$ 92,835	\$ 105,986	\$ 95,217

The investment of \$92,835 in GSU includes a promissory note receivable of \$52,340 (2015 - \$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) The following tables provide condensed supplementary financial information for the year ended December 31, 2016:

Financial Position

	SACDC	GSU	2016 Total	2015 Total
Current assets	\$ 667	\$ 31,946	\$ 32,613	\$ 35,673
Capital assets	25,873	105,838	131,711	129,055
Other assets	-	10,926	10,926	12,915
Total assets	26,540	148,710	175,250	177,643
Current liabilities	727	19,695	20,422	22,648
Note payable to the City of Greater Sudbury	1,499	52,340	53,839	55,324
Long term liabilities	11,163	36,180	47,343	56,794
Total liabilities	13,389	108,215	121,604	134,766
Net assets	\$ 13,151	\$ 40,495	\$ 53,646	\$ 42,877

The \$1,499 (2015 -\$2,984) 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, 2016

5. Investment in Government Business Enterprises (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, 2016, the City is in compliance with the requirements of By-Law 2017-16.

Results of Operations

			2016	2015
			Total	Total
	SACDC	GSU		
Revenue	\$ 7,545	\$ 154,198	\$ 161,743	\$ 152,480
Expenses	(6,899)	(148,405)	(155,304)	(145,817)
Interest paid to the City of Greater Sudbury	-	(3,795)	(3,795)	(3,795)
Other	-	3,032	3,032	(1,057)
Other comprehensive income	-	5,093	5,093	466
Net income	\$ 646	\$ 10,123	\$ 10,769	\$ 2,277
Budgeted net income	\$ 1,483	\$ 602	\$ 2,085	3,456

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

- (i) At December 31, 2016, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$2,153 (2015 - \$943) for water billings collected by GSU on behalf of the City.

A payable of \$60 (2015 - \$64) 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:

	2016	2015
Property taxes	\$ 195	\$ 188
Interest on promissory note receivable	3,795	3,795
	\$ 3,990	\$ 3,983

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

5. Investment in Government Business Enterprises (continued)

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

	2016	2015
Billing and collection services for water and wastewater	\$ 1,354	\$ 1,329
Streetlighting maintenance services	510	522
Streetlighting infrastructure	329	491
Electricity	7,651	6,355
Telecommunications	546	535
	\$ 10,390	\$ 9,232

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

	2016 Interest Rates	Market	2016 Cost	Market	2015 Cost
Short term investments	(1.10% to 4.22%)	\$ 219,591	218,001	\$ 174,025	172,721
Long term investments	(1.50% to 6.73%)	106,629	105,143	121,483	118,196
		\$ 326,220	323,144	\$ 295,508	290,917

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 1.10% 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 2017 to 2035 (2015 – 2016 to 2033).

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, 2016, 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, 2016

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2016	2015
Government of Canada	\$ 2,524	\$ 3,845
Province of Ontario	7,843	2,977
Other municipalities	69	113
School boards	270	13
Other payables	82,944	73,683
Total accounts payable and accrued liabilities	\$ 93,650	\$ 80,631

8. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2015 - \$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 2.2 % (2015 - 2.2%) per annum. No amounts were drawn against the facility as at December 31, 2016 and 2015.

9. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2015	Externally restricted inflows	Revenue earned	December 31, 2016
Gasoline Tax - Federal	\$ 10,797	\$ 9,976	\$ (2,766)	\$ 18,007
Gasoline Tax - Provincial	1,373	2,570	(3,869)	74
Ontario Community Infrastructure Fund (OCIF)	-	2,264	(2,264)	-
Social Housing Apartment Retrofit Program (SHARP)	-	2,008	(371)	1,637
Children's Services - Transition mitigation funding	6,296	58	(58)	6,296
Development Charges Act	1,321	3,936	(3,700)	1,557
Recreational land (Planning Act)	1,035	200	(375)	860
Sub-divider contributions	8,728	841	(734)	8,835
Building permit revenues (Bill 124)	7,094	123	(1,020)	6,197
	\$ 36,644	\$ 21,976	\$ (15,157)	\$ 43,463

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

10. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31, 2015	Externally restricted inflows	Revenue earned	December 31, 2016
Federal government	\$ 15	\$ 100	\$ (80)	\$ 35
Provincial government	1,942	3,223	(2,569)	2,596
Municipal government	31	22	(40)	13
School boards	41	-	(41)	-
Other	568	860	(887)	541
Consolidated entities	205	181	(205)	181
	\$ 2,802	\$ 4,386	\$ (3,822)	\$ 3,366

11. Employee benefit obligations

Employee benefit obligations consist of the following:

	2016	2015
Future payments required for:		
WSIB obligations	\$ 3,762	\$ 2,504
Accumulated sick leave benefits	6,696	6,763
Other post-employment benefits	32,009	30,957
Liability for Stop Loss Insurance	1,435	1,435
Vacation pay	15,173	14,799
	\$ 59,075	\$ 56,458

The City has established reserve funds in the amount of \$15,715 (2015 - \$15,818) 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)
Year ended December 31, 2016

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, 2016 for each of the plans.

	WSIB	Sick leave	Other Post-Employment Benefits	2016 Total	2015 Total
Accrued benefit liability, beginning of year	\$ 9,674	6,474	33,758	49,906	39,963
Benefit cost	1,045	321	1,210	2,576	2,699
Interest cost	342	238	1,275	1,855	1,589
Benefit payments	(1,400)	(577)	(2,259)	(4,236)	(4,282)
Actuarial gain (loss)	468	77	1,227	1,772	9,937
Accrued benefit liability, end of year	10,130	6,533	35,211	51,873	49,906
Unamortized actuarial gain (loss)	(6,368)	163	(3,202)	(9,407)	(9,682)
	\$ 3,762	6,696	32,009	42,466	40,224

The total employee benefits expense include the following components:

	WSIB	Sick Leave	Other Post-Employment Benefits	2016 Total	2015 Total
Current period benefit cost	\$ 2,390	321	1,210	3,921	\$ 4,134
Amortization of actuarial loss	1,372	(49)	826	2,149	841
Interest expense	342	238	1,275	1,855	1,589
Total employee benefit expense	\$ 4,104	510	3,311	7,925	\$ 6,564

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, 2016, the initial health care trend rate is 7.6% (2015 – 7.6 %) and the ultimate trend rate is 4.5% (2015 – 4.5%) which is expected to be reached in 2029 (2015 – 2029).

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

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% (2015 - 4.0%) minus an inflation rate of 2.07% (2015 - 2.22%) (10-year average of CPI from 2006 to 2016). The estimated total landfill closure and post-closure care expenses are calculated to be \$24,333 (2015 - \$23,580). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2016 an amount of \$14,429 (2015 - \$14,222) with respect to landfill closure and post-closure liabilities has been accrued.

Active sites

The estimated remaining capacity of the Sudbury landfill site is 48% (3,724,087 cubic meters) (2015 - 49%) of its total estimated capacity and its estimated remaining life is 33 years (2015 - 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 38% (628,409 cubic meters) (2015 - 33%) of its total estimated capacity and its estimated remaining life is 24 years (2015 - 25 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 49% (718,212 cubic meters) (2015 - 50%) of its total estimated capacity and its estimated remaining life is 32 years (2015 - 37 years), after which the period for post-closure care is estimated to be 25 years.

13. Long-term liabilities

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

	2016	2015
Debentures (i)	\$ 55,300	\$ 58,484
Other loans (ii)	17,827	18,450
Capital lease obligations (iii)	40	47
Accrued financial obligations (iv)	9,430	11,550
	<u>\$ 82,597</u>	<u>\$ 88,531</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

13. Long-term liabilities (continued)

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

- (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 2026.
- (iv) Accrued financial obligations consist of the following:

	Last Year of Obligation	2016	2015
Health Sciences North	2023	\$ 4,684	\$ 5,383
Northeastern Ontario Regional Cancer Centre	2023	2,016	2,317
Laurentian University (School of Architecture)	2019	2,500	3,500
Advanced Medical Research Institute of Canada	2018	200	300
Physician Service Agreements	2017	30	50
		\$ 9,430	\$ 11,550

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

2017	\$ 6,125
2018	6,281
2019	5,877
2020	5,582
2021	5,788
Thereafter	52,944
	\$ 82,597

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

General municipal revenues	\$ 35,587
Water/wastewater user fees	47,010
	\$ 82,597

(d) The City expensed \$3,203 in 2016 (2015 - \$ 2,543) in interest on these borrowings.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

14. Tangible capital assets

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, 2016

14. Tangible capital assets (continued):

Cost	Balance December 31, 2014	Additions	Disposals / Transfers	Balance at December 31, 2015
General Capital:				
Land	\$ 69,783	\$ 930	(103)	\$ 70,610
Landfill and land improvements	35,418	1,873	-	37,291
Buildings	331,113	5,160	(1,216)	335,057
Machinery, furniture and equipment	101,297	19,354	(11,799)	108,852
Vehicles	73,078	5,428	(4,089)	74,417
Infrastructure:				
Land improvements	22,713	-	-	22,713
Plants and facilities	329,792	84,110	(859)	413,043
Roads infrastructure	1,164,313	30,766	(10,833)	1,184,245
Water and sewer infrastructure	490,516	9,245	(421)	499,340
Assets under construction	112,658	22,029	(97,843)	36,844
Total	\$ 2,730,681	\$ 178,895	\$ (127,163)	\$ 2,782,412

Accumulated amortization	Balance December 31, 2014	Amortization expense	Disposals / Transfers	Balance at December 31, 2015
General Capital:				
Land	\$ -	\$ -	-	\$ -
Landfill and land improvements	14,521	1,334	-	15,855
Buildings	145,258	9,772	(747)	154,283
Machinery, furniture and equipment	64,496	7,237	(11,631)	60,102
Vehicles	42,948	4,640	(4,071)	43,517
Infrastructure:				
Land improvements	2,662	316	-	2,978
Plants and facilities	184,242	10,216	(484)	193,974
Roads infrastructure	685,750	29,352	(9,578)	705,524
Water and sewer infrastructure	151,680	6,839	(279)	158,240
Assets under construction	-	-	-	-
Total	\$ 1,291,557	\$ 69,706	\$ (26,790)	\$ 1,334,473

	Net book value December 31, 2014	Net book value December 31, 2015
General Capital:		
Land	\$ 69,783	\$ 70,610
Landfill and land improvements	20,897	21,436
Buildings	185,856	180,774
Machinery, furniture and equipment	36,801	48,750
Vehicles	30,130	30,900
Infrastructure:		
Land improvements	20,051	19,735
Plants and facilities	145,550	219,069
Roads infrastructure	478,562	478,721
Water and sewer infrastructure	338,836	341,100
Assets under construction	112,658	36,844
Total	\$ 1,439,124	\$ 1,447,939

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

14. Tangible capital assets (continued)

a) Assets under construction

Assets under construction having a value of \$35,983 (2015 - \$36,844) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$20,502 (2015 - \$22,029) to assets under construction and transferred \$21,363 (2015 - \$97,843) 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 \$3,158 (2015 - \$3,936) comprised of the following:

	2016	2015
General Capital		
Land	\$ 88	\$ 44
Machinery and equipment	495	345
Land improvements	255	-
Infrastructure		
Land improvements	25	-
Roads network	1,000	1,406
Water and wastewater network	1,295	2,141
Total	\$ 3,158	\$ 3,936

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:

	2016	2015
Taxation	\$ 56,231	\$ 54,093
Payments in lieu of taxes	140	139
	\$ 56,371	\$ 54,232

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

16. Contractual obligations and commitments

(a) Contracts for capital projects

The balance of capital works uncompleted under contracts in progress at December 31, 2016 amounts to approximately \$33,279 (2015 - \$12,211). The proposed financing of these obligations is \$11,633 (2015 - \$8,611) from surplus funds and \$21,645 (2015 - \$3,600) 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:

2017	29,207
2018	21,991
2019	16,081
2020	14,054
2021 and onwards	53,780
	\$ 135,113

(c) Contingent liabilities

As at December 31, 2016, 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, 2016 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 SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

17. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 1,365,836	\$ 1,370,710
Invested in government business enterprise	105,986	95,217
Other	3,365	1,656
Committed capital:		
Capital projects not completed	112,473	99,538
Unfinanced capital projects to be recovered through taxation or user charges	(20,072)	(22,392)
Unfunded:		
Landfill closure costs	(14,429)	(14,222)
Employee benefits	(57,640)	(55,022)
Accrued financial obligations	(9,400)	(11,500)
	1,486,119	1,463,985
Reserves	8,507	9,258
Reserve funds	152,129	156,747
	\$ 1,646,755	\$ 1,629,990

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

18. Budget data

Budget data presented in these consolidated financial statements are based on the 2016 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.

	2016
Revenues	
Approved budget:	
Operating	\$ 509,286
Capital	110,079
Consolidated Boards	19,955
	<u>639,320</u>
Adjustments:	
Transfer from reserves to operating	(8,144)
Recognize revenues from obligatory reserve funds	(17,223)
In year budget adjustments	9,236
Operating transfer to capital and future years funding	(77,964)
Contributed tangible capital assets	3,158
Reclass between revenues and expenses	(894)
Reclassification of taxation bad debt expense	(2,140)
Total revenues	<u>\$ 545,349</u>
Expenses	
Approved budget:	
Operating	509,286
Capital	110,079
Consolidated Boards (A)	17,869
	<u>637,234</u>
Adjustments:	
Amortization of tangible capital assets	66,339
Transfer to reserves and capital	(72,477)
Reduction due to tangible capital assets	(120,506)
Post employment benefit expense	1,163
Landfill closure and post closure expense	1,904
In year budget adjustments	9,236
Reclassification of taxation	(2,140)
Debt principal repayments	(5,907)
Reclass between revenues and expenses	(894)
Operating expenses budgeted in capital expensed in current year	13,371
Total expenses	<u>\$ 527,323</u>
Annual surplus	<u>\$ 18,026</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
(in thousands of dollars)
Year ended December 31, 2016

19. Taxation

Taxation consists of:

	2016 Budget	2016 Actual	2015 Actual
Municipal tax levy	\$ 239,156	239,156	\$ 231,360
Supplementary taxation	2,200	3,042	2,180
Payment in lieu of property taxes	7,854	7,797	7,715
Local improvements	59	229	230
	249,269	250,224	241,485
Rebates and tax concessions	(2,140)	(3,252)	(4,343)
Net municipal taxation	\$ 247,129	\$ 246,972	\$ 237,142

20. Other revenues

Other revenues consist of:

	2016 Budget	2016 Actual	2015 Actual
Gaming and casino revenues	\$ 2,250	\$ 2,158	\$ 2,130
Loss on sale of land and tangible capital assets	-	(631)	(1,887)
Donated tangible capital assets	3,158	3,158	3,936
Donations	1,078	1,084	1,293
Development Charges earned	3,700	3,700	4,759
Sub-divider contributions	1,811	1,811	1,923
Miscellaneous recoveries/revenues	12,352	14,160	15,182
	\$ 24,349	\$ 25,440	\$ 27,336

21. Trust funds

Trust funds amounting to \$15,349 (2015 - \$16,101) 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)

Year ended December 31, 2016

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
(in thousands of dollars)
Year ended December 31, 2016

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
(in thousands of dollars)
Year ended December 31, 2016

23 Segmented Disclosure (continued)

December 31, 2016	Revenues						Total		
	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services		Planning and Development	Government Business Enterprises
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	-	246,972
User Charges	5,116	4,986	9,981	72,360	18,271	8,488	760	-	119,971
Other	14,300	3,950	12,411	5,854	2,659	2,909	1,694	10,769	54,548
	<u>22,613</u>	<u>93,156</u>	<u>108,702</u>	<u>98,444</u>	<u>169,142</u>	<u>38,953</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	-	240,815
Materials	7,167	8,148	20,145	15,012	19,339	9,436	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)	\$ (2,657) \$	(1,432) \$	(1,909) \$	11,106 \$	2,672 \$	(3,159) \$	1,372 \$	10,769 \$	16,765

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

23 Segmented Disclosure (continued)

December 31, 2015	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	28,509		3,774	11,443	12,445	89,781	1,447	1,498	-	148,897
Taxation	(32,072)		81,237	76,859	17,665	55,980	26,597	10,877	-	237,142
User Charges	5,042		4,877	9,891	67,189	18,059	7,952	814	-	113,823
Other	17,523		3,309	13,126	6,653	2,811	1,924	2,801	2,277	50,424
	19,002		93,197	111,318	103,951	166,631	37,920	15,990	2,277	550,286
Expenses										
Salaries, Wages and Benefits	24,753		72,327	30,262	18,497	58,455	19,482	7,562	-	231,338
Materials	6,152		7,112	19,280	13,833	18,564	10,268	2,272	-	77,462
Contract Services	3,809		1,672	13,783	34,207	34,321	2,517	697	-	91,006
Grants and Transfer Payments	941		664	59	50	39,073	1,422	1,438	-	43,647
Amortization	1,016		3,657	34,250	18,780	6,870	4,774	361	-	69,706
Other	979		244	334	1,443	443	97	50	-	3,589
Allocation of shared expenses	(13,754)		3,712	1,578	1,297	4,574	2,128	466	-	-
	23,895		89,388	99,527	88,107	162,298	40,667	12,846	-	516,748
Annual Surplus (Deficit)	\$ (4,893)		\$ 3,809	\$ 11,790	\$ 15,844	\$ 4,333	\$ (2,767)	\$ 3,144	\$ 2,277	\$ 33,538

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

24. Supplementary financial information

i) Schedule of Revenues and Expense - Library

	2016	2015
Revenues:		
Government transfers (note 1)	\$ 427	\$ 451
Fines and fees	132	141
Other	18	16
	<u>577</u>	<u>608</u>
Expenses:		
Salaries, wages and benefits	\$ 4,687	\$ 4,624
Materials and contract services	1,731	1,710
	<u>6,418</u>	<u>6,334</u>
Excess of expenses over revenues	\$ (5,841)	\$ (5,726)

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	32
	<u>\$ 427</u>	<u>\$ 435</u>

Federal

Human Resources Development Canada	-	16
	<u>\$ -</u>	<u>\$ 16</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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)			Total
	Ministry of Education	Legislated Cost Share (Calculated)		
Full Flexibility				
Core Services Delivery (100%)	2,389	0%	-	2,389
Core Services Delivery - (80/20)	6,159	20%	1,540	7,699
Core Service Delivery - (50/50)	355	50%	355	710
Language	2,068	0%	-	2,068
Aboriginal	148	0%	-	148
Cost of Living	288	0%	-	288
Rural/Remote	978	0%	-	978
FDK Transition	544	0%	-	544
Repairs and Maintenance	24	0%	-	24
Transformation	47	0%	-	47
Utilization Adjustment	0	0%	-	0
Capping Adjustment	2,677	0%	-	2,677
Total (full flexibility)	15,677		1,895	17,574
Limited Flexibility				
Capacity Building	62	0%	-	62
Capital Retrofits	18	0%	-	18
Total (limited flexibility)	80		0	80
No Flexibility				
Wage Enhancement/HCCE Grant	2,969	0%	0	2,969
Wage Enhancement/HCCE Administration	148	0%	0	148
TOTAL	18,874		1,895	20,771

(1) Most recent Amended Service agreement

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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	5,599	-	5,599
Fee Subsidy - Regular	7,947	(1,317)	6,630
Ontario Works and LEAP - Formal	517	-	517
Pay Equity Memorandum of Settlement	216	-	216
Special Needs Resourcing	1,645	-	1,645
Administration	1,431	-	1,431
Repairs and Maintenance	1,089	-	1,089
Transformation	136	-	136
Total (full flexibility)	18,580	(1,317)	17,263
Limited Flexibility			
Capacity Building	86	-	86
Total (limited flexibility)	86	-	86
No Flexibility			
Wage Enhancement/HCCE Grant	2,051	-	2,051
Wage Enhancement/HCCE Admin	148	-	148
TOTAL	20,865	(1,317)	19,548

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

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 Cost Share %	Calculated Total	Total	Total
Full Flexibility					
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	831		197	1,028	(0)

Financial Statements of

**CITY OF GREATER SUDBURY
TRUST FUNDS**

Year ended December 31, 2016



KPMG LLP
Claridge Executive Centre
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Canada
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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 financial statements of The City of Greater Sudbury Trust Funds, which comprise the statement of financial position as at December 31, 2016, 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, 2016 and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

The financial statements of The City of Greater Sudbury Trust Funds as at and for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 28, 2016.

Chartered Professional Accountants, Licensed Public Accountants

June 27, 2017
Sudbury, Canada

DRAFT

CITY OF GREATER SUDBURY TRUST FUNDS

Statement of Financial Position

December 31, 2016, with comparative information for 2015
(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 2016	Total 2015
Assets									
Cash	\$	208	1,148	-	-	-	-	1,356	1,397
Due from City of Greater Sudbury (note 2)		-	4,767	39	-	1,250	7,937	13,993	14,704
Loans receivable		-	-	-	117	-	-	117	117
Allowance for doubtful loans		-	-	-	(117)	-	-	(117)	(117)
	\$	208	5,915	39	-	1,250	7,937	15,349	16,101
Liabilities and Fund Balances									
Accounts payable	\$	80	-	-	-	-	-	80	90
Fund balances		128	5,915	39	-	1,250	7,937	15,269	16,011
	\$	208	5,915	39	-	1,250	7,937	15,349	16,101

See accompanying notes to financial statements.

CITY OF GREATER SUDBURY TRUST FUNDS

Statement of Changes in Fund Balances

Year ended December 31, 2016, with comparative information for 2015
(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 2016	Total 2015
Revenue:									
Plot sales	\$	-	-	-	-	105	269	374	370
Receipts from or on behalf of others		1,315	-	4	-	-	-	1,319	1,402
Interest earned		1	11	-	-	23	251	286	298
Subdividers' deposits		-	451	-	-	-	-	451	1,298
		1,316	462	4	-	128	520	2,430	3,368
Expenses:									
Disbursements to or on behalf of residents		1,322	-	-	-	-	-	1,322	1,400
Refunds		-	1,549	-	-	-	-	1,549	1,895
Transfer to City of Greater Sudbury		-	-	-	-	50	251	301	317
		1,322	1,549	-	-	50	251	3,172	3,612
Change in fund balance in year		(6)	(1,087)	4	-	78	269	(742)	(244)
Fund balance, beginning of year		134	7,002	35	-	1,172	7,668	16,011	16,255
Fund balance, end of year	\$	128	5,915	39	-	1,250	7,937	15,269	16,011

See accompanying notes to financial statements.

THE CITY OF GREATER SUDBURY

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2016
(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, 2016, the Funds have amounts due from the City of \$13,993 (2015 - \$14,704) 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 \$1,250 and \$7,937 which bear interest at the rates of 1.83% and 3.33% respectively (2015 - \$1.97% and 3.47%) 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 this advance or the advance may be forgiven. To date, Fednor has not asked for repayment or forgiven the advance.

2016

City of Greater Sudbury

Statistical Information

For the year ended December 31, 2016

Statistical Information

Consolidated Statement of Financial Position

(in thousands of dollars)

	2016	2015	2014	2013	2012
Financial assets					
Cash	7,044	6,136	17,217	10,797	10,104
Taxes receivable	7,122	7,355	6,569	7,939	7,334
Accounts receivable	48,252	51,646	44,495	39,961	38,072
Inventory held for resale	3,044	1,335	3,182	1,616	1,435
Investment in GBE	105,986	95,217	92,940	89,755	82,702
Investments	323,144	290,917	262,931	267,842	267,017
	494,592	452,606	427,334	417,910	406,664
Financial liabilities					
Accounts payable and accrued liabilities	93,650	80,631	133,618	86,827	78,074
Deferred revenue - obligatory reserve funds	43,463	36,644	37,961	38,796	29,538
Deferred revenue - other	3,366	2,802	4,000	2,896	5,461
Employee benefit obligations	59,075	56,458	55,758	54,595	50,354
Solid waste management facility liability	14,429	14,222	13,263	11,359	11,375
Long-term liabilities	82,597	88,531	32,519	37,345	43,542
	296,580	279,288	277,119	231,818	218,344
Net financial assets	198,012	173,318	150,215	186,092	188,320
Non-financial assets					
Tangible capital assets	1,439,235	1,447,939	1,439,124	1,375,254	1,336,882
Other	9,508	8,733	7,113	7,072	6,282
	1,448,743	1,456,672	1,446,237	1,382,326	1,343,164
Accumulated Surplus	1,646,755	1,629,990	1,596,452	1,568,418	1,531,484

Statistical Information (continued)

Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)

	2016	2015	2014	2013	2012
Revenues	\$	\$	\$	\$	\$
Government Transfers, Provincial	132,062	129,582	123,459	130,617	132,334
Government Transfers, Federal	4,592	21,573	14,752	9,750	8,329
Taxation	246,972	237,142	238,467	231,004	222,639
User Charges	119,971	113,823	116,141	112,073	108,934
Investment Income	10,063	12,454	11,385	10,567	10,381
Fines and Penalties	6,012	6,099	5,802	6,226	5,190
Other	25,440	27,336	25,016	31,631	41,260
GBE net earnings	10,769	2,277	3,185	7,053	2,737
TOTAL REVENUES	555,881	550,286	538,207	538,921	531,804
Expenses by Object					
Salaries wages and benefits	240,816	231,338	229,598	225,886	216,915
Materials	81,597	77,462	82,332	76,280	78,631
Contract Services	98,348	91,006	88,895	89,604	78,192
Grants and Transfer Payments	43,392	43,647	40,760	42,972	42,654
Amortization	70,905	69,707	66,228	65,178	66,707
Other	4,058	3,588	2,360	2,066	2,234
TOTAL EXPENSES	539,116	516,748	510,174	501,986	485,333
ANNUAL SURPLUS	16,765	33,538	28,033	36,935	46,471
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,629,990	1,596,452	1,568,419	1,531,484	1,485,013
ACCUMULATED SURPLUS, END OF YEAR	1,646,755	1,629,990	1,596,452	1,568,419	1,531,484

Analysis of Expenses by Function

(in thousands of dollars)

	2016	2015	2014	2013	2012
General Government	25,269	23,145	23,543	22,052	22,023
Protection Services	94,588	89,388	87,293	85,142	81,273
Transportation Services	110,610	99,526	101,352	98,467	94,621
Environmental Services	87,338	88,107	84,165	79,814	70,798
Health Services	28,713	29,242	27,566	27,113	25,992
Social and Family Services	103,845	99,894	97,347	95,877	93,839
Social Housing	33,912	33,912	34,793	38,680	41,340
Recreation and Cultural Services	42,112	40,685	41,103	40,226	39,490
Planning and Development	12,729	12,849	13,011	14,616	15,957
TOTAL EXPENSES	539,116	516,748	510,173	501,987	485,333

Statistical Information (continued)

Reserves and Reserve Funds

(In thousands of dollars)

	2016	2015	2014	2013	2012
RESERVES	\$	\$	\$	\$	\$
Working Funds	629	642	1,726	1,813	2,056
Tax rate stabilization	4,884	5,544	2,661	4,165	4,619
General government	433	762	875	1,014	1,569
Health, social services and housing	1,706	1,537	659	641	1,694
Recreation and cultural services	-	-	-	-	105
Planning and development	855	773	701	712	923
TOTAL RESERVES	8,507	9,258	6,622	8,345	10,966
RESERVE FUNDS	2016	2015	2014	2013	2012
Equipment replacement	6,076	5,351	5,708	5,968	9,986
Employee benefit obligations	15,715	15,817	14,737	12,382	10,210
Insurance	1,610	1,650	1,791	1,663	1,502
General government	21,711	27,236	26,312	32,154	28,151
Protection services	6,834	6,476	5,865	5,321	7,900
Transportation services	37,630	40,981	38,973	31,793	27,241
Environmental services	34,057	31,813	30,085	34,122	37,580
Health, social services and housing	11,394	11,515	11,930	11,507	11,222
Recreation and cultural services	3,288	3,610	4,684	3,577	2,718
Planning and development	13,814	12,298	10,589	9,709	6,447
Other	-	-	-	-	2,876
TOTAL RESERVE FUNDS	152,129	156,747	150,674	148,196	145,833
TOTAL RESERVE AND RESERVE FUNDS	160,636	166,005	157,296	156,541	156,799

Additional Information

(in thousands of dollars)

	2016	2015	2014	2013	2012
NET FINANCIAL ASSETS	198,012	173,318	150,215	186,092	188,320
NET DEBT PER CAPITA	511	547	201	231	269
LONG-TERM LIABILITIES					
Supported by					
Property taxation	35,587	39,740	29,401	34,054	40,087
Water/wastewater user fees	47,010	48,791	3,118	3,291	3,455
	82,597	88,531	32,519	37,345	43,542

Statistical Information (continued)

Additional Information (continued)

Municipal Statistics	2016	2015	2014	2013	2012
Population	161,500	161,900	161,900	161,900	161,900
Households	75,337	75,158	74,851	74,405	74,069
Employees					
Full time employees	1,990	2,021	2,011	2,019	2,008
Service Information					
Building Permit Values (in 1000's)	254,506	237,362	344,303	287,333	247,525
Average monthly social assistance case load	3,450	3,706	3,703	3,548	3,407
Lane Kilometers of roads	3,625	3,623	3,619	3,617	3,613
Annual volume of treated waste water *	30,368	32,506	36,715	32,847	27,728
Annual volume of treated drinking water *	18,766	21,553	20,804	20,877	19,791
Annual disposal of solid waste (tonnes)	103,429	100,723	102,725	105,509	100,753
Annual diversion of solid waste (tonnes)	31,675	33,740	35,345	36,424	34,482
Regular service passenger Transit trips	4,171,000	4,262,000	4,458,000	4,362,000	4,444,719
Tax collection rate	2.4%	2.6%	2.3%	2.8%	2.7%
Property Tax Collection (in 1000's)	289,203	276,665	278,246	266,939	256,624
*(megalitres)					
TAXABLE ASSESSMENT (\$ millions)					
Residential assessment	\$14,368	13,695	12,863	12,009	11,174
Commercial assessment	\$1,937	1,833	1,737	1,634	1,540
Industrial assessment	\$513	490	473	446	425
BENCHMARK INFORMATION					
% of paved lane km where condition is rated good to very good	51.0%	51.0%	51.0%	51.0%	51.0%
# of conventional transit passenger trips per person in service area per year	30.2	30.9	32.3	31.6	32.2
# of waste water main backups per 100 km of waste water main per year	4.4	5.1	6.7	8.9	6.0
% of waste water estimated to have bypassed treatment	1.1%	0.9%	2.1%	1.4%	0.5%
# of water main breaks per 100 km of water distribution pipe per year	9.0	19.4	14.7	11.1	8.4
% of residential solid waste diverted for recycling	43.0%	44.0%	45.0%	37.8%	45.0%

Statistical Information (continued)

Additional Information (continued)

Principal Corporate Taxpayers

Vale Canada Limited
Hoop Realty Inc
Glencore Canada Corporation
Union Gas Limited
Zulich Enterprises Limited

Top Employers

Vale
Health Services North
Government of Canada - Tax Services
City of Greater Sudbury
Laurentian University

For Information Only

Consolidated Reserves and Reserve Funds Balances as of December 31, 2016

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Wednesday, Jun 07, 2017
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

The purpose of this report is to provide Council with the balance in the reserves and reserve funds as December 31, 2016.

Financial Implications

This report has no financial implications.

Signed By

Report Prepared By

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Jun 7, 17

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets and Fleet
Digitally Signed Jun 7, 17

Recommended by the Department

Kevin Fowke
General Manager of Corporate Services
Digitally Signed Jun 7, 17

Financial Implications

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Jun 7, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 7, 17

2016 Reserves & Reserve Funds Report

EXECUTIVE SUMMARY:

The purpose of this report is to provide Council with an overview of the balances in the reserve and reserve funds at December 31, 2016.

Overall, the consolidated reserve and reserve funds have decreased \$5.4 Million from \$166 Million to \$160.6 Million during 2016.

In summary, the following are the highlights:

(in millions)	2016
Balance: January 1, 2016 (non consolidated)	\$164.9
Add: Interest	2.8
Less: Net transfers from Operating	2.5
Net transfers to Capital	(11.0)
Balance: December 31, 2016	159.2
Add: Reserves of Consolidated Entities	1.4
Balance: December 31, 2016 (consolidated)	\$160.6

The non consolidated balances consist of:

(in millions)	2015	2016
Reserves	8.2	7.1
General Reserve Funds	58.1	54.3
Capital Financing and other Capital Reserve Funds	98.6	97.8
Total Reserve and Reserve Funds	\$164.9	\$159.2

BACKGROUND:

Please see Appendix A for tables illustrating the trends in reserve and reserve funds over the past five years.

Please see Appendix B and C which provides a more detailed explanation of each of the City's reserves and reserve funds as well as examples of projects within the committed balances at the end of 2016.

Reserves and reserve funds are generally set aside for significant future purchases, to replace major capital infrastructure, are accumulated to meet a growing future liability, or are simply accumulated to provide a buffer for significant unanticipated

expenditures beyond the control of Council.

The main difference between a reserve and a reserve fund is that a reserve does not earn interest, whereas a reserve fund is in a separate fund and is credited, on a monthly basis, with the interest it has earned.

As outlined in the BMA study, reserves and reserve funds are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves, as outlined in the report, is to:

- Provide stability of tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- Provide financing for one-time or short term requirements without permanently impacting tax and utility rates
- Make provisions for replacements/acquisitions of assets/infrastructure that are currently being consumed and depreciated
- Avoid spikes in funding requirements of the capital budget by reducing their reliance on long-term debt borrowings
- Provide a source of internal financing
- Ensure adequate cash flows
- Provide flexibility to manage debt levels and protect the municipality's financial position
- Provide for future liabilities incurred in the current year but paid for in the future

Reserves offer liquidity which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally. The level of reserves and reserve funds is a key measure of the financial health of a municipality. Compared to other municipalities in Ontario, the City is below the median as it pertains to reserves and reserve funds as a percentage of total taxation, as identified in the 2016 BMA municipal study which is based on statistics for 2015. The ratio used is total reserve and reserves funds (excluding water/wastewater) as a percentage of taxation revenues. In 2015, 39 of 102 participants in the study have a lower percentage than Sudbury. The results across the survey range from a low of -5% to a high of 207% in 2015. In 2015, the City increased to 57% from 54%.

2016 Reserves and Reserve Fund Balances

The reserve balance as of December 31, 2016 of \$159.2 million includes \$7.1 million in reserves, \$54.3 million in general reserve funds and \$97.8 million in capital financing reserve funds. The 2015 reserve and reserve fund balances included \$8.2 million in reserves, \$58.1 million in general reserve funds and \$98.6 million in capital financing and other capital reserve funds for a total of \$164.9 million. The primary difference between the 2016 forecast and actual year end results are the delay in spending funds set aside (or "committed") for capital projects as these are completed over several years and estimated spending was based on the budgeted amounts.

Of the total balance of \$159.2 million, there are reserves and reserve funds which are included in a "committed" reserve fund for a specific project or program which accounts for approximately \$96.3 million. Refer to Appendix B and C which provides additional information on these committed reserve funds.

The annual operating and capital budgets as approved by Council include draws from reserves and reserve funds in order to fund various expenses such as capital projects which are completed over several years or funds set aside for significant capital projects to be completed in the future, or deductibles for insurance claims, sick leave payouts and so on.

The funds remain in committed reserve funds as approved by Council in the annual budgets (or supplemental Council reports throughout the year) until the expenses have been paid, which may occur over several years. Any capital projects that have reserve funds identified as a funding source that are cancelled at a later time, would be uncommitted in order to use for future capital projects/expenses or used to fund over-expenditures in other capital projects in accordance with the Capital Budget Policy.

By-law

By-law 2015-9, being the by-law to establish and continue reserves, reserve funds and trust funds, is reviewed on a periodic basis and recommendations to establish, discontinue or consolidate reserves are brought to Council for approval, and for authority to amend the By-law.

Trust Funds

Trust funds are not included in this report. Trust funds are monies of others, being held in trust by the City, for specific purposes. The money is spent on the intended purpose or returned to the original source. Examples of trusts are the cemetery trust where money has been received and is held in trust to ensure perpetual care and maintenance of the cemeteries, or the funds belonging to residents of Pioneer Manor being held in trust for them.

Deferred Revenue - Obligatory Reserve Funds

Obligatory Reserve Funds are not included in this report as they represent deferred revenues also known as unearned revenue. Deferred revenues represent funds received from others for specific projects for which the actual costs or spending of these funds for the specific projects have not occurred as of a point in time.

The balance as at December 31, 2016 was \$43.5 million, up from \$36.6 million in 2015. Deferred Revenue - Obligatory Reserve Funds, that by nature of the revenues received, involve restrictions on their use and are not available for the discretionary use of Council. The Obligatory Reserve Funds includes Federal and Provincial Gas Tax Revenues, various deposits (ie. parks, asphalt, etc) relating to subdivisions and site plan agreements, Building Permit Revenues and Development Charges collected but not

earned. The increase mainly relates to spending on capital projects funded with Federal Gas Tax Revenues due to timing of capital expenditures (ie. Lorne Street). In addition, there are development charges collected but not earned due to the timing of the capital projects such as the Fire/EMS Station Development and the Police Headquarters Expansion. Lastly, there is an addition of \$1.6 million for the Social Housing Apartment Retrofit Program (SHARP).

As mentioned above, development charges (DC) collected are included in an obligatory reserve fund by each service area as outlined in the 2014 DC background study. The general purpose of development charges is to fund the growth related portion of capital projects. However, the development charges collected does not cover the full cost of growth through several exemptions as per the DC Act as well as the City's DC By-Law. Therefore, if reserve funds are insufficient, it will require other funding sources for the difference such as reprioritization/delay of capital projects, obtain external debt, or impact on the annual tax levy (to generate additional funds for specific projects and/or for annual debt repayments).

Reserve Fund Guiding Principles

The following are the guiding principles that the City has considered since amalgamation in order to ensure proper financial planning related to important service related capital assets and liabilities.

1. Plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves.
2. Undertake regular reviews of remaining life and condition of assets and determine required annual reserve contributions sufficient to ensure that 90% of approved infrastructure rehabilitation / replacement schedules can be met at the required time.
3. Facility, equipment and infrastructure replacement reserves should be established and funded to ensure that 90% of approved infrastructure rehabilitation / replacement schedules are met (long-term).
4. Establish a Stabilization Reserve for programs that are susceptible to significant annual expenditure fluctuations (ie. Winter Maintenance). Program budgets should be based on a moving five year historical average of program spending. In years when surplus funds occur in these programs, surpluses should be reserved, provided an overall City surplus exists. Where the City's overall surplus is less than the program surplus, funds should only be reserved up to the level of the overall City surplus.
5. Establish reserves to provide funding for future liabilities (ie. sick leave, post-employment benefits, WSIB). Contributions to these reserves should be set, at a minimum, at an amount sufficient to ensure the liability does not increase.

The City needs to address these guiding principles through the establishment of and continuation of increased funding for reserves, especially in terms of recent studies completed such as the Asset Management Plan and Long Term Financial Plan.

Long Term Financial Plan

The Long Term Financial Plan prepared by KPMG and presented to Council in April 2017 further stressed the importance of establishing appropriate reserve and reserve fund balances to achieve the following financial principles: long-term sustainability; and appropriate funding for services. Long-term sustainability is to ensure that the City considers long-term implications in relation to financial decision making and to ensure that there are sufficient sources of funding to achieve the City's role and responsibility over the long-term. Appropriate funding for services is meant to ensure the City's approach to financing services for long term investments and liabilities reflect a fair allocation of costs to residents based on (i) usage; and (ii) ability to pay and that the City's funding will be consistent with the timeframe of the expenditure.

Specifically, the long-term financial plan recommends the following change relating to reserve and reserve funds:

"While the City has established minimum and maximum amounts for some reserve and reserve funds, consideration could be given to undertaking a detailed reserve and reserve fund review that will establish minimum amounts for all reserve funds so as to ensure the sufficiency of these funds. This review would include a reevaluation of reserves and reserve funds where minimum and maximum amounts have already been established."

This plan also reviewed the financial indicator of "total reserves and reserve funds per household". This financial indicator "provides an assessment of the City's ability to absorb incremental expenses or revenue losses through the use of reserves and reserve funds as opposed to taxes, user fees or debt. Low reserve levels are indicative of limited capacity to deal with cost increases or revenue losses, requiring the City to revert to taxation or user fee increases or the issuance of debt". The City has been shown to be at the low end of the recommended range; however there are potential limitations with this indicator as the City has a significant amount of reserves and reserve funds committed to specific projects or purposes and may not necessarily be available to fund incremental costs or revenue losses. As reserves are not funded, the City may not actually have access to financial assets to finance additional expenses or revenue losses.

Asset Management Plan

The Asset Management Plan identified a total of \$3.1 billion of tangible capital assets that are at, or will reach, the end of their useful lives within the 10 year planning horizon of the long-term financial plan. The long-term financial plan included a capital levy as a potential financial strategy as the financial model forecasted \$1.4 billion in capital expenditures over the next 10 years, resulting in a shortfall of \$1.7 billion.

The capital levy financial strategy was explained in the long-term financial plan as follows:

“Practically, the City will be unable to generate the necessary level of incremental funding for capital expenditures due to constraints from an affordability and debt capacity perspective. However, in order to ensure sufficient financing for future capital expenditures, the City may wish to consider expanding the level of available capital funding through the implementation of a multi-year capital levy. Similar to the 10 year series of water and wastewater rate increases implemented by the City in 2001, this strategy would involve a recurring increase in the City’s budget specifically allocated to capital purposes, including capital expenditures, debt servicing costs or reserve fund contributions.”

A capital levy should be considered in future budgets to balance with existing pressures on the tax levy. During 2017, the City will be hiring an Asset Management Coordinator, as approved by Council as part of the 2017 Budget. This position will lead the process of obtaining asset condition information to assist with the prioritization of capital projects and the allocation of capital envelopes.

Overall, the asset management plan illustrates the shortfall in tax levy funding needs for renewal / replacement requirements of our capital assets. The ability for the City to maintain and grow its reserve funds for future renewal / replacements are important to minimize the annual impact on taxpayers.

CONCLUSION:

Although this is a routine, annual report on reserve and reserve fund balances, staff are making renewed efforts at enterprise wide, long term asset management and impacts on both the capital budget and reserve and reserve fund policy. It is anticipated that this work will lead to an enterprise wide approach to capital budgeting and to fewer department and program specific reserve funds as staff address the most critical needs among intense capital financing pressures the City will be facing over the next five to ten years. Therefore, it is recommended that the City continue to implement and foster prudent reserve and reserve fund policies.

In addition, it is important that reserves and reserve funds are maintained in the event that unanticipated expenditures are incurred or if revenues are not received in order to minimize impact on future property tax levy rates.

Appendix A: Historical Trend in Reserves and Reserve Funds (000's)

The following table illustrate the trends in Reserve and Reserve Funds over the last 5 years:

	2012	2013	2014	2015	2016
CGS Reserves	\$9,533	\$7,402	\$5,551	\$8,166	\$7,144
CGS Reserve Funds	145,833	148,196	150,674	156,747	152,129
Total CGS Reserves & Reserve Funds	155,366	155,598	156,225	164,913	159,273

Tax Discretionary Reserves (Less W/WW) as % of Taxation

	2012	2013	2014	2015	2016 *
Reserves and Reserve Funds as a % of Taxation	56.0%	54.0%	54.0%	57.0%	52.8%
BMA Study – Median	62.0%	63.0%	64.0%	70.0%	N/A
BMA Study – Low	-36.0%	-21.0%	-12.0%	-5.0%	N/A
BMA Study – High	256.0%	217.0%	193.0%	207.0%	N/A

* 2016 BMA results are not available, therefore the percentage is calculated with no comparables for 2016.

**Appendix B - Reserves (non interest-bearing)
As at December 31, 2015 and December 31, 2016**

Reserves Account Name	Account Description	Dec 31, 2015 Audited	Dec 31, 2016 Audited
Land Reclamation Reserve	This Reserve has been created from surpluses due to net under expenditures in Land Reclamation over the years. It is used to offset fluctuations in the cost of purchasing seedlings each year, which eliminates fluctuations in operating costs.	(576,075)	(555,739)
Reserve for Various Expenses	This Reserve was created through resolution of Council, to allow funds budgeted in a current year to be carried forward to the following year to pay for certain items. The majority of these funds will be spent within the next few years. Spending from this Reserve is restricted to programs/projects for which the funds had been reserved. These funds are set aside for projects including professional assistance for ERP projects, security and related equipment at TDS, Valley East Youth Centre and Physician Recruitment.	(641,948)	(629,289)
Ontario Works Reserve	Established to be used as a buffer for such instances as the Province increasing benefits to recipients mid-year when no budget provision had been made. During 2013, Council approved a transfer of \$194,000 to this Reserve for Emergency Shelters which wasn't required in 2014, 2015 or 2016.	(534,150)	(534,150)
Human Resources Organizational Development Reserve	This Reserve shall be funded from any annual under expenditures in training related accounts, and shall be used to fund training and development of City staff.	(341,012)	(341,012)
Tax Rate Stabilization Reserve	One half of any annual operating surplus or deficit is contributed to or funded from this Reserve. This Reserve provides for year-to-year variances in the Operating Budget. During 2017, \$1,165,000 has been committed for the Event Centre Study and TDS Elevator Upgrades. The decrease in this reserve is the result of \$414,887 required to balance the 2016 year end vs. budget as well as funds committed for projects approved in 2016 and 2017 budgets as described within 'Tax Rate Stabilization Reserve - Committed'.	(5,278,795)	(3,642,990)
Tax Rate Stabilization Reserve - Committed	Represents funds committed by Council for a number of one-time programs. The balance includes all of Council's decisions up to December 31, 2016. Committed projects at the end of 2016 includes funding set aside for Transit Familiarization, Transit Passes, Sidewalk Plows, 2021 Canada Summer Games, Volunteer Fire Fighters, Lightning Protection, Joint Art Gallery and Library and Feasibility Assessment for Sports Complex.	(265,041)	(969,722)
Vector Borne Disease Reserve	Established to fund the City's share of Vector Borne Disease expenditures that may be incurred and levied by the Health Unit. The amount that may be levied to the City is \$107,400 based on the Health Unit's Budget.	(107,400)	(107,400)
Auditor General Reserve	This Reserve shall be used to fund initiatives in support of the mandate of the Office of the Auditor General or for related audit projects.	(264,030)	(257,931)
Accessibility Reserve	This Reserve is used in consultation with the Accessibility Advisory Panel for transformative projects which change how the community perceives accessibility. During 2016, Council approved a transfer of \$50,000 to the accessibility reserve. The decrease in this reserve is the result of the final spending for the Bell Park accessibility project.	(157,100)	(105,507)
Total Reserves		(8,165,551)	(7,143,741)

Appendix C - Reserve Funds (Interest Bearing)
As at December 31, 2015 and December 31, 2016

General Reserve Funds		Dec 31, 2015	Dec 31, 2016
Account Name		Audited	Audited
Greater City Sick Leave Reserve Fund	Annual contributions from Operating Budget to be used to pay out accumulated sick leave credits. Most employees no longer receive sick leave credits, but are covered through weekly indemnity and long term disability. Sick leave credits in existence at the time of the change were left intact, and employees are entitled to a payout of 50% of these credits, to a maximum of 6 months pay, when they retire. Employees at Pioneer Manor and Fire Services still accumulate 1.5 days per month of sick leave. Total CGS liability at the end of 2016 is \$3.97 million.	(3,936,760)	(3,997,789)
Police Sick Leave Reserve Fund	Balance in fund is to pay sick leave and other related payments to retiring Greater Sudbury Police Service employees in accordance with policies of the City of Greater Sudbury. Total Police liability at the end of 2016 is \$4.89 million.	(2,540,011)	(2,684,806)
Post Employment Benefits Reserve Fund	Funded from the Pensioners cost centre, balances in this Reserve Fund are to be used for the purpose of funding post employment expenses.	(1,506,672)	(1,534,818)
Police Services Post 65 Employment Benefits Reserve Fund	Police Services have set up this Reserve Fund to provide for retirees' benefits past the age of 65. This Reserve Fund can be funded from net expenditures in the Police Operating Budget or budgeted contributions.	(496,702)	(505,981)
Human Resources (HR) Management Reserve Fund	Balance in fund indicates favourable claims experience. To be used to fund claims and absorb fluctuations in benefit costs. Can also be used for any initiatives targeted to reduce or control expenses to the benefit plans and sick leave Reserve Fund. In addition, an unfunded liability of \$32 million at the end of 2016 relating to post-employment benefits exists. The decrease is mainly due to the need to fund the City's deficit in life and long term disability (LTD) with the City's benefit insurer and organization changes in 2015 and 2016.	(4,092,015)	(332,860)
H.R. Committed - Succession Planning Reserve Fund	Approved by Council for succession planning.	(1,287,177)	(871,224)
H.R. Committed Reserve Fund	Approved by Council for claims stabilization, other potential liabilities and the employee rewards and recognition program.	(4,413,671)	(4,171,531)
WSIB (Workers Safety Insurance Board) Reserve Fund	Established through contributions from operating by assessing 'premiums' on payroll. The Reserve Fund is used to pay invoices from WSIB and to pay rehabilitation expenses. The Reserve Fund ensures there is no detrimental impact on the Operating Budget. The balance in this Reserve Fund should be maintained in order to have funds available should the City experience any catastrophic loss. Pioneer Manor employees are classified under Schedule 1 where all other City employees are classified under Schedule 2 and thus self insured. The decrease is mainly due to higher WSIB costs including rehabilitation costs and Post-Traumatic Stress Disorder (PTSD) claims.	(3,815,191)	(3,109,109)
WSIB Committed Reserve Fund	Amount set aside as a contingency for catastrophic events.	(3,522,557)	(3,882,557)
Election Reserve Fund	This Reserve Fund is replenished, between Elections, through an annual contribution to the fund which spreads the costs across the four years between elections. The fund is also used for the Inauguration, Recounts, By-Elections, Ward Boundary Reviews and Election Compliance Audit Costs.	(1,084,429)	(1,292,267)
Insurance Reserve Fund	Funded through contributions from the Operating Budget and used to fund adjuster expenses and the deductible portion of claims. There are many outstanding claims, with the deductible portion of most claims being \$50,000. The fund is required to ensure that claims can be covered with no impact on the Operating Fund. If deductible limits or claims experience should increase, the annual contributions to this Reserve Fund may also have to be increased.	(1,649,994)	(1,610,023)
Land Acquisition Reserve Fund	Funded from net proceeds of sale of surplus property and used to fund purchases of any required property as approved by Council.	(1,614,079)	(1,890,980)
Land Acquisition - Committed	Funds were committed for the purchase of land on Ramsey Lake Road as approved by Council, which was purchased in early 2016.	(272,500)	0
Parking Improvements Reserve Fund	Funded from net proceeds of parking facilities in excess of the net operating budget, and to be used on improvements or expansions to parking facilities. As part of the 2017 Capital Budget, \$210,261 was committed for improvements and Paris ramp heat repair. During 2017, Council approved an additional \$2.31 million from this reserve fund for the TDS Parking Garage Roof/Courtyard project. The annual payments are approximately \$330,000 for the next 7 years from future parking surpluses.	(1,207,922)	-

General Reserve Funds

Dec 31, 2015 Dec 31, 2016

Account Name		Audited	Audited
Parking Improvements - Committed	Approved by Council for parking improvements from the annual Capital Budget, mainly for the TDS parking garage roof.	(2,160,751)	(3,749,338)
Pioneer Manor Donations Reserve Fund	Funded through fund raising activities and to be used for projects deemed to be beneficial to residents of Pioneer Manor.	(56,161)	(60,982)
Social Housing Capital Reserve Fund	Used to fund Social Housing Capital Projects authorized by Council. Operating surpluses in this section are to be credited to this Reserve Fund if the City is in an overall surplus position. Deficits may be funded from this Reserve Fund. This fund is capped at \$10 million.	(7,541,268)	(7,685,885)
Social Housing Capital - Committed	Approved by Council from the Operating Budget for contingencies.	(200,000)	(200,000)
Industrial Reserve Fund	Established from net proceeds of land sales in the Industrial Park and to be used for the expansion or creation of Industrial Parks.	(2,249,781)	(2,304,947)
Industrial - Committed	Committed by Council primarily for completion of an environmental assessment for Walden Industrial Park and Industrial Land Infrastructure Assessment.	(703,242)	(703,242)
Community Initiatives Reserve Fund	Funded through contributions from Operating with Council approval for community projects with the funds being either conditional or required at a later time.	(34,951)	(1,798)
Community Initiatives - Committed	At the beginning of 2016, funds of \$100,000 were committed for the PET Scanner from the result of the approved 2016 Budget Option, which was transferred from Operating and will be paid out once all funding has been received for the PET Scanner. Additionally, \$35,000 was committed in 2016 for the joint Library / Art Gallery which was offset by expenses of \$7,015.	-	(127,985)
Business Centre Reserve Fund	Originally established by the former Regional Municipality of Sudbury from the Industrial Reserve Fund, this Reserve Fund has continued through contributions from partners in the Business Centre. The balance therefore is not completely attributable to the City. The Business Centre was created to help businesses become established and viable. Surpluses and deficits in the Business Centre are credited to or debited from this fund.	(537,396)	(517,469)
Communications Infrastructure Reserve Fund	Annual budgeted amounts are contributed to this Reserve Fund for the replacement of Communication Infrastructure/Public Safety.	(390,496)	(454,765)
Communications Infrastructure - Committed	The balance in this Reserve Fund is committed for Backup Generators at tower sites.	(350,000)	(159,439)
Roads Winter Control Reserve Fund	Established in 2003 in accordance with Long Term Financial Plan recommendations as a stabilization Reserve. May be used to offset Winter Control over expenditures. This Reserve Fund is capped at \$5 million. The decrease in this reserve is the result of \$1,600,000 required to balance the 2016 year end vs. budget	(3,123,133)	(1,581,478)
Vegetation Enhancement Technical Advisory Committee (VETAC) Reserve Fund	Funded through donations and to be used for projects recommended by the Vegetation Enhancement Technical Advisory Committee, as authorized by Council.	(4,976)	(5,069)
Drainage and Stormwater Mgmt	This Reserve Fund is funded through the annual Operating Budget and from excess capital funds from drains and stormwater management Capital Projects and can be used to fund any net over expenditures in the Drains Operating Budget. These funds are also used to fund the municipal share of the construction costs of new drains or drainage and stormwater management Capital Projects.	(711,144)	(1,039,515)
Drainage and Stormwater Mgmt - Committed	Funds set aside for Capital Projects to be completed in future years, as previously approved by Council. The balance in this Reserve Fund is committed for Whitson Paquette Drain, Mountain Street, Horizon Stormwater Facility, and Watershed Studies.	(6,485,973)	(7,454,294)
Police Services Donations Reserve Fund	Under control of the Police Services Board and to be used for crime prevention initiatives.	(106,267)	(128,445)
Police Services Board Reserve Fund	Funded from the Greater Sudbury Police Services annual Board Auction, as well as interest earned from investments, and monies recovered as a result of seized property. This Reserve Fund is to be used for charitable or other events the Board deems suitable.	(38,201)	(40,169)
Library & Citizen Service Centres Reserve Fund	When the City is in a surplus position overall, any Library surplus is contributed to this reserve fund, and deficits may be funded from this reserve fund. In addition, any excess funds from Capital Projects is contributed to this reserve fund which can be used for Capital Projects. The decrease in this reserve is the result of \$186,592 required to balance the 2016 year end vs. budget.	(307,487)	(175,883)

General Reserve Funds
Account Name

Dec 31, 2015 **Dec 31, 2016**
Audited **Audited**

Cemeteries Reserve Fund	This Reserve Fund is funded through any annual cemetery operating surplus and excess funds from cemetery Capital Projects. This fund is to be used only to fund cemetery operating deficits and for cemetery Capital Projects. The 2017 Capital Budget committed \$150,000 for Lot Expansion, Columbarium Niche Walls and Irrigation / Tree Removal.	(219,367)	(112,363)
Cemeteries - Committed	Funds approved during 2013, 2014, 2015, and 2016 Capital Budgets for various projects such as Civic Cemetery Road Realignment, Columbia Niche Walls, Lot Expansion and Irrigation. It also includes annual loan repayment for the Phase 5 of the Civic Cemetery Mausoleum.	(103,696)	(231,513)
Economic Development Reserve Fund	Authorization of Council is required to contribute to or expend from this Reserve Fund for economic development projects.	(71,334)	(14,736)
Economic Development - Committed	Committed funds for various projects as approved by Council including Physician Recruitment, Town Centre Community Improvement Plan, and Arena/Entertainment Centre Consultant.	(307,132)	(193,430)
199 Larch Street Building	Established at time of purchase of the 199 Larch Street building, with annual contributions. To be used to fund major capital repairs, thus preventing a substantial impact on the operating budget. Surpluses in this section shall be credited to the reserve fund and deficits are to be funded from this reserve fund. Entire balance is committed for Capital Projects approved by Council from previous Capital Budgets along with borrowing from the Capital Financing Reserve Fund - General when needed in relation to timing of capital projects to be funded from future revenues of 199 Larch St.	(999,673)	(1,483,308)
Total General Reserve Funds		(58,142,106)	(54,309,997)

Appendix C - Reserve Funds (Interest Bearing)
As at December 31, 2015 and December 31, 2016

Capital Financing Reserve Funds		Dec 31, 2015	Dec 31, 2016
Account Name		Audited	Audited
CFRF - Information Technology	Funded from any under expenditures in the Information Technology section, if the City is in an overall surplus position. Also funded from excess funds in related Capital Projects. To be used for information technology Capital Projects. As part of the 2017 Capital Budget, \$253,370 was committed to fund servers and licenses.	(3,559,247)	(2,640,485)
CFRF - Information Technology - Committed	Approved funds from previously and 2017 Capital Budgets including Business Applications, GIS, servers, licenses, City Website, Website Content Editor and Audit Logging Software.	(512,603)	(1,295,406)
Equipment & Vehicle Replacement Reserve Fund	Funded through contributions from the annual operating budget from equipment credits. Proceeds from sale of vehicles and equipment are also credited to this account. This Reserve Fund is used for capital replacement of City fleet vehicles and equipment. As part of the 2017 Capital Budget, \$2,167,941 was committed for a variety of Fleet purchases, which is ultimately funded from a contribution from Operating.	(1,910,243)	-
Equipment & Vehicle Replacement - Committed	Committed funds are to be used to purchase fleet equipment and vehicles as authorized by Council mainly from the 2016 and 2017 Capital Budget.	(748,151)	(3,924,396)
Police Equipment & Vehicle Replacement Reserve Fund	Funded through contributions from the annual Police operating budget and excess funds from Capital Projects. This Reserve Fund is controlled by the Police Services Board and is planned to be fully utilized based on the planned replacements and necessary equipment. As part of the 2017 Capital Budget, \$1,040,400 was committed for a variety of Police equipment purchases.	(1,570,255)	(172,079)
Police Equipment & Vehicle Replacement - Committed	Committed funds are to be used to purchase new Police equipment and vehicles as determined by the GSPS Board and approved in annual Capital Budgets.	(259,845)	(1,075,935)
CFRF - Transit	Funded through excess funds for Capital Projects and the proceeds from the sale of used Transit equipment. This Reserve Fund shall be used for Transit Capital Projects as authorized by Council. As part of the 2017 Capital Budget, \$115,835 was committed for scheduling software, handi transit buses and accelerated shelter restoration.	(305,885)	(6,138)
CFRF - Transit - Committed	Committed funds from previous and 2017 Capital Budgets for garage improvements, transit buildings/bus shelters, bus rebuilds, accelerated shelter restoration, handi transit buses and scheduling software.	(91,948)	(328,518)
Recycling Equipment Replacement Reserve Fund	Funded through annual contributions from the operating budget and used to pay for annual lease payments for recycling equipment currently in use. The recycling equipment is over 15 years old and has almost reached the end of its useful life. It is anticipated that the equipment will have to be replaced within the next few years, and the full balance of this fund will be required.	(639,737)	(677,599)
Parks Vehicle & Equipment Replacement Reserve Fund	Funded through an annual contribution from the operating budget, from excess funds from Capital Projects, and proceeds from the sale of used parks equipment. This Reserve Fund is to be used on replacement of parks related equipment/vehicles. As part of the 2017 Capital Budget, \$100,000 was committed for the purchase of groomers, yard rakes and tractor attachments.	(169,120)	(106,535)
Parks Vehicle & Equipment Replacement - Committed	Funds committed for the purchase of new Parks equipment and vehicles as approved in 2016 and 2017 Capital Budgets.	(53,539)	(119,284)
CFRF - Environmental Services	Funded from excess funds in Environmental Services Capital Projects. To be used only for Environmental Services Capital Projects. The balance of this Reserve Fund is required for projects identified in the approved Certificate of Approval for the landfill sites, in particular the Sudbury site which is slated to become the only landfill site in the City once all other sites are closed. The post-closure liabilities amounted to \$14.4 million at the end of 2016. The decrease from 2015 to 2016 is due to funds used as part of the 2016 Capital Budget.	(173,728)	(47,610)
CFRF - Environmental Services - Committed	Represents funds approved in 2012 to 2016 Capital Budget for various projects including cell closures at Hanmer and Sudbury Landfill Sites as well as Scales, Guards and Scalehouses and Construction & Demolition Recycling Site at the Sudbury Landfill Site.	(799,538)	(815,210)
CFRF - CLELC	Funded through excess capital funds in Lionel E. Lalonde Centre Capital Projects. This fund will be used for future Capital Projects.	(30,564)	(85,051)

Capital Financing Reserve Funds
Account Name

Dec 31, 2015
Audited

Dec 31, 2016
Audited

Account Name		Dec 31, 2015 Audited	Dec 31, 2016 Audited
CFRF - General	One half of any annual operating surplus or deficit is contributed to or funded from this Reserve Fund. It is also the only source of funding for Capital Projects that have no capital envelope. During the year \$136,366 was committed to the 199 Larch Street Reserve to ensure sufficient funding available for projects approved in the 199 Larch Street capital budgets as well as an additional \$3,903 for the Ramsey Lake Road purchase.	(32,150)	-
CFRF - General - Committed	Represents funds committed by Council for a number of one-time Capital Projects. The balance includes all of Council's decisions to December 31, 2016 including Farmer's Market renovations/improvements, elevator upgrades at TDS, Fire Records Management System, and Asbestos audits for Leisure facilities as well as Solar Panels approved during 2016 and additional commitment for 199 Larch Street based on timing of cash flows for its capital budget.	(6,389,062)	(4,819,151)
CFRF - Peoplesoft / ERP	Funded from excess funds in related Capital Projects. To be used only for Peoplesoft / ERP Capital Projects.	(981,429)	(1,009,112)
CFRF - Peoplesoft / ERP - Committed	Funds committed from annual Capital Budgets for future Peoplesoft / ERP Capital Projects.	(582,721)	(254,865)
CFRF - Planning	Funded from excess funds in related Capital Projects. To be used only for Planning related Capital Projects.	(253,798)	(236,661)
CFRF - Planning - Committed	Funds committed for the Official Plan as well as future Growth Related Projects and population growth study.	(937,928)	(1,214,539)
CFRF - Corp Infrastructure	Funded from any under expenditures in related Capital Projects. To be used only for corporate infrastructure (i.e. telephone systems, docutech equipment, etc.).	(32,034)	(2,737)
CFRF - Corp Infrastructure - Committed	Represents funds committed by Council for various projects from the earlier Capital Budgets. This includes the \$82,902 set aside for Telephone Upgrades (VOIP).	(59,359)	(82,902)
CFRF - Public Works Buildings	Funded from excess funds in related Capital Projects. To be used only for assets (buildings) projects excluding Community Development buildings. As part of the 2017 Capital Budget, \$450,000 was committed in 2016 for the Downtown Transit Terminal Door Upgrade and St. Clair Roof.	(605,880)	(13,784)
CFRF - Public Works Buildings - Committed	Previously approved funds from amalgamation for salt domes and depots which will be spent after completion of the Facility Rationalization and Works Depots studies. This balance includes approved funds for door upgrades for the downtown transit terminal, St. Clair roof, boiler replacement, loading dock at the recycling depot, and Brady Street exterior stair repairs.	(717,482)	(1,279,150)
CFRF - Police Services	Funded from excess funds in related Capital Projects and from net under expenditures in the Police Services operating budget provided the City is in a surplus position. Will be used to fund any Police Services operating budget over expenditures or Police Services Capital Projects. Reserve is under the control of the Police Services Board. As part of the 2017 Capital Budget, \$603,991 was committed in 2017 for a variety of Police Services projects.	(1,557,098)	(1,122,070)
CFRF - Police Services - Committed	Committed funds for various projects from previous Capital Budgets, most notably building renovations and equipment.	(3,813,133)	(4,679,290)
CFRF - Roads	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). To be used only for Roads Capital Projects. The decrease relates to funds committed as part of the 2016 and 2017 Capital budgets, \$2M for Large Spreader Laid Patches from the 2017 budget, as well as funds for Kingsway land acquisition and Brady Green Stairs project.	(11,584,980)	(3,654,823)
CFRF - Roads - Committed	Balance contains funds committed from previous and 2017 Capital Budgets and for approved Capital Projects which are currently in progress or deferred to a later date. Funding for Capital Projects include Maley Drive, MR 15/MR 80 Intersection Improvements, Crean Hill Road, Barry Downe Extension, Lorne Street, Whitson Paquette and Horizon Drains, several bridges and other various projects.	(22,505,826)	(28,581,252)

Capital Financing Reserve Funds
Account Name

Dec 31, 2015 **Dec 31, 2016**
Audited **Audited**

CFRF - Wastewater	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). In addition, surpluses and deficits in Wastewater operations are contributed to or funded from this Reserve Fund. To be used only for Wastewater Capital Projects including any project necessitated by the Ministry of the Environment. Used to address any emergency upgrades which may be required, upon authority of Council. Balance has decreased due to funds committed in the 2016 and 2017 capital budgets. As part of the 2017 Capital Budget, \$1,973,341 was committed for various Wastewater projects such as the Valley East WWTP Upgrade Inspection, Azilda WWTP Rehabilitation, and plant repairs.	(10,552,758)	(7,688,269)
CFRF - Wastewater - Committed	Balance contains funds committed from previous Capital Budgets including Meatbird Transfer Station, Preventative Plumbing Subsidy, Sanitary Rock Tunnel Inspections, Valley East WWTP upgrade Inspection, Azilda WWTP Rehabilitation and Upgrades to Primary Lagoons. Also, includes the wastewater stabilization which is based on 10% of revenues as per the Reserve Fund by-law.	(5,641,893)	(9,049,589)
CFRF - Water	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). In addition, surpluses and deficits in the Water operations are contributed to or funded from this Reserve Fund. To be used only for water Capital Projects including any projects necessitated by the Ministry of the Environment. Used to address any emergency upgrades which may be required, upon authority of Council. Balance increased due to the year end surplus offset by commitments in the 2016 and 2017 capital budgets.	(3,981,157)	(4,903,559)
CFRF - Water - Committed	The balance contains funds committed from previous Capital Budgets including the Wanapitei Water Treatment Plant Upgrades, Automatic Meter Reading Water Meters, and Lorne Street. Also, includes the water stabilization amount which is based on 10% of revenues as per the Reserve Fund by-law.	(10,663,464)	(11,552,582)
CFRF - Health and Social Services	Funds set aside for Capital Projects for Pioneer Manor and other Health and Social Services initiatives. Funded from excess funds in related Capital Projects.	(280,337)	(166,713)
CFRF - Health and Social Services - Committed	This amount represents previously approved funds for fire code compliance, nurse call station, motomeds and equipment replacement from the 2016 Capital Budget for Pioneer Manor.	(81,722)	(77,435)
CFRF - Fire	Funded from excess funds in related Capital Projects. To be used only for Fire Services Capital Projects.	(38,367)	(100,220)
CFRF - Fire - Committed	Committed funds for pumper equipment and incident management from earlier Capital Budgets.	(151,892)	(64,278)
CFRF - Emergency Medical Services	Funded through annual contributions from the Operating Budget. Must be used for ambulance Capital Projects including all vehicles, equipment and stations. May be subject to having to return funds to Province if not used for projects specific to EMS. As part of the 2016 Capital Budget, \$988,679 was committed in 2017 for various EMS projects.	(2,461,479)	(1,194,344)
CFRF - Emergency Medical Services - Committed	Funds approved in previous years Capital Budgets for various projects including personal response units (PRU's), Kronos upgrade, power stretchers, ambulances, and emergency response vehicles.	(571,432)	(1,665,066)
CFRF - Leisure Services - Committed	Committed funds previously approved by Council for Regreening of St. Joseph's Parking Lot, Bell Park Special Events Site Development (which has been reallocated to Bell Park lighting during 2017), ski lift upgrades, and Brady green stairs. Also, includes funds recieved from cold drink supplier contract for municipal arenas for arena scoreboard replacement.	(2,205,764)	(2,701,775)
CFRF - Leisure Services	Funded from excess funds in related Capital Projects and development charges (which causes surplus in Capital Projects). To be used for Leisure related Capital Projects. As part of the 2017 Capital Budget, \$211,562 was committed for St. Joseph's parking lot.	(1,097,185)	(410,898)

Total Capital Financing and other Capital Reserve Funds

(98,604,729) **(97,819,309)**

For Information Only

2016 Operating Budget Variance Report - December

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Wednesday, May 31, 2017
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 2016 year end net over expenditure is approximately \$2.2 Million. The deficit will be funded from the Tax Rate Stabilization Reserve, Roads Winter Control Reserve Fund, and the Library and Citizen Services Centre Reserve Fund all 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 May 31, 17

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets and Fleet
Digitally Signed May 31, 17

Recommended by the Department

Kevin Fowke
General Manager of Corporate Services
Digitally Signed Jun 5, 17

Financial Implications

Liisa Brule
Coordinator of Budgets
Digitally Signed May 31, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 7, 17

2016 Yearend Operating Budget Variance Report

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 and bylaw. Council is provided with a variance report after each quarter end. This report is an update from the yearend forecast provided to Council in December 2016 and the projections included in the 2017 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 2016 as a result of the municipal deficit.

Attached is an additional chart 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 area is reflecting a net over expenditure of \$220,000 as follows:

- Increase in estimated liability relating to legal actions pending against the City

2) Clerks Administrative Services

This area is reflecting a net positive variance of \$210,000:

- Wages and benefits were under budget by \$70,000 as a result of vacancies
- Increased user fee revenue of \$30,000 for marriage licenses, marriage solemnization, and burial license fees
- Overall under expenditure on office expenses of \$110,000 primarily for postage costs and docutech supplies

3) Court Services

This area is reflecting a shortfall of \$220,000 primarily due to:

- Revenues from Provincial Offences Act fees are under budget by approximately \$220,000 and are affected by a number of factors including the number of charges laid, decisions made by the courts, and collection activities

4) Information Technology

There is a net under expenditure of approximately \$290,000 primarily due to:

- Wages and benefits were under budget by \$190,000 as a result of vacancies
- Under expenditures in operating expenses of \$100,000 primarily for telephone costs and equipment purchases

5) Human Resources and Organizational Development

There is a net over expenditure of approximately \$370,000 due to:

- Increases in legal costs of \$320,000 due to a higher number of human rights cases, employee changes and departures, issues related to health and safety, and 2016 being a bargaining year with CUPE and IAFF
- Increases in professional development costs of \$50,000 for employee training

6) Transit and Fleet

The year-end over expenditure of approximately \$1.36 Million consists of over expenditures of \$480,000 in Transit and \$880,000 in Fleet

The Transit net over expenditures of \$480,000 is largely a result of:

- Over expenditures in Transit bus parts and contracting out costs of \$855,000 due to continuing component failures and above average wear and tear throughout the year
- Shortfall in Transit fare box revenues of approximately \$275,000 due to unexpected ridership declines in cash fares during the year
- Under expenditure in Handi-Transit of approximately \$120,000 due to a slight decline in ridership during off peak times
- Under expenditures in Transcab services of \$110,000 primarily due to favourable rates procured during the services contract extension year
- Under expenditure in administrative and bus operator salaries and benefits of \$255,000 due to several vacancies throughout the year
- Under expenditures in fuel costs of approximately \$165,000 due to favourable oil market pricing during the year

The Fleet net over expenditure of \$880,000 is primarily a result of:

- Over expenditure in vehicle repair, replacement parts and contracted services of \$880,000, largely a result of fleet vehicles remaining in service beyond their useful lives, and damages to department fleet vehicles.

7) Long Term Care

The year-end under expenditure of \$270,000 is a result of:

- Increased revenue of approximately \$320,000 from preferred accommodation fees and increased funding from Ministry of Health and Long-Term Care
- Net over expenditure of \$50,000 primarily on salaries & benefits, including WSIB New Experimental Experience Rating (NEER) surcharge net of savings realized on purchases of materials and supplies

8) Social Services

The year-end under expenditure of \$450,000 is a result of:

- Under expenditure of \$380,000 in salaries & benefits as a result of vacancies and turnover of staff, recovery from union representatives and a decrease in employment program related expenses

- A positive variance of \$450,000 as a result of completion of prior years' reconciliations, funding received from the Ministry of Community and Social Services has been recognized in revenue in the current year
- An over expenditure of \$380,000 due to increased spending on discretionary special items and services. A policy report on discretionary expenditures will be prepared for Fall of 2017

9) Leisure Services

The net over expenditure of \$670,000 in this division is as follows:

- Over expenditure of \$360,000 related to utilities primarily for hydro costs in Park facilities and arenas which were impacted by the elimination of the clean energy credit; water over expenditures were partially offset by natural gas under expenditures in Leisure Facilities
- A negative variance in revenues of \$200,000 as a result of reduced user fees and licensing and lease revenue especially in arenas, ski hills, and community halls
- A net over expenditure in salaries and program costs of \$110,000 primarily related to arenas, ski hills, and community halls

10) Roads

The net over expenditure of \$2.65 million in Roads is as follows:

- The net over expenditure of \$2.3 million in roads winter maintenance is a result of the above average snowfall throughout the year
- An over expenditure of \$170,000 as a result of an unbudgeted litigation expense
- The over expenditure in streetlighting of \$550,000 is a result of higher than budgeted hydro costs as well as the City no longer receiving the Clean Energy Credit of approximately \$115,000 due to the program no longer being offered
- An under expenditure of \$370,000 in Engineering and Traffic & Transportation is due to vacancies throughout the year

11) Environmental Services

There is a net under expenditure of \$1.33 million in Environmental Services as follows:

- An under expenditure of \$900,000 as a result of the new Sudbury Landfill operations contract
- Increased revenue of \$530,000 for tipping fees (\$200,000), sale of landfill gas (\$180,000), and the sale of blue box materials (\$150,000)
- The Stewardship Ontario Blue Box Recycling grant came in \$75,000 over budget
- Other miscellaneous under expenditures of \$30,000 in operating costs
- Curbside collection costs are over spent by \$240,000 as a result of the new collection contract, slightly offset by Multi Unit Residential Building collection underspent by \$35,000

12) Emergency Medical Services

The Emergency Medical Services under expenditure of \$400,000 is primarily due to:

- Salaries and benefits are under spent by \$250,000 primarily 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)

- Material expenses are under budget by \$150,000 mostly due to uniform and laundry costs, and equipment repairs

13) Fire Services

The Fire under expenditure of \$500,000 is primarily due to:

- An under expenditure in salaries and benefits of \$330,000 due to vacancies in year primarily for the executive deputy chief as well as volunteer firefighters
- Material expenses are under budget by \$300,000 primarily due to uniforms, firefighting supplies, communications costs and protective clothing. Uniform costs were impacted by delay in getting the clothing contract for Fire and Paramedic Services finalized. It's important to note that some material expenditures/projects were put on-hold pending the outcome of the Fire Optimization review
- User fee revenues are \$130,000 below target, primarily due to revenues from Fire Marquis of \$70,000 (the Fire Marquis agreement is now in place)

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. Water and wastewater variances are included in a separate report.

Area	Budgeted Contribution to (from) Reserve	Actual Contribution to (from) Reserve	Increase (Decrease) in Contribution to Reserve
Parking Services	\$698,370	\$673,936	(\$24,434)
Building Services	(\$818,664)	(\$900,722)	(\$82,058)
Cemetery Services	\$268,765	\$180,524	(\$88,241)
RBC Business Centre	(\$173,689)	(\$29,966)	\$143,723

Summary

As per the attached chart, the City's net year end deficit of \$2.2 million is funded from the Tax Rate Stabilization Reserve, Roads Winter Control Reserve Fund, and the Library and Citizen Services Centre Reserve Fund in accordance with the Reserve and Reserve Fund By-Law.

SMT Monthly Variance

As of December, 2016



	Budget for Year	December YTD Actual (1)	Year End Surplus / (Deficit)	Notes
Operating Cost Centres	(0)	2,201,479	(2,201,479)	
Corporate Rev and Exp Summary	(283,371,508)	(283,054,582)	(316,926)	
Revenue Summary	(272,862,621)	(272,763,071)	(99,550)	
Other Revenues and Expenses	(10,508,887)	(10,291,511)	(217,376)	1
Executive and Legislative	3,527,032	3,473,400	53,633	
Office of the Mayor	613,739	548,754	64,985	
Council Memberships & Travel	73,596	67,647	5,949	
Council Expenses	1,051,115	1,015,792	35,323	
Auditor General	353,406	336,029	17,376	
Office of the C.A.O. Summary	1,435,177	1,505,178	(70,001)	
Administrative Services	2,265,213	2,090,978	174,235	
Clerks Administrative Services	1,017,651	811,503	206,148	2
Election Services	200,000	200,000	(0)	
Court Services	(1,567,535)	(1,342,906)	(224,629)	3
Legal Services	1,473,918	1,545,838	(71,920)	
Debt & Contribution to Capital	476,453	476,453	0	
Information Technology	(2,625)	(293,692)	291,067	4
Security & By-law	667,351	693,782	(26,431)	
Human Resources and O.D.	11,978	379,049	(367,071)	
Human Res & Org Dev	11,978	379,049	(367,071)	5
Financial Services	7,055,041	6,908,413	146,628	
Financial Service	7,055,041	6,908,413	146,628	
Growth and Development	4,818,532	4,756,954	61,577	
Growth and Development Other	(27,192)	5,631	(32,823)	
Economic Development	4,845,724	4,751,323	94,400	
Assets Transit & Fleet	19,137,797	20,777,635	(1,639,838)	
Assets Transit & Fleet - GM	95,571	238,508	(142,937)	
Asset Services Summary	4,830,660	4,965,818	(135,158)	
Transit and Fleet Summary	14,211,566	15,573,309	(1,361,743)	6
Community Development Services	64,457,834	64,401,393	56,440	
G.M. Office	4,463,430	4,441,887	21,543	
Children Services	2,038,421	2,035,263	3,159	
Housing Services Summary	19,085,817	18,945,523	140,293	
Long Term Care-Senior Services	3,889,958	3,616,868	273,090	7
Social Services Summary	7,353,081	6,907,426	445,655	8
Citizen Services Summary	8,876,975	9,037,520	(160,545)	
Leisure-Recreation Summary	18,750,152	19,416,907	(666,756)	9
Cemetery Services	(0)	(0)	(0)	
Infrastructure Services	86,512,427	87,844,223	(1,331,796)	
Infrastructure Services Other	231,590	222,524	9,065	
Public Works Depots	1,196,646	1,319,160	(122,513)	
Engineering Services	(2,826)	(8,517)	5,691	
Water - Wastewater Summary	3,459,000	3,459,000	0	

SMT Monthly Variance

As of December, 2016



	Budget for Year	December YTD Actual (1)	Year End Surplus / (Deficit)	Notes
Roads Maintenance Summary	65,376,334	68,030,145	(2,653,810)	10
Environmental Services Summary	11,638,633	10,304,291	1,334,341	11
Planning and Development	4,613,050	4,517,621	95,430	
Building Services	0	0	0	
Emergency Services	35,448,187	34,503,920	944,267	
Chief Office	(0)	0	(0)	
Emergency Management	697,221	639,216	58,006	
CLELC Section	261,124	271,870	(10,746)	
Emergency Medical Service	10,145,374	9,741,577	403,798	12
Fire Services	24,344,468	23,851,258	493,210	13
Outside Boards	60,137,467	60,120,095	17,372	
Outside Boards Other	6,587,748	6,587,748	(0)	
Police Services	53,549,719	53,532,347	17,372	
			2,201,479	
			(1,600,000)	
			(186,592)	
			(414,887)	
			<u>0</u>	

For Information Only

2016 Water Wastewater Variance Report

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Wednesday, May 31, 2017
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 the financial results of Water Wastewater Services for the year ended December 31, 2016.

Financial Implications

There are no financial implications.

Signed By

Report Prepared By

Dion Dumontelle
Co-ordinator of Finance, Water
Wastewater
Digitally Signed May 31, 17

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed May 31, 17

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jun 5, 17

Financial Implications

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed May 31, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 7, 17

YEAR END VARIANCE

The 2016 year end net under expenditure for Water and Wastewater Services is \$2,230,143 as outlined in Schedule A. Water is recording an under expenditure of \$2,177,377 while Wastewater is in an under expenditure position of \$52,766. In accordance with the By-law, the water under expenditure was contributed to the Water Capital Financing Reserve Fund and the wastewater under expenditure was contributed to the Waste Water Capital Financing Reserve Fund.

The major contributors to this under expenditure are:

Category	Favourable/(Unfavourable)
User Fees	\$(964,390)
Cont'n from Reserve Funds/Frontage Charges	\$28,523
Other Revenues	\$458,580
Salaries and Benefits	\$956,742
Materials	\$451,907
Energy	\$(427,143)
Purchased/Contract Services	\$1,524,053
Internal recoveries	190,676
Other net variances	\$11,195
Total 2016 Under Expenditure	<u>\$2,230,143</u>

VARIANCE EXPLANATIONS

User Fees

Actual user fee revenues are below budgeted amounts. For 2016 the estimated consumption was budgeted at 14.0 million cubic metres while the actual consumption for 2016 was 13.6 million cubic metres. For 2017 the budgeted consumption has been set at 13.8 million cubic metres.

Other Revenues

The other revenues favourable variance of \$459,000 is due to higher than anticipated volumes of hauled liquid waste from commercial customers and hydro costs of \$180,000 recovered from the biosolids operator.

Salaries and Benefits

Salaries and benefits are under budget by approximately \$957,000. The division experienced staffing vacancies from a variety of factors such as short and long term employee illnesses, and turnover. For many of these specialized vacancies, the division has been unable to fill the vacancies on a timely basis. This problem is particularly acute for short term, temporary, or limited vacancies as candidates with the required certifications and other qualifications are not forthcoming for such transient opportunities. In addition, the use of overtime was significantly lower than budgeted contributing to the under expenditure.

Materials

Materials were under budget by \$452,000. Year end inventory adjustments amounted to \$84,000, while other materials related to break down repairs were under budget by \$326,000 due to the favourable weather experienced in 2016.

Energy

Energy costs were over budget by \$427,000. Of this overage, approximately \$180,000 was recovered from the Biosolids plant for their share of hydro going through the City meter at the Sudbury treatment plant (see other revenues). The David street plant hydro costs were \$87,000 over budget due to extra water production demands on the plant while scheduled maintenance was performed at the Wahnapipei plant. Other plants, wells and lift stations experienced net overages of \$160,000 due to increased rates as hydro consumption was consistent with prior years.

Purchased Services

Purchased service costs were under budget by \$1,524,000. The budget underages occurred as follows:

1. There were only 85 watermain breaks to the end of December, compared to 185 and 141 breaks for the 2015 and 2014 calendar years, respectively. In addition, the contract with the external provider expired on August 31, 2016 and own crews performed repairs for the last 4 months of the year. This resulted in this line item being under budget by budget by \$1,506,000.

2. Sludge haulage costs were under budget by \$135,000 due to savings realized through the ability to thicken the sludge at outlying plants, effectively reducing the number of loads as less water is being hauled. Additionally, as plants are meeting the percent biosolids required for the Biosolids plant, the sludge can be dumped directly into the tanks that go to the facility. By not having to move the sludge from outlying plants through the Sudbury plant, there were some energy and chemical savings.
3. Locate costs were under budget by \$300,000 due to decreased activity and the ability of staff to limit the amount of locates performed by the contractor.

The cumulative effect of the above three items is an under expenditure of \$2,106,000.

Offsetting these underages were the following overages:

1. Hired equipment costs were \$400,000 over budget due primarily to the fact that own crews affected all repair work after August 31 resulting in increased use of rented equipment to support the increased volume of work.

The cumulative effect of these underages and overages is a net underage of \$1,524,000 in this line item.

Internal Recoveries

The under expenditure of \$191,000 in this category is due primarily to internal direct charges from support departments coming in at less than budgeted amounts, as well as savings on the GSU billing contract.

Conclusion

In accordance with the By-law, the water under expenditure has been contributed to the Water Capital Financing Reserve Fund and the wastewater under expenditure was contributed to the Waste Water Capital Financing Reserve Fund.

**Revenue & Expense Summary
Water/Waste Water Mtce.**

Year Ended December 31, 2016 (based on December 31 audited operating results)



Schedule A

	Annual Budget	Audited Actual at December 31	Variance Favourable/ (Unfavourable)	Projected % of Budget
Frontage Charges	58,908	229,162	170,254	389
Provincial Grants & Subsidies	-		-	
User Fees	65,372,751	64,408,361	(964,390)	99
From Reserve and Reserve Funds	374,998	233,267	(141,731)	62
Other Revenues	517,100	975,680	458,580	189
Municipal Levy (fire protection)	3,459,000	3,459,000	-	100
Total Revenues	69,782,757	69,305,470	(477,287)	99
Salaries & Benefits	13,339,361	12,382,619	956,742	93
Materials - Operating Expenses	4,731,944	4,280,037	451,907	90
Equipment Expenses	-		-	
Energy Costs	4,313,559	4,740,702	(427,143)	110
Purchased/Contract Services	11,847,764	10,323,711	1,524,053	87
Debt Repayment	4,010,789	4,010,792	(3)	100
Rents and Financial Expenses	19,260	11,462	7,798	60
Grants - Transfer Payments	5,000	1,600	3,400	32
Prov to Reserves & Capital	24,473,260	24,473,260	-	100
Internal Recoveries	7,041,820	6,851,144	190,676	97
Total Expenses	69,782,757	67,075,327	2,707,430	96
Excess (Deficiency) of Revenue Over Expenses (before contribution to Reserve Funds)	-	2,230,143	2,230,143	
Contribution from (to) Water Reserve Fund	-	(2,177,377)		
Contribution from (to) Waste Water Reserve Fund	-	(52,766)		
Excess (Deficiency) of Revenue Over Expenses (after contribution to Reserve Funds)	-	(2,230,143)		

For Information Only

2016 Capital Projects in Progress and Completed Capital Projects

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Tuesday, Jun 06, 2017
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

The purpose of this report is to provide a summary of the capital projects in progress as of December 31, 2016 as well as completed capital projects from October 2016 to March 2017.

Financial Implications

This report has no financial implications.

Signed By

Report Prepared By

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Jun 6, 17

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed Jun 6, 17

Recommended by the Department

Kevin Fowke
General Manager of Corporate
Services
Digitally Signed Jun 6, 17

Financial Implications

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Jun 6, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 7, 17

Background

The capital fund balance represents the capital funding approved by previous Councils for capital projects that are unspent at the end of the year. The committed and unspent funding is for capital projects that have not commenced and/or are in progress. The majority of the projects are underway and funding will be spent within the next few years depending on the extent/timing of individual capital projects.

This report includes the following:

1. Capital Projects in Progress as of December 31, 2016 (which includes committed capital / unspent capital envelopes year end balance as well as committed reserve funds for capital projects).
2. Completed Capital Projects from October 2016 to March 2017.

1. Capital Projects in Progress as of December 31, 2016

The overall balance of funds previously approved for capital projects is approximately \$186.5 million which will be spent in the coming years based on the timing and extent of the capital projects. For example, some water and wastewater plant projects and road projects require several years for completion. In addition, this balance also includes committed obligatory reserves funds including Federal and Provincial Gas Taxes as well as other development related deposits.

Appendix A is a summary which shows the breakdown of the unspent capital funds/committed reserve funds previously approved by department/division and Appendix B provides a list of those significant capital projects as of December 31, 2016. There are some projects with an amount in brackets under "unspent capital envelopes" column, as these are repaid from future envelopes as explained below for internally debt financed projects.

Committed Capital (= Unspent Capital Envelopes)

The Committed Capital (unspent capital envelopes) balance as of December 31, 2015 was \$112 million which represents funds approved but not yet spent as projects have not commenced and/or are in progress. There are internal borrowings of \$20 million resulting in a capital fund balance of \$92 million.

The internally debt financed expenditures of \$20 million will be repaid to the Capital Fund with interest (charged at 1% above the average investment rate at the time the internal financing is approved in accordance with the City's Investment Policy) and funded in future years from capital envelopes, development charges and Section 391 charges. This balance consist of the following capital projects approved by Council: Levack Water Supply, South End Rock Tunnel, Kingsway water and wastewater project, Gerry McCrory - Countryside Sports Complex, South Branch Library, Mausoleum Phase 5 at Civic Cemetery, 1160 Lorne Street, Communications Infrastructure and the Lionel E. Lalonde Centre.

Committed Reserve Funds

As of December 31, 2016, the balance in the committed reserve funds for capital projects is approximately \$64 million with another \$10 million included within obligatory reserve funds.

The committed reserve funds are set aside when approved by Council and transferred out of the reserve fund when the costs have been incurred. The funds within obligatory reserve funds are set aside to be spent for specific areas/projects in accordance with various agreements and contracts (ie. Federal Gas Tax).

2. Completed Capital Projects from October 2016 to March 2017

Also included in this report are the completed capital projects in excess of \$200,000 as per the Capital Budget Policy.

The Capital Budget Policy was followed and has given authority to staff to reallocate funds between capital projects or transferred to the respective Capital Financing Reserve Fund.

Appendix C is a summary of all completed capital projects over \$200,000 and cancelled capital projects from the period of October 2016 to March 2017 including explanations for variances greater than \$50,000.

Appendix A - Capital Projects in Progress - Summary
December 31, 2016

	Capital Fund (Non-Interest Bearing)	Future Financing (Spent)	Subtotal Committed Capital - 2016	City Reserve Funds (Interest Bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress - 2016
Infrastructure Services						
Roads	31,109,384	-	31,109,384	21,096,230	8,316,298	60,521,912
Drains & Stormwater Management	7,368,775	-	7,368,775	7,454,294	(141)	14,822,928
Water	23,316,863	1,903,354	25,220,217	7,531,857	-	32,752,074
Wastewater	27,977,806	3,628,692	31,606,498	3,457,870	1,412,253	36,476,621
Environmental Services	1,417,910	291,435	1,709,346	815,210	-	2,524,556
Growth Related Projects	-	-	-	1,249,539	-	1,249,539
Facility Rationalization	80,530	-	80,530	-	-	80,530
Planning	80,158	-	80,158	808,243	105,170	993,571
Economic Development	-	-	-	1,920,179	-	1,920,179
	91,351,426	5,823,481	97,174,907	44,333,421	9,833,581	151,341,909
Community Development						
Healthy Communities	301,207	-	301,207	20,000	-	321,207
Leisure Services	(1,920,450)	4,953,539	3,033,089	2,241,343	274,189	5,548,621
Library & Citizen Services	(2,104,004)	2,894,100	790,096	79,957	-	870,052
Cemetery Services	116,064	240,098	356,161	81,513	-	437,674
Healthy Community Initiatives	796,112	-	796,112	-	-	796,112
	(2,811,072)	8,087,736	5,276,664	2,422,814	274,189	7,973,667
Assets, Transit & Fleet						
Facilities	2,870,964	-	2,870,964	8,447,941	61,673	11,380,577
Transit	768,033	-	768,033	202,658	49,226	1,019,918
Fleet	328,245	-	328,245	1,756,455	-	2,084,701
Parking	(0)	-	(0)	155,907	-	155,907
	3,967,242	-	3,967,242	10,562,961	110,900	14,641,103
Health, Social & Emergency Services						
Health & Social Services	1,059,951	-	1,059,951	77,435	-	1,137,387
Fire Services	792,878	-	792,878	143,686	-	936,564
Emergency Medical Services	434,973	-	434,973	676,387	-	1,111,359
Emergency Management	(1,824,018)	1,893,104	69,086	-	-	69,086
	463,784	1,893,104	2,356,888	897,507	-	3,254,396
Administrative Services						
Administration	1,169,713	-	1,169,713	51,759	-	1,221,472
Information Technology	783,182	-	783,182	915,519	-	1,698,701
ERP	1,741,964	-	1,741,964	254,865	-	1,996,829
Human Resources	2,610	-	2,610	-	-	2,610
	3,697,469	-	3,697,469	1,222,144	-	4,919,612
Police						
Police Services	0	-	0	4,047,366	-	4,047,366
Communication Infrastructure	(4,267,975)	4,267,975	(0)	359,573	-	359,573
	(4,267,975)	4,267,975	(0)	4,406,939	-	4,406,939
TOTAL	92,400,874	20,072,296	112,473,170	63,845,786	10,218,670	186,537,626

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Infrastructure Services						
Roads and Bridges	31,109,384	-	31,109,384	21,096,230	8,316,298	60,521,912
Roads	25,841,395	-	25,841,395	18,351,947	8,316,298	52,509,640
Second Avenue (Sudbury)	6,271,121				140,000	6,411,121
Lorne Street	2,300,000				3,133,525	5,433,525
MR35	1,600,000				3,809,476	5,409,476
Contingency	1,597,289					1,597,289
MR89 from Skead Road to Rix Street	1,467,978					1,467,978
Frobisher Yard	1,173,602			71,383		1,244,985
Elgin Street Greenway	994,997			40,000		1,034,997
MR55 (CPR Overhead)	986,334					986,334
MR15	886,588					886,588
Skead Road	798,335					798,335
Cycling Infrastructure	793,121			473,890		1,267,010
Second Avenue (Coniston)	718,051					718,051
Regent, Bouchard, Southview	553,322					553,322
Traffic System Improvements	509,271					509,271
Rockfall Program	495,263					495,263
Ghandi Lane	395,110					395,110
MR 55 from Eve Street to Gorman	377,984					377,984
Brady Durham Greenstairs	370,361					370,361
Gutcher Ave	315,170			17,343		332,513
Leslie Street	295,000					295,000
Long Lake Road	289,320				99,250	388,570
Future Roads	276,027					276,027
Traffic Calming	265,000					265,000
AVL	248,633					248,633
Amanda Street	240,000					240,000
Property Acquisition	237,985					237,985
Depot yard Cleanup	214,384					214,384
Various Other Projects < \$200,000	1,436,336			420,193		1,856,528
Maley Drive	-			14,212,954		14,212,954
Moonlight Ave	-			980,385		980,385
Crean Hill	-			700,067		700,067
Barrydown Extension	-			497,760		497,760
MR84	-			459,999		459,999
Facer St SWOTS Design	-			400,000		400,000
Various Subdivisions Surface Asphalt	(265,189)			77,972	1,134,048	946,831

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Bridges	5,267,989	-	5,267,989	2,744,283	-	8,012,272
Vermillion Lk Bridge (MR55)	1,887,720					1,887,720
Mikkola Road Bridge	636,321					636,321
Douglas Street Bridge	487,394					487,394
Ironside Lake Road Bridge	464,874					464,874
Walter Street Bridge	400,000					400,000
Allan Street Bridge	287,070					287,070
Old Soo Road Culvert	275,000					275,000
Various Bridge Repairs	264,897					264,897
Frappier Road Bridge	131,811					131,811
Garson Coniston Road Bridge	100,000					100,000
Various Other Projects < \$100,000	332,902			45,443		378,345
Bowlands Bay Bridge	-			423,203		423,203
MR15 Bridges	-			761,239		761,239
William Ave. Bridge (Coniston)	-			494,940		494,940
Government Rd Bridge (Coniston)	-			424,700		424,700
Balsam St. Bridge	-			177,599		177,599
Riverside Drive Bridge	-			102,433		102,433
Black Lake Road Bridge	-			214,727		214,727
Kalmo Road	-			100,000		100,000
Drains & Stormwater Management	7,368,775	-	7,368,775	7,454,294	(141)	14,822,928
East Branch Junction Creek Stormwater Management	2,154,623					2,154,623
Minnow Lake STS	1,513,373					1,513,373
Capreol Storm Drainage Improvements	953,444					953,444
Storm Sewer Upgrade	563,031					563,031
Val Caron Drain	474,137					474,137
Countryside Stormwater Pond	290,511					290,511
Whitson Paquette Drain	273,347			4,764,363		5,037,711
Dominion Park Drain Culvert	215,000					215,000
Upper Whitson River	153,656					153,656
Dominion Dr Concorde SW	130,000					130,000
Drainage Projects	114,984					114,984
Consulting Fees	95,960					95,960
Lake Nepahwin Treatment Station	75,324					75,324
Forest Court Outlet	60,000					60,000
Rockwood	58,786					58,786
Various Other Projects < \$50,000	242,599			2,689,930	(141)	2,932,388

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Water	23,316,863	1,903,354	25,220,217	7,531,857	-	32,752,074
Plants	11,411,713	1,903,354	13,315,067	704,653	-	14,019,720
Well Building Repairs	2,682,028					2,682,028
Val Caron Booster	1,653,890					1,653,890
Well Inspection Rehab	1,008,766					1,008,766
Onaping Wells Caustic Soda	477,792					477,792
David Street WTP	471,394					471,394
Security Improvements	459,300					459,300
SCADA Upgrades	443,843					443,843
SCADA Master Plan	395,620					395,620
Wahnapiitae WTP	377,553	1,360,739		54,653		1,792,945
Storage Tank Inspection	344,942					344,942
Plant Process Energy Optimization	297,427					297,427
Operating Manuals	283,105					283,105
Operational Optimization	250,000					250,000
Booster Station Upgrades	245,454					245,454
Health and Safety	242,245					242,245
Ramsey Lake Outfall	241,432					241,432
Water Filling Station	239,824					239,824
Misc. Repairs	209,709					209,709
Reactivator Upgrades	200,000					200,000
Various Projects < \$200,000	1,430,002					1,430,002
Vermilion WTP	-			650,000		650,000
New Valley East Wells	(542,615)	542,615				-

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Linear	11,905,150	-	11,905,150	6,827,204	-	18,732,354
Maley Drive Watermain	1,228,433					1,228,433
Valley Water System	734,928					734,928
System Improvements	729,655					729,655
MR35	677,061			600,000		1,277,061
First Avenue (Coniston)	624,213					624,213
Lorne Street	554,591			1,720,341		2,274,932
Vermilion Water System	550,000					550,000
Whitefish Rechlorination Stat.	491,235					491,235
Watermain Rehabilitation	439,609					439,609
Wahnapiatae Trunk Design	400,694					400,694
Distribution System Optimization	400,000					400,000
St. Jerome Easement	375,000					375,000
Leak Detection	345,269					345,269
Water Valve Replacement	309,785					309,785
Second Avenue (Sudbury)	269,054			430,946		700,000
Arvo Street	264,678					264,678
As Built Drawings	216,687					216,687
MacLachlan Street	178,847					178,847
Ash / Adler St.	172,711					172,711
Third Ave (Lively)	156,888					156,888
MR80 Watermain	150,000					150,000
Water Air Release Valve	150,000					150,000
Watter Efficiency Plan	140,604					140,604
Dollard Avenue	136,230					136,230
Roger Street	134,433					134,433
Water Service Replacement	125,013					125,013
Parkwood Street	122,976					122,976
Elm Street	110,000					110,000
AVL	103,446					103,446
Distribution Support	100,428					100,428
Trench Rescue	100,000					100,000
Yorkshire Drive	100,000					100,000
Various Projects < \$100,000	1,332,684			486,201		1,818,885
Concrete Pressure Pipe	-			225,000		225,000
Moonlight Ave	-			324,569		324,569
AMR Water Meters	(20,000)			3,040,147		3,020,147

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Wastewater	27,977,806	3,628,692	31,606,498	3,457,870	1,412,253	36,476,621
Plants	21,832,567	1,842,835	23,675,401	1,297,637	-	24,973,039
Walden WWTP	6,313,105					6,313,105
Valley East WWTP	2,667,043					2,667,043
Copper Cliff WW System	2,462,032					2,462,032
Azilda WWTP	1,799,375					1,799,375
Charles Street Lift Station	1,450,307					1,450,307
Infrastructure Master Plan	1,384,098					1,384,098
Lift Station Upgrades	1,249,035					1,249,035
Chelmsford WWTP	976,651					976,651
Energy Savings Initiative	700,000					700,000
Biosolids Facility	520,774					520,774
Lively WWTP	513,700			250,000		763,700
SCADA Master Plan	464,923					464,923
Plant Process Energy Optimization	291,458					291,458
Operating Manuals	261,018					261,018
SCADA Upgrades	257,010					257,010
Belanger Lift Station	213,501					213,501
Pump Replacements	198,172					198,172
Wanipitae Lagoon	175,000					175,000
Security Improvements	154,754					154,754
Misc. Repairs	112,027					112,027
ROI Technologies Study	102,557					102,557
Demand-side Management	100,000					100,000
Operational Optimization	100,000					100,000
Asset Management Plan	100,000					100,000
Chelmsford Lagoon	100,000					100,000
Rock Tunnel	100,000			100,000		200,000
Various Projects < \$100,000	863,810			85,000		948,810
Meatbird Transfer Station	-			401,371		401,371
Upgrade Primary Lagoons	-			461,267		461,267
Sudbury WWTP	(1,797,784)	1,842,835				45,051

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Linear	6,145,239	1,785,857	7,931,096	2,160,233	1,412,253	11,503,582
Gatchell Outfall Sewer	1,639,345			520,230		2,159,575
Lively Sewer System	576,015					576,015
Operating Manuals	560,640					560,640
Access Road	450,000					450,000
System Improvements	403,509					403,509
Regent, Bouchard, Southview	372,961					372,961
Moonlight Ave	350,000					350,000
Kingsway	307,030				56,298	363,328
I & I Annual Assessment	274,328					274,328
Combined Sewer Assessment	250,000					250,000
Lorne Street	230,500				387,268	617,768
Dollard Avenue	226,675					226,675
Collection Support	203,542					203,542
Arvo Street	179,484				7,329	186,813
Algonquin Sewer	175,711					175,711
Second Ave (Sudbury)	171,156					171,156
Sherwood (Section 391)	160,000					160,000
AVL	141,132					141,132
Sewer with Watermain	137,124					137,124
Frobisher Depot Upgrades	106,598					106,598
Trench Rescue Training	100,000					100,000
Various Other Projects < \$100,000	1,168,132			1,101,948	520,358	2,790,438
Preventative Plumbing	-			538,054		538,054
Levesque (Section 391)	(252,786)				441,000	188,214
Kingsway Project	(1,785,857)	1,785,857				-

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Environmental Services	1,417,910	291,435	1,709,346	815,210	-	2,524,556
Hanmer LS - Cell Closure	753,874			216,741		970,615
Sudbury LS Cell Closure S&N	332,308			242,679		574,987
AVL	139,411					139,411
LS Cover & Hydroseeding	75,000					75,000
Sudbury LS Pad & Signs	73,622					73,622
Sudbury LS-C&D Site Ph 1	69,275					69,275
Scale - Sandblasting & Coating	60,000					60,000
Environmental Contingency	50,130					50,130
Azilda LF Cell Closure	50,039					50,039
Various Other Projects < \$50,000	105,686			15,672		121,358
Sudbury LS - Recycling Site Ph 2	-			340,118		340,118
Sudbury LS Landfill Gas	(291,435)	291,435				-
Facility Rationalization	80,530	-	80,530	-	-	80,530
Study Costs	80,530					80,530
Planning	80,158	-	80,158	105,000	105,170	290,328
Levack CIP	34,758					34,758
Elgin Street Greenway	17,460					17,460
Mapping Photography	15,654					15,654
Official Plan	10,230			105,000		115,230
Various Other Projects <\$10,000	2,055	-	-	-	-	2,055
Green Space	-				105,170	105,170
Economic Development	-	-	-	2,623,422		2,623,422
Walden Industrial Park	-			387,782		387,782
Industrial Land Strategy	-			315,460		315,460
Farmer's Market	-			1,920,179		1,920,179
Growth Related Projects	-	-	-	1,249,539	-	1,249,539
Development Cost Sharing	-			200,000		200,000
Growth Related Projects	-			1,049,539		1,049,539

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Community Development						
Healthy Communities	301,207	-	301,207	20,000	-	321,207
Chelmsford Family Health Team	295,420			20,000		315,420
Various Project	5,787	-		-		5,787
Leisure Services	(1,920,450)	4,953,539	3,033,089	2,241,343	274,189	5,548,621
Accessibility	342,944					342,944
Nickel District Pool	220,250					220,250
Splash Parks (4)	200,000					200,000
Junction Creek Waterway Park	199,942					199,942
Lively Citizen Service Centre Roof	141,660					141,660
Tennis Court Resurfacing	140,100					140,100
Brebeuf Tennis Court	140,000					140,000
Capreol Arena	130,463					130,463
Onaping Splash Parks	100,956					100,956
Valley East Youth Centre	100,000			60,184		160,184
HARC Family Washroom	100,000					100,000
St. Joseph's Parking Lot	98,602			350,000		448,602
Queens Athletic Field	95,000					95,000
Bike Path	77,151					77,151
Bleazard Valley Ball Field	52,801					52,801
Adanac Skill Hill Lift	52,558			1,202,442	130,000	1,385,000
RG Dow Pool - Roof	50,000					50,000
Various Other Projects <\$50,000	849,758			87,574	144,189	1,081,521
Bell Park Enhancements	-			300,000		300,000
Scoreboards	-			116,144		116,144
Feasibility Access Sports Comp	-			125,000		125,000
Northern Aquatic Centre	(59,096)					(59,096)
Countryside Arena	(4,953,539)	4,953,539				-
Library & Citizen Services	(2,104,004)	2,894,100	790,096	79,957	-	870,052
Radio Frequency Identification	200,000					200,000
Library Archives	104,456					104,456
Historical Database	82,000					82,000
South End Renovations	59,713					59,713
Community Archives	40,000					40,000
MacKenzie Library Washrooms	39,046					39,046
Energy Retrofits	38,717					38,717
CD Contingency	33,401					33,401
Anderson Farm	30,355					30,355
Library Shelving	25,399					25,399
Museum Website	25,344					25,344
Azilda / Chelmsford CSC	25,000					25,000
Various Other Projects <\$20,000	86,666					86,666
Library / Art Gallery	-			79,957		79,957
South End Library	(2,894,100)	2,894,100				-

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Cemetery Services	116,064	240,098	356,161	81,513	-	437,674
Civic Cemetery Rd Realignment	275,000			75,000		350,000
Long Lake Cemetery	37,401					37,401
Maplecrest Landscaping	33,284					33,284
Various Other Projects <\$5,000	10,476			6,513		16,989
Mausoleum Ph5	(240,098)	240,098				-
Healthy Community Initiatives Fund	796,112	-	796,112	-	-	796,112
Assets, Transit & Fleet						
Facilities	2,870,964	-	2,870,964	8,447,941	61,673	11,380,577
199 Larch Street	119,930		119,930	1,700,802	-	1,820,732
Emergency Generator	85,000			477,662		562,662
Distribution Audit and Review	34,930			8,081		43,012
Skylight Replacement				218,857		218,857
Upper Concourse - Day Care Roof				150,000		150,000
HVAC - BAS/AV Upgrade				125,000		125,000
Electrical Distr Harmonics				115,000		115,000
Exhaust System Upgrade				75,000		75,000
Accessibility Audit				69,182		69,182
Plumbing Upgrades				50,205		50,205
Water Backflow Preventers				50,000		50,000
Lightning Protection				50,000		50,000
Generator Replacement				48,845		48,845
Elevator Equipment Guarding				42,525		42,525
Various Projects < \$40,000				220,444		220,444

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Tom Davies Square	1,981,206		1,981,206	6,300,482	-	8,281,687
Generator Replacement	575,834					575,834
Elevator Upgrades	316,684			1,353,844		1,670,528
Automation System	125,000					125,000
HVAC Humidification	125,000					125,000
HVAC System Upgrade	125,000					125,000
Skylight Replacement	122,256					122,256
Cooling Coil Upgrade	93,474					93,474
Distribution Audit and Review	79,213					79,213
Electrical Systems	57,535					57,535
Air Quality Upgrades	44,149					44,149
Spandrel Connection	43,677					43,677
Automation System	42,687					42,687
Structural Report Repairs	41,483					41,483
Security Upgrades	37,991					37,991
Accessibility Equipment	35,000					35,000
Thermography for Ext Walls	30,000					30,000
Structural Repairs	28,895					28,895
Rain Water Drainage Repair	20,000					20,000
Various Other Projects <\$20,000	49,766					49,766
Courtyard Reno - Larch St.	-			3,383,171		3,383,171
Courtyard Reno - Larch St.	-			1,249,756		1,249,756
Natural Gas Boiler	-			175,979		175,979
Exterior Stairs	-			65,563		65,563
Boiler Replacement	(12,438)			72,168		59,730
Various Other Facilities	769,828		769,828	446,657	61,673	1,278,158
CLELC - Heating, Ventilation, Dehumudification	150,257					150,257
Solar Panels	109,999			301,783		411,782
CLELC Roof Repairs	100,000					100,000
Heating & Furnace Loops	72,965					72,965
Energy Conservation - Various Loc.	56,838					56,838
CLELC - Roof Repairs	55,000					55,000
Van Horne Station	50,608					50,608
Roof Repairs - Other Buildings	50,000					50,000
N/W Depot	30,000					30,000
Health and Safety Upgrade - EMS & Fire Halls	20,000					20,000
Various Other Projects <\$20,000	74,161					74,161
Long Lake Park	-				61,673	61,673
Loading Dock Bumpers	-			27,781		27,781
Door Replacement	-			117,093		117,093
Transit	768,033	-	768,033	202,658	49,226	1,019,918
Replacement Buses	588,691					588,691
Transit Master Plan	75,000					75,000
Garage Improvements	44,720			150,000	49,226	243,947
Wayfinding Program	25,338					25,338
Transit Buildings	21,324			49,336		70,661
Various Projects < \$20,000	12,960			3,322		16,282

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Fleet	328,245	-	328,245	1,756,455	-	2,084,701
Multi Function Tandem	256,428			1,025,369		1,281,797
Cars	38,498			6,816		45,314
1 Ton Dump	31,754			147,948		179,702
Single Axle Dump Truck	-			208,014		208,014
Mini Vans	-			148,217		148,217
Fuel Storage Sites	-			71,360		71,360
Fleet Management Software	-			70,000		70,000
Vans	-			66,565		66,565
Various Projects < \$15,000	1,566			12,165		13,731
Parking	(0)	-	(0)	155,907	-	155,907
Signage	-			95,400		95,400
Parking Improvements	-			30,507		30,507
Pay & Display Machine	-			30,000		30,000
Health, Social & Emergency Services						
Health & Social Services (Pioneer Manor)	1,059,951	-	1,059,951	77,435	-	1,137,387
Pioneer Manor - Nurse Call Station	584,993			44,965		629,958
Pioneer Manor - Bed Redevelopment	240,000					240,000
Pioneer Manor - Parking	158,012					158,012
Pioneer Manor - Kronos Upgrade	33,506					33,506
Pioneer Manor - Food Services Equipment	21,066					21,066
Various Other Projects < \$10,000	22,374			12,781		35,155
Pioneer Manor - Fire Code Compliance	-			19,690		19,690
Fire Services	792,878	-	792,878	143,686	-	936,564
Personal Protective Equipment	272,445					272,445
Ladder Truck	121,800					121,800
Station Generator	90,989					90,989
Prevention System	86,103					86,103
Outdoor Signs	61,386					61,386
Communication & Technology	58,922					58,922
Vehicle Extrication Tools	54,726					54,726
Primary Firefighting Equipment	23,158					23,158
SCBA Fill Stations	10,000					10,000
Various Other Projects < \$10,000	13,347					13,347
Records Management System	-			114,597		114,597
Incident Management	-			29,088		29,088
Emergency Medical Services	434,973	-	434,973	676,387	-	1,111,359
EMS Station Development	291,586					291,586
Medical Equipment / Supplies	108,240					108,240
Personal Protective Equipment	-			270,000		270,000
Paramedic Response Unit	-			159,111		159,111
New Defibrillators	-			75,658		75,658
Various Other Projects < \$45,000	35,146			171,618		206,764

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Emergency Management	(1,824,018)	1,893,104	69,086	-	-	69,086
EOC Renewal Equipment	45,480					45,480
Equipment Upgrades	23,606					23,606
Lionel E Lalonde Center	(1,893,104)	1,893,104				-
Administrative Services						
Administration	1,169,713	-	1,169,713	51,759	-	1,221,472
Corporate Infrastructure	298,464					298,464
Document Central Printer	273,886					273,886
TDS Committee Room	173,123					173,123
Telephone Upgrades	172,711			51,759		224,470
Central Mailing Equipment	148,385					148,385
Furniture Upgrades	89,141					89,141
Various Other Projects < \$15,000	14,002					14,002
Information Technology	783,182	-	783,182	915,519	-	1,698,701
Microsoft Products	249,117			500,000		749,117
Network Wireless Infrastructure	102,164					102,164
Geographic Information	90,623			84,849		175,472
Network Switches	89,504					89,504
SAN Upgrade	86,991					86,991
Business Applications	82,982			248,112		331,094
Audit Logging Software	61,442			82,558		144,000
Various Other Projects < \$15,000	20,359					20,359
ERP	1,741,964	-	1,741,964	254,865	-	1,996,829
MMMS ERP	1,451,714					1,451,714
ERP Training	163,784					163,784
Misc Project Costs	102,000					102,000
HRMS Upgrade	24,465					24,465
FMIS Upgrade	-			254,865		254,865

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2016

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Human Resources	2,610	-	2,610	-	-	2,610
Ergonomic Assessments / Corporate ID Cards	(4,807)					(4,807)
Corporate ID Cards	7,417					7,417
Police						
Police Services	0.00	-	0.00	4,047,366	-	4,047,366
Leasehold Improvements	-			3,287,537		3,287,537
Renovations	-			357,717		357,717
Communications Equipment	-			172,989		172,989
Automation Equipment	-			109,635		109,635
COPS Radio	-			50,000		50,000
Fleet	-			35,535		35,535
Police Equipment / Supplies	-			24,764		24,764
Security	-			9,189		9,189
Communication Infrastructure	(4,267,975)	4,267,975	-	359,573	-	359,573
Communication Infrastructure	(4,267,975)	4,267,975				-
Lightning Protection	-			200,135		200,135
Backup Generator	-			159,439		159,439
TOTAL	92,400,874	20,072,296	112,473,170	63,845,786	10,218,670	186,537,626

Appendix C
City of Greater Sudbury
Completed Capital Projects over \$200,000
Completed between October 2016 to March 2017

Note - For all projects below, transfers have been completed in accordance with the Capital Budget Policy and variances greater than \$50,000 have been explained.

Department	Division	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes	
Growth & Infrastructure Services	Roads	Consulting Services - Future Roads Projects 2012 Capital Budget	2012	300,000	243,113	56,887	1	
		Dollard Avenue from Madison Avenue to End 2014 Capital Budget	2014	625,000	1,031,510	(406,510)	2	
		Montpellier Road South Culvert 2016 Capital Budget	2016	300,000	330,038	(30,038)		
		MR 15 from 1.6km West of Martin Road to 4.6km West of Martin Road 2015 Capital Budget	2015	3,100,000	2,214,351	885,649	3	
		Old Highway 17 (MR55) from Bridge at Eve Street to Gorman Avenue, and Old Highway 17 (MR55) from 1.4km East of McCharles Lake Road to McCharles Lake Road 2015 Capital Budget 2015 Capital Budget City Council Resolution #2015-173 - Reserve Road in conjunction with Whitefish Lake First Nation City Council Resolution #2015-173 - Funds from Whitefish Lake First Nation for Turning Lane	2015	2,550,000 2,100,000 240,000 315,339				
				5,205,339	4,827,355	377,984	4	
		Sidewalk/Curb 2016 Capital Budget	2016	500,000	1,435,598	(935,598)	5	
		Surface Treatment 2016 Capital Budget	2016	1,233,000	1,285,707	(52,707)	6	
		Large Asphalt Patching (Various Locations) 2016 Capital Budget	2016	2,000,000	2,052,743	(52,743)	7	
		St. Nicholas Street from Edinburgh Street to Wembly Drive 2016 Capital Budget	2016	410,000	487,581	(77,581)	8	
Long Lake Road from Highway 17 to 0.8km South 2016 Capital Budget	2016	1,500,000	986,430	513,570	9			

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Growth & Infrastructure Services	Roads	Paul Street from Graham Road to Caroline Street 2016 Capital Budget	2016	480,000	509,813	(29,813)	
		Carol Street from MR80 to Suzanne Street 2016 Capital Budget	2016	220,000	247,627	(27,627)	
		Clifford Crescent from Percy Avenue to Flake Street 2016 Capital Budget	2016	230,000	177,276	52,724	10
		Various Bridge/Culvert Repairs 2014 Capital Budget	2014	1,000,000	584,563	415,437	11
		Guide Rail Installations 2016 Capital Budget	2016	250,000	198,352	51,648	12
		Nicole Street from Arlington Drive to Riverside Drive 2016 Capital Budget	2016	220,000	193,662	26,338	
		Normand Avenue from Leonard Avenue North to Arlingtor 2016 Capital Budget	2016	180,000	218,622	(38,622)	
		Watermain Rehabilitation 2015 Capital Budget	2015	1,000,000	646,647	353,353	13
	Roger Street from Mildred Street to 255m North 2016 Capital Budget	2016	650,000	657,705	(7,705)		
	Watermain Rehabilitation 2016 Capital Budget	2016	1,000,000	892,740	107,260	14	
	St. Nicholas Street from Edinburgh Street to Wembley Street 2016 Capital Budget	2016	150,000	356,265	(206,265)	15	
	Strathmere Lining (Robinson Drive East to Robinson Drive West) 2017 Capital Budget	2017	250,000	285,301	(35,301)		
	Ramsey Lake Outfall 2007 Capital Budget 2014 Capital Budget		100,000 300,000				
			400,000	586,418	(186,418)	16	
	Linden Well 2008 Capital Budget		50,000				
			50,000	398,572	(348,572)	17	

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
	Solid Waste	Sudbury Landfill - Landfill Gas Collection System	2015				
		2015 Capital Budget		765,747	653,994	111,753	18
		Scales, Guards & Scale Houses - Miscellaneous Repairs and Transfer Station - Kiosks and Site Repairs	2016				
		2016 Capital Budget (Scale Houses)		148,000			
		2016 Capital Budget (Transfer Station)		38,000			
				186,000	265,142	(79,142)	19
Community Safety	EMS	Vehicles - Ambulance x 3	2016				
		2016 Capital Budget		455,432			
		Insurance Proceeds		151,330			
				606,762	559,432	47,330	
	Fire	Light Rescue Vehicles	2016				
		2014 Capital Budget (2 units)		365,928			
		2012 Capital Budget (1 unit)		128,284			
		2013 Capital Budget (1 unit)		357,875			
				852,087	1,001,176	(149,089)	20
		Vans/Cars x2	2010				
		2010 Capital Budget (Vans/Cars x2)		83,363	231,895	(148,532)	21
		Primary Firefighting Equipment and Specialized Firefighting Equipment	2016				
		2016 Capital Budget (Primary)		87,195			
		2016 Capital Budget (Specialized)		121,280			
				208,475	206,799	1,676	
Corporate Services	ERP	ERP Peoplesoft Projects - HRMS upgrade	2015				
		2015 Capital Budget		339,905	315,440	24,465	
	Fleet	3/4 Ton 4x4 Pickup/Crew Cabs	2016				
		2016 Capital Budget		210,000			
		2015 Capital Budget		240,000			
				450,000	428,720	21,280	
Community Development	Transit	Bus Rebuilds	2016				
		2016 Capital Budget		360,000	395,266	(35,266)	

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Cancelled Projects			Budget Year				
Growth & Infrastructure Services	Planning	Levack CIP (Community Improvement Program)	2013	35,000	700	34,300	22
	Roads	Control Arms - Maley	2010	150,000	0	150,000	23
		Claude Street	2014	60,000	0	60,000	24
	Water	W/WW Disposal Site	2012	25,000	0	25,000	25
Community Development	Pioneer Mano	Telephone System	2013	70,000	-	70,000	26
Corporate Services	Assets	Various Roof Scans	2015	40,000	-	40,000	27
		Smoke Seal and Firestop	2014	25,000	-	25,000	28
		Elevator Car Door Restrictors	2014	25,000	-	25,000	29
		Smoke Seal and Firestop	2015	25,000	-	25,000	30
Community Safety	Fire	Bush Truck	2008	125,000	-	125,000	31

Variance Explanation Notes:

1	<p>Consultants were retained for future road project investigation and design services resulting in expenditures less than budgeted.</p> <p>The surplus was transferred to the Transportation Study.</p>
2	<p>Actual expenditures were higher than budgeted due to additional storm sewer replacement requirements that were not accounted for in the budget estimate. The storm sewer on Dollard was very deep with construction required in poor soil conditions which also required additional restoration to surface works.</p> <p>The overexpenditures were funded from Contingency (\$74K), Niemi Road (\$239K) and Long Lake Road (\$92K).</p>
3	<p>Actual expenditures were lower than budgeted as received favourable tender prices lower than the budget estimate, and also because a portion of the scope of work was deferred to 2017 to be completed with two bridge rehabilitations that were within the pavement rehab limits.</p> <p>The underexpenditures were used to fund Garson Coniston Road Bridge (\$660K), Old Soo Road Culvert (\$90K) and Junction Creek Bridge Kelly Lake Road (\$136K).</p>
4	<p>Actual expenditures were lower than budgeted due to favourable tender pricing lower than the budget estimate.</p> <p>The surplus was transferred to fund overexpenditures in Kelly Lake Road from Lorne to Bridge project.</p>
5	<p>Actual expenditures were higher than budgeted due to the scope of sidewalk and curb work being increased to use sidewalk funding from previous years. Also, additional repair areas were identified during construction.</p> <p>The overexpenditures were funded from other 2015 and 2014 Sidewalk/Curb (\$422K), 2015 and 2014 Traffic Calming (\$196K), Long Lake Road (\$125K) and Skead Road (\$175K).</p>
6	<p>Actual expenditures were slightly higher than budgeted due to additional road and driveway repair work that was identified during construction.</p> <p>The overexpenditures were funded from the Long Lake Road project.</p>
7	<p>Actual expenditures were slightly higher than budgeted due to additional patching work identified during construction.</p> <p>The overexpenditures were funded from the Future Road Projects.</p>
8	<p>Actual expenditures were higher than budgeted due to issues related to coordination with school board drainage and road work required by site plan control.</p> <p>The overexpenditure was funded from the Roads Contingency account.</p>
9	<p>Actual expenditures were lower than budgeted due to favourable tender pricing lower than the budget estimate.</p> <p>The surplus was used to fund 2016 Sidewalk/Curb (\$125K), Mikkola Road Bridge (\$160K), Froid Rd System Improvement (\$105K), Dollard Avenue (\$92K), Elgin Street (\$21K), and MR 15 MR 80 Intersection Improvements (\$11K).</p>
10	<p>Actual expenditures were lower than budgeted due to the road rehabilitation, drainage and driveway work being less than expected.</p> <p>The surplus was used to fund Carol Street (\$12K) and 2017 Surface Treatment of (\$41K).</p>
11	<p>Actual expenditures were lower than budgeted due to a combination of favourable tender pricing and remaining scope of work amalgamated with 2016 bridge/culvert repair.</p> <p>The surplus was used to fund 2016 Bridge Repairs.</p>
12	<p>Actual expenditures were lower than budgeted due to favourable tender pricing.</p> <p>The surplus was used to fund Future Road Projects.</p>
13	<p>Actual expenditures were lower than budgeted due to the tendered contract coming in lower than estimates.</p> <p>The remaining surplus was transferred to fund overexpenditures for Beatrice (\$231K) and Ash (\$122K) water mains.</p>

14	Actual expenditures were lower than budgeted due to the fact that this is an annual envelope on a multi year contract. Surplus is carried forward to fund lining in the following year. The remaining surplus will be used to cover any anticipated deficits for 2017 capital projects or will be transferred to the Capital Financing Reserve Fund - Water during the 2017 year end.
15	Actual expenditures were higher than budgeted due to tender coming in higher than estimate. The overexpenditures were funded from 2015 St. Nicholas (\$170K) and 2015 Contingency (\$36K).
16	Actual expenditures were higher than budgeted due to under estimating cost prior to completing design phase. The overexpenditures were funded from Operating Manuals (\$136K), and Water Quality Sampling (\$50K).
17	Actual expenditures were higher than budgeted due to immediate need of generator replacement being added to project scope. The overexpenditures were funded from Garson Well (\$323K) and 2010 Contingency (\$25K).
18	Actual expenditures were lower than budget due to less work being completed. The surplus was transferred to 2015 Sudbury Landfill Site Cell Closure project.
19	This was an unbudgeted emergency item that required re-allocation of funds from other accounts. The overexpenditures was funded from the Azilda Stormwater Pond (\$69K), Azilda Landfill Site Access Road (\$10K).
20	Staff purchased vehicles based on current and emerging priority needs. The budget for the four light rescue vehicles was used to purchase three commercial pumpers. The overexpenditures were funded from 2013 SCBA (\$53K), 2012 Technical Vehicle (\$72K), and 2014 Pagers (\$24K).
21	Actual expenditures were higher than budget as staff purchased vehicles (3 command units and 1 pickup truck) based on current and emerging priority needs. The overexpenditures were funded from the cancellation of 2008 Bush Truck budget of \$125K and funding from 2008 Hazmat training.
22	The project was cancelled as funds were reallocated to the Chelmsford CIP as approved by Council during 2017. There were no additional costs expected for the Levack CIP so it has been deferred for the time being and funds reallocated to the Chelmsford CIP.
23	The project was cancelled as funds were reallocated to Arvo Street project. The original project was canceled due to the work being completed by the rail company.
24	The project was cancelled as funds were reallocated to Long Lake Road project. Claude Street was paved and charged to a Curb and Sidewalk Replacement & Road Upgrading account in a previous year. Therefore, the budget for Claude Street was reallocated.
25	The project was cancelled as funds were reallocated to Stanley Street (from Ash to Pine) project. The original project was originally allocated in order to purchase land for Distribution & Collection dump sites. With the new policies in regard to dumping, this land is no longer required.
26	The project was cancelled as funds were reallocated to the Nurse Call System project and no longer required for a telephone upgrade project.
27	The project was cancelled as funds were reallocated to the Tom Davies Square - Elevator Replacement project. This project will be rebudgeted in a future budget year.
28	The project was cancelled as funds were reallocated to Tom Davies Square - Building Shell Investigation/Repairs (\$11K) and Tom Davies Square Elevator Replacement project (\$14K). This work is being completed as part of the Elevator project.
29	The project was cancelled as funds were reallocated to the Tom Davies Square - Elevator Replacement project. This project for 190 Brady will be rebudgeted in a future year.
30	The project was cancelled as funds were reallocated to the Tom Davies Square - Elevator Replacement project. This work is being completed as part of the Elevator project.
31	The project was cancelled as funds were reallocated to fund the purchases of the command units and pick up truck.

For Information Only

Status Report on Wrongdoing Hotline

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Thursday, May 25, 2017
Type:	Correspondence for Information Only

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report relates to the priority of "Responsive, Fiscally Prudent, Open Governance" as outlined in 2015-2018 Corporate Strategic Plan.

Report Summary

Issue: Residents and/or staff have filed complaints to the wrongdoing hotline.

Rule: In accordance with our priority of "Open Governance", complaints need to be properly investigated.

Analysis: Our analysis identified a higher than anticipated volume of complaints due to some confusion about the purpose of the Wrongdoing Hotline.

Conclusion: Approximately ten percent of the 80 complaints required investigations to be conducted. Eight of these investigations resulted in actions being taken to improve future compliance with CGS policies.

Financial Implications

No financial implication.

Signed By

Auditor General

Ron Foster

Auditor General

Digitally Signed May 25, 17

Status Report on the Wrongdoing Hotline

Seven Month Period Ended
December 31, 2016



BACKGROUND

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

This report summarizes Hotline activities on a monthly and year-to-date basis and provides information on the nature, status and disposition of specific complaints/allegations received during the period from June 1 to December 31, 2016. The next quarterly report on complaint statistics will be provided in April 2017 and the next detailed annual report will be provided in early 2018.

OBSERVATIONS

1. The volume of complaints has been higher than anticipated due to some confusion about the purpose of the Wrongdoing Hotline. Additional information will be provided on the website to channel service complaints to the City's 311 service and to channel employees to existing resolution processes. Forty percent of the complaints (32 of 80) have been referred to others for review. Thirty percent of the complaints (24 of 80) were not supported by the evidence or were subject to other resolution processes. Only ten percent of the complaints (8 of 80) required actions to be taken which is typical for municipalities that have implemented hotlines.
2. As staff members in Human Resources & Organizational Development and the Auditor General's Office spend significant time responding to wrongdoing complaints, the costs and benefits of the Hotline will be monitored and reported on a quarterly basis.
3. Three complaint investigations were contracted to third parties to ensure unbiased reviews of the facts occurred prior to making final decisions about outcomes and communicating with complainants. The cost of those investigations has totaled approximately \$19,000 and is being borne by the budgets of Human Resources and the Auditor General's Office.

COMPLAINT STATISTICS

Source of Complaint	YTD Number	June	July	Aug	Sept	Oct	Nov	Dec
Total complaints	97	25	7	10	11	13	11	20
Tests	4	2	0	0	0	0	2	0
Incomplete complaints	13	4	2	2	1	2	0	2
Complaints received	80	19	5	8	10	11	9	18
Complaints closed	64	19	5	7	9	6	9	9
Active complaints	16	0	0	1	1	5	0	9

Complaints Received	80
Referred to Bylaw for review	(14)
Referred to 311 for review	(4)
Referred to related Agencies and Boards for review	(2)
Referred to external law enforcement or courts	(2)
Referred to others as not related to CGS services	(10)
Complaints subject to investigation	48

Complaints Subject to Investigation	48
Closed as no evidence of wrongdoing found	(22)
Closed with no action planned or required	(2)
Complaints which required further analysis	24
Closed with action planned or taken (see table below)	(8)
Active complaints not yet analyzed	16

Complaint	Date	Complaints Closed with Action Planned or Taken
16-0026	July	Staff reminded of City policy on personal cell phone usage.
16-0027	July	Need for adherence to schedules reviewed by Transit staff.
16-0035	Aug	Job site etiquette reviewed with Roads and Transportation employees.
16-0055	Oct	Management spoke with the operator and will provide additional training if necessary.
16-0075	Nov	The timeliness of the work was reviewed by staff for an explanation and the concerns about rudeness were reported to the contracting organization
16-0081	Dec	Semi-annual status reports will be provided to the public on the wrongdoing hotline commencing in June 2017.
16-0084	Dec	There have been and will continue to be steps taken by Transit management in cooperation with employees and CUPE to attempt to address abuse of bus operators by the public.
16-0087	Dec	This complaint contains a good suggestion which has been forwarded to management in the area for review and action.

Subject of Complaints Investigated	Active Complaints	Closed Complaints	Total
Office of the Mayor	0	1	1
Members of Council	1	1	2
Contractors	2	4	6
Staff	13	26	39
Total	16	32	48

Complaint Number	Opened	Closed	Complaint/Allegation	Investigation Outcome
16-0001	June	June	Test	N/A
16-0002	June	June	Test	N/A
16-0003	June	Sept	Dog attack	ACR 718642
16-0004	June	June	Parking infractions	Referred to Bylaw Services
16-0005	June	June	Barking dogs	Referred to Bylaw Services
16-0006	June	Sept	Equipment lost at Azilda dump	No evidence of wrongdoing
16-0007	N/A	N/A	Complaint form not completed	N/A
16-0008	June	Aug	Results of investigation by the Mayor's Office	No evidence of wrongdoing
16-0009	Sept	Sept	City support for medical clinic in Chelmsford	No evidence of wrongdoing

16-0010	June	June	Conduct of staff	No evidence of wrongdoing
16-0011	N/A	N/A	Complaint form not completed	N/A
16-0012	June	June	Resident who yells at people	Referred to law enforcement
16-0013	N/A	N/A	Complaint form not completed	N/A
16-0014	N/A	N/A	Complaint form not completed	N/A
16-0015	June	Sept	Cooking device on apartment balcony	ACR 719325
16-0016	June	June	Shoreline alterations by employee in another municipality	Not related to CGS services
16-0017	June	Sept	Watering of lawn	Referred to Bylaw Services
16-0018	June	Sept	Watering of lawn	Referred to Bylaw Services
16-0019	June	Dec	Conduct of the Mayor	No evidence of wrongdoing
16-0020	June	Sept	Use of City equipment	No evidence of wrongdoing
16-0021	June	Aug	Renovations to City Street	No evidence of wrongdoing
16-0022	June	Aug	Purchases of big blue brute containers for recycling	No evidence of wrongdoing
16-0023	June	Sept	Price of waste containers	No evidence of wrongdoing
16-0024	June	Sept	Unfair contract award process	No evidence of wrongdoing
16-0025	June	July	Fairness of bidding process	No evidence of wrongdoing
16-0026	July	Aug	Use of personal cell phone by staff	Action planned or taken
16-0027	July	July	Bus failed to show up	Action planned or taken
16-0028	N/A	N/A	Complaint form not completed	N/A
16-0029	July	Sept	Personal use of city vehicle	No evidence of wrongdoing
16-0030	July	Aug	Alleged harassment in workplace	Closed with no action planned or taken as this complaint has been heard through the formal grievance process in Human Resources
16-0031	N/A	N/A	Complaint form not completed	N/A
16-0032	July	Sept	Use of firecrackers and fireworks	ACR 723876
16-0033	Aug	Sept	Actions of staff	No evidence of wrongdoing
16-0034	Aug	Aug	Kids smoking in public places	Referred to Bylaw Services
16-0035	Aug	Aug	Actions of City staff	Closed with action planned or taken
16-0036	N/A	N/A	Complaint form not completed	N/A
16-0037	N/A	N/A	Complaint form not completed	N/A
16-0038	Aug	Aug	Unacceptable wait times at road construction site	Not related to CGS services
16-0039	Aug	Open	Conduct of City staff on a job site	Open and under investigation
16-0040	Aug	Aug	Actions of Co-op program staff	Not related to CGS services
16-0041	Aug	Sept	Parking leaky camper trailer	ACR 727141
16-0042	Aug	Sept	Unfair contract award process	No evidence of wrongdoing
16-0043	N/A	N/A	Complaint form not completed	N/A
16-0044	Sept	Open	Potential harm to people	Open and under investigation
16-0045	Sept	Dec	Actions of a staff member	No evidence of wrongdoing
16-0046	Sept	Sept	Parking in park	ACR 728780

16-0047	Sept	Sept	Loud concert music in evening	No evidence of wrongdoing
16-0048	Sept	Sept	Garbage burning	ACR 729407
16-0049	Sept	Oct	Plumbing not to standards	Referred to Building Inspection for review
16-0050	Sept	Sept	Premature closure of dump	No evidence of wrongdoing
16-0051	Sept	Sept	Misuse of handicap parking.	ACR 729953
16-0052	Sept	Oct	Premature closure of Chelmsford wastewater treatment plant	ACR 730463
16-0053	Sept	Dec	Upgrade of fire hall kitchens	To be examined in audit of Fire Services
16-0054	Oct	Dec	Alleged conflict of interest	No evidence of wrongdoing
16-0055	Oct	Oct	Driving of a staff member	Closed with action planned or taken
16-0056	Oct	Open	Supervisory comments and conduct	Open and under investigation
16-0057	Oct	Oct	Garbage bag limits	No evidence of wrongdoing
16-0058	N/A	N/A	Complaint form not completed	N/A
16-0059	Oct	Open	Personal use of City vehicles	Open and under investigation
16-0060	Oct	Dec	Building inspection assignments	No evidence of wrongdoing
16-0061	Oct	Open	Complaint against a Councilor	Open
16-0062	N/A	N/A	Complaint form not completed	N/A
16-0063	Oct	Oct	Increase in parking fine	POA matter subject to Appeal See Council report Dec 2016
16-0064	Oct	Open	Price increase on contracts	Open
16-0065	Oct	Dec	Restricted use of library services	No action planned or taken
16-0066	Oct	Open	Request for fees reimbursement	Open
16-0067	Nov	Nov	Lack of signs to indicate road painting	Not related to CGS services
16-0068	Nov	Nov	Vehicle damaged by road paint	Not related to CGS services
16-0069	Nov	Nov	Complaint regarding Sudbury and District Health Unit	Not related to CGS services
16-0070	Nov	Nov	Actions of a private property owner	Not related to CGS services
16-0071	Nov	Nov	Test	N/A
16-0072	Nov	Nov	Test	N/A
16-0073	Nov	Nov	Expenditures of a non-profit housing board	Not related to CGS services
16-0074	Nov	Nov	Tenant on Ontario Works not paying rent	Not related to CGS services
16-0075	Nov	Nov	Quality of construction work	Closed with action planned or taken
16-0076	Nov	Dec	Illegal plumbing	Referred to Buildings Services
16-0077	Nov	Dec	Actions of Sudbury Housing staff	No action planned or taken
16-0078	Dec	Dec	Road through conservation area	ACR 737733
16-0079	Dec	Dec	Vehicles idling	ACR 737613
16-0080	Dec	Dec	Driving of city bus driver	ACR 737788
16-0081	Dec	Dec	Information on complaints to this	Closed with action planned

			hotline	or taken within this report
16-0082	Dec	Dec	Failure to collect garbage	ACR 738206
16-0083	Dec	Dec	Personal use of City vehicle	No evidence of wrongdoing found
16-0084	Dec	Dec	Bus drivers abused by customers and management	Closed with action planned or taken by transit
16-0085	Dec	Dec	Recyclable waste not collected	No evidence of wrongdoing
16-0086	Dec	Dec	Snowplowing on Hwy 144	Complaint referred to external entity
16-0087	Dec	Dec	Lack of green bin in a City facility	Closed with action planned or taken
16-0088	Dec	Open	Complaint about a supervisor	Open
16-0089	N/A	N/A	Complaint form not completed	N/A
16-0090	Dec	Open	Privacy issue	Open
16-0091	Dec	Open	Allegation regarding invoices of a contractor	Open
16-0092	Dec	Open	Use of foul language by staff	Open
16-0093	N/A	N/A	Complaint form not completed	N/A
16-0094	Dec	Open	Complaint about a supervisor	Open
16-0095	Dec	Open	Residents pushing snow onto the road	Open
16-0096	Dec	Open	Failure to be fair during the resolution of a complaint	Open
16-0097	Dec	Open	Complaint about a supervisor	Open

Request for Decision

Status Report on Previous Audit Observations and Action Plans

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Friday, Jun 02, 2017
Type:	Correspondence for Information Only

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report relates to the priority of "Responsive, Fiscally Prudent, Open Governance" of 2015-2018 Corporate Strategic Plan.

Report Summary

- Issue: Audit observations may not be addressed on a timely basis.
- Rule: Management should address audit observations within time lines identified by their action plan.
- Analysis: The Auditor General's Office reports annually on the status of action plans.
- Conclusion: The self-assessment report indicates that 86% of the action plans have been completed.

Financial Implications

No financial implication.

Signed By
Auditor General Ron Foster Auditor General <i>Digitally Signed Jun 2, 17</i>

Status Report on Previous Audit Observations and Action Plans		
	Presented To:	Audit Committee
	Presented :	Tuesday, June 20, 2017
	Report Date:	Monday, May 24, 2017
Type:	Report	

Background

The Auditor General's Office maintains an ongoing follow up process which consolidates management's self-assessments of the status of their action plans to address audit observations. Annual reports are provided to Council with the aim of documenting the actions taken to date and anticipated dates for completion.

The self-assessment reports are not evaluations provided by the Auditor General's Office and provide no assurance to Council. Instead, the self- assessments provided in the "Actions taken, results and /or actions planned" section are in management's own words and are unedited. The Auditor General's Office reserves its authority to conduct progress audits to independently validate the progress made in addressing audit observations and Observations.

Self-Assessment Follow Up Report Compiled by Auditor General's Office

The appendices attached to this report contain detailed self-assessment reports for the following audit reports:

- Roads - Miscellaneous Winter Maintenance
- Accounts Payable
- User Fees – Sports Fields
- Transit and Community Arena Advertising Agreement
- Environmental Service Waste Collection Contract
- Building Services, Building Permits & Committee of Adjustment
- Contract ENG11-42
- Follow-up of Competitive Procurement
- Long Term Financial Planning

SUMMARY OF STATUS OF MANAGEMENT'S ACTION PLANS AT MAY 15, 2017

	Year Report Issued	Total # Of Action Plans	Fully or Substantially Implemented Including Alternative action	Action Plan Partially Implemented	No Substantial Action Taken
Roads Miscellaneous Winter Maintenance	2010	32	32	0	0
Accounts Payable	2011	19	19	0	0
User Fees – Sports Fields	2012	9	5	3	1
Transit and Community Arena Advertising Agreement	2013	5	4	1	0
Environmental Service Waste Collection Contract	2014	10	9	0	1
Building Services, Building Permits & Committee of Adjustment	2015	11	9	2	0
Competitive Procurement	2014	15	12	3	0
Contract ENG11-42	2016	4	4	0	0
Long Term Financial Planning	2017	5	1	4	0
Total		110	95	13	2
% By Status		100%	86%	12%	2%

Conclusion

Approximately **86** percent of the above audit action plans have been fully completed whereas only no substantial action has been initiated yet for only **2** percent. Another status report will be provided to Audit Committee a year from now.

AUDIT Follow Up Report

To : Audit Committee

From : Ron Foster, Auditor General

Re: Roads – Miscellaneous Winter Maintenance audit

Audit Report released	June 2010
Original # of Observations	32
# of Action Plans Previously Completed	30
# of Action Plans Now Closed	2
# of Action Plans on Next Follow Up	0
Status As of May 15, 2017	Complete

Observation and Summary of Progress <small>(Based on Self-Assessment conducted by Roads Division)</small>	Self-assessed Status
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Observation 3 (a)

It is recommended that the City continue to extend the implementation of an AVL/GIS system that will capture the entire roads infrastructure. This will reduce the need for paper based road patrol reports as the information can be captured timely and accurately, right into GIS. Therefore, our road data will be available for reference purposes. It will be complete, accurate and timely. This information will also assist in the investigation of claims by reducing the amount of time required to trace through paperwork. Since an AVL/GIS system contains all the maintenance information, it can also be used to track potholes and plan the most efficient and cost effective repair for a section of road. This will ensure that once a pothole is identified, it is repaired according to minimum maintenance standards. The system should handle work orders, in order to track the productivity of the crews.

Complete

Original Management Response

Staff agree. Staff have been investigating an electronic road patrolling system which would be tied to the ACR system. It is anticipated this will be in place with the new MMMS system.

Actions Taken, Results and /or Actions Planned - As of May 31, 2014

The AVL equipment is 80% installed, and will be completed prior to the start of the 2014/2015 winter control period. The Route Completion Software is in development with a trial expected to start in November 2014.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

The AVL equipment is installed in the Winter Control Fleet (both City vehicles and Contract vehicles) and in the Supervisors vehicles. The Route Completion Software trial is ending, and is scheduled to be fully functional by the end of 2016.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The Route Completion software is functional. The review of a Road Patrol Software will commence at the end of 2017.

Observation 3 (b)

Management needs to improve procedures related to road patrol documentation to ensure regulatory requirements for patrols and repairs are consistently met.

Complete

Original Management Response

Paper copy road patrol records are being kept and are continuously being improved. Staff follow the province's road patrol documentation process. Staff have been investigating an electronic road patrolling system which would be tied to the ACR system. It is anticipated that this will be in place with the new MMMS system.

Actions Taken, Results and /or Actions Planned - As of May 31, 2014

The Route Completion software is in development. Following completion, the development of the Road Patrol software will commence.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

The Route Completion software is nearing completion, the development/selection of the Road Patrol software will commence afterwards.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The Route Completion software is functional. The review of a Road Patrol Software will commence at the end of 2017.

Re: Accounts Payable audit

Audit Report released	May 2011
Original # of Observations	19
# of Action Plans Previously Completed	18
# of Action Plans Now Closed	1
# of Action Plans on Next Follow Up	0
Status As of May 15, 2017	Substantially Complete

Observation and Summary of Progress (Based on Self-Assessment conducted by Finance)	Self-assessed Status
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Observation (g)

Invoices should reflect a Purchase Order (PO) generated within PeopleSoft. A PO system allows a three way match between invoice, PO and receipt of good. Therefore, all three must match in order to generate a payment. Once a match is made, the PO is closed and no further payments can be processed; thus preventing a duplicate payment. Although Finance is in the process of moving more PO's to PeopleSoft, it is understood that full implementation is still a few years away.

Substantially Complete

Original Management Response

At the time that PeopleSoft was implemented, the business process that was established included using PeopleSoft POs for purchases greater than \$5,000 as well as blanket POs and contract numbers. For purchases less than \$5,000 legacy POs and contract numbers and blanket POs if appropriate were to be used. When purchases are made pursuant to a contract, blanket purchase number or legacy PO, the operating department approves the actual invoice for payment by the appropriate signing authority signing the invoice. The signature is evidence that the operating department has authorized the purchase, received the purchase and confirms that the invoice accurately charges for goods or services that were authorized and received and is in accordance with the contract, blanket order or legacy purchase order and is therefore authorized for payment. We do agree that there is a need to move more purchases to PeopleSoft POs and to this end a project was initiated in the fall of 2009 to review the purchasing and payables cycle.

There are many Observations that have stemmed from this review and staff continues to work to implement these Observations. A key Observation was to move more purchases to PeopleSoft POs. Changes to the purchasing cycle involve extensive changes to business processes as well as cultural change and consequently will take some time.

Actions Taken, Results and /or Actions Planned - As of May 31, 2014

The City has made progress on the foundational pieces to improve the City's procure to pay cycle. These foundational pieces include: Purchasing By-Law, business process review / policy development, expansion of PeopleSoft functionality and integration with the new CityWorks MMMS system. Once the foundational pieces are complete, and resources are identified in operating departments, management plans to amend City policies to make the use of electronic purchase orders mandatory.

Managing the pace of change in the organization has been top of mind to the Chief Financial Officer, and Senior Management Team. The Finance Strategic plan outlined the required action items to achieve the goals, in a balanced approach, at a pace that the organization can manage with the resources it has.

In June, Finance has scheduled training for authorized employees, and we will take the opportunity to continue to encourage the use of PeopleSoft Purchase Orders, where efficient.

Update on Procurement Contract Functionality and PeopleSoft Purchasing Module

The work on Procurement Contract functionality has been advancing at a slow pace, since challenges were discovered. As reported to City Council, Spyre Consultants was hired and performed a review of the City's use of the PeopleSoft Purchasing functionality. The recommendations from these reports are being reviewed and prioritized. Additional resources will be required to implement the recommendations and business process changes. Finance is in the process of hiring a temporary ERP Project Manager to assist with the implementation.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

The City continues to make progress in the use of PeopleSoft functionality specifically for Procurement Contracts. The City has started tracking contracts in PeopleSoft and has established a process to track standing offers and multi-year contracts. Finance continues the work on Procurement Contracts functionality to be able to track spending and has an ERP Project Manager until May 2017 to continue to expand the use of Purchase Orders.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Further improvements have been made, with assistance of an ERP Project Manager, in the City's use of PeopleSoft to start tracking spend on Multi-Year contracts, including Standing Offer Agreements. The multi-year contracts used by the City are now routinely setup and maintained in the PeopleSoft Procurement Contracting Module. The module is also used, as of 2016, to track renewal and expiry dates by Contract enabling a timely renewal and re-tendering of procurement requirements.

Re: User Fees – Sports Fields audit

Audit Report released	November 2012
Original # of Observations	9
# of Action Plans Previously Completed	5
# of Action Plans Now Closed	3
# of Action Plans on Next Follow Up	1
Status As of May 15, 2017	Some delays

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Development)	Self-assessed Status
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Observation 1

Evaluate whether the youth per participant rate should be replaced with an hourly rate. If any changes are required, it should be reflected within the User Fee By-law approved by Council.

No substantial action taken

Original Management Response

Review impact of any potential changes to minor sports playfield user fees and prepare a report to Standing Committee with options re: participant rates vs. hourly, etc. The review will be conducted in time for the 2014 playfield season.

Actions Taken, Results and /or Actions Planned - As of May 31, 2014

The original deadline to submit a report to the Community Standing Committee as identified on June 30, 2013, was not realized. The analysis will be completed and presented to the Community Standing Committee for direction in early 2015.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

The analysis regarding youth participant rate vs. hourly rate charges will be presented to Council as part of the 2017 budget process.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

A business case will be prepared for the Executive Leadership Team regarding implementing an hourly rate vs. the existing per youth participant rate as part of the 2018 budget process.

Observation 4

If the City continues to charge a per participant fee for youth associations, Leisure Service should consider including a provision for participant number verification rights within the Facility Agreement for youth leagues similar to other revenue generating contracts within the City.

Partially
Implemented

Original Management Response

Contingent on any decisions made from Observation #1. The requirements would have to be incorporated into the facility use agreement.

Actions Taken, Results and /or Actions Planned - As of May 31, 2014

The department will be requesting a signed letter from each minor sports organization confirming the total number of registrations.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

At the beginning of each field season (June), each youth sports group must submit their confirmed registration numbers. Based on this figure, groups are billed their participant rate amounts for the current year. After the season is over in September/October, they are asked to confirm their numbers and a reconciliation process is performed based on any changes in participant numbers over the term of the season.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Minor sports associations are still required to confirm participant numbers in June of each season. The reconciliation process will still take place at the conclusion of the season (September/October). Sports associations will be asked for additional supporting documentation to confirm participant numbers (e.g. copies of information submitted to respective provincial sports governing body).

Observation 5

A best practice for user fees is for the City to set a policy framework that provides transparency and clarity, promotes consistency, and makes cost sharing amongst users more equitable. Management should present user fee target recovery options to Council after performing a full cost analysis. Since the decision for establishing user fees rests with Council, full cost analysis will better inform Council of cost recovery target options as well as their impact on user fees. Management may want to consider implementing these Observations within Leisure Services prior to rolling it out to other departments within the City.

Partially
Implemented

Original Management Response

The City's Base Budget Preparation Policy states "that when establishing user fee rates, the (a) Cost of service, including direct, indirect costs, allocation of capital costs etc. should be considered." In addition, policy #7 of the Long Term Financial Plan states "Ensure operating revenues are sustainable and consider community-wide and individual benefits (taxes versus user fees)". In addition, there are a number of principles that provide guidance to management regarding user fees. For example, principle 3.3 states "Establish target proportions of program costs to be raised through user charges based on reviews of benefits received; Principle 3.6 states "Ensure both operating and capital costs are considered when establishing user fees (full program costing)".

Management agrees that the City should expand the use of the existing policy framework when setting user fees. As a first step, the Finance and Leisure Services department will prepare a report to Finance and Administration Committee which discloses the current and historical user fee recovery percentages for the larger programs in Leisure Services, and to seek the committee's direction regarding increasing user fees to address the City's infrastructure shortfall or to reduce the tax levy.

In addition, as part of the 2013 budget planning session, Council requested a detail breakdown on the operational costs for the following programs:

- a) camp Sudaca / Wassakwa
- b) summer playground programs
- c) fitness facilities
- d) trailer park operations

Actions Taken, Results and /or Actions Planned - As of May 31, 2014

The fitness fees are currently being reviewed and an observation will be presented to CS Standing Committee in 2015. The department is using the City's base budget preparation policy as a guide in establishing user fee rates. In addition the Parks, Open Space, Leisure Master Plan review as part of the implementation strategy have identified an action plan on user fees & cost recovery. The plan recommends that Staff regularly assess rates and fees for Leisure programs and facilities to ensure that they represent a fair and equitable balance between true costs and public benefits. It is recommended also to include annual capital requirements within

the cost recovery targets to provide a true indication of the balance between user fee contributions, taxation, and other funding sources. The master plan review provides Observations on developing an Affordable Access to Recreation policy in order to bolster universal access to physical activity and recreation opportunities based on an ability -to-pay model. The draft Parks, Open Space, Leisure Master Plan review will be presented to CS Standing Committee on June 16th, 2014.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

As part of the 2013 budget planning process, a user fee strategy was presented for summer programs and adopted by City Council. A similar strategy was presented for fitness facility fees, however was rejected by Council. The Director of Leisure Services will be resubmitting a user fee strategy for fitness fees and an overall user fee strategy to the Community Services Committee in late 2016, early 2017.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The Leisure Services Division has researched user fee frameworks from other municipalities including Barrie. The user fee framework developed by Northern Leadership Project participants has been piloted by Finance in other areas. Leisure Services to work with Finance to develop a user fee framework for review by the Finance and Administration Committee.

Observation 9

Ensure the Joint Use Agreements are updated in a timely fashion with all school boards participating in this agreement. Ensure they accurately reflect the current understanding amongst all the parties in regards to field maintenance, usage and restrictions.

**Partially
Implemented**

Original Management Response

Leisure staff have been working on renewing the joint use agreement since the fall of 2011. A number of meetings have been held with representatives from all Boards of Education in order to revise and update the Joint Use Agreement. A draft agreement will be circulated to senior staff and will be presented to Council for feedback. The objective is to finalize the agreement by year end 2013.

Actions Taken, Results and /or Actions Planned - As of May 31, 2014

The draft is being reviewed by the respective boards and legal departments. The draft agreement is scheduled to be completed and presented to Council for their review by September 2015.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

This Observation is ongoing. This is a complex issue which the Director of Leisure Services has taken the lead on. It is the goal of Leisure Services to provide an update to the Community Services Standing Committee in late 2016 or early 2017.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

In order to determine the value of services provided and received through joint use arrangements, Leisure Services staff are calculating the following:

- Value of arena ice time provided to school boards, Sudbury District Secondary School Athletic Association (SDSSAA)
- Value of play field time provided
- Value of pool time provided
- Value of ski hill lessons provided
- Value of other maintenance services provided through Parks Services as per joint use arrangements
- Value of school board facilities used by City of Greater Sudbury recreation programs

Information to be finalized by August 2017. Once collected, information will be shared with school boards to help frame future joint use agreement discussions. Discussions with school boards to commence in Fall 2017.

Re: Transit & Community Arena Advertising Agreement

Audit Report released	August 2013
Original # of Observations	5
# of Action Plans Previously Completed	4
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	1
Status As of May 15, 2017	Some delays

Observation and Summary of Progress (Based on Self-Assessment conducted by Transit)	Self-assessed Status
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Observation 5

Transit advertising services should be separately contracted out (unbundled). Revise the process for issuing and awarding Transit and Community Arena Advertising Agreement with the objective of maximizing competition and potential advertising revenues for the City.

Partially implemented

Original Management Response

Comment - Management agrees with the unbundling of the agreement.
Action Plan Lead – Director of Transit and Fleet Services – Manager of Arenas
Timing - At agreement renewal or new RFP

Actions Taken, Results and /or Actions Planned - As of May 31, 2014

The agreements will be unbundled prior to issuing and awarding a new Transit and Community Arena Advertising Agreement with the objective of maximizing competition and potential advertising revenues for the City.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

The agreements will be unbundled prior to issuing and awarding a new Transit and Community Arena Advertising Agreement with the objective of maximizing competition and potential advertising revenues for the City.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The agreements will be unbundled prior to issuing and awarding a new Transit and Community Arena Advertising Agreement in the fall of 2019.

Re: Environmental Service Waste Collection Contracts

Audit Report released	June 2014
Original # of Observations	10
# of Action Plans Previously Completed	1
# of Action Plans Now Closed	8
# of Action Plans on Next Follow Up	1
Status As of May 15, 2017	Some delays

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Development)	Self-assessed Status
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Observation 1.1

The City’s performance indicators relating to community impact, service level and efficiency are comparable with other municipalities in Ontario; potential for cost reduction could be realized from the following:

1. Reducing the number of garbage bags collected per household and
2. Reducing the frequency of garbage collection.

Substantially Complete

Original Management Response

Management agrees that there are opportunities to reduce garbage collection costs and to increase waste diversion. These items have already been discussed by the Solid Waste Advisory Panel and they are intended to be brought forward for discussion as part of the 5 Year Solid Waste Strategy (tentatively scheduled for the Operations Committee in early 2015).

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

On March 8th, 2016, Council approved the reduction of the garbage bag limit and reducing the garbage collection frequency. The garbage bag limit will be reduced from 3 to 2 units in October 2016. Followed by another decrease from 2 to 1 units in October 2019. The co-collection of garbage and leaf & yard trimmings is scheduled to switch from a weekly service to an every other week service in February 2021.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

As detailed above, the garbage bag limit was reduced from 3 to 2 units in October 2016. No cost reductions were attained with the reduction of this bag limit. Cost reductions are expected once the frequency of garbage collection is reduced from weekly to every other week.

Observation 1.2

The price paid by the City for collection of garbage and recyclables/organics is based on the size of container and tipping fees payable (only for garbage). Separation of tipping fee reimbursement and collection/lift fee in the next collection tender would facilitate maintaining a consistent price for collection/lift fee for garbage and recyclables/organics.

Complete

Original Management Response

Management agrees that the Contractors have bid differently on front-end collection services for the High Density Residential (HDR) sector.

Management has no objections to the Auditor's request to separate the collection and disposal costs for front-end collection in the next collection tenders.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

This pricing structure will be adopted as part of the next waste collection tender scheduled for October 2016.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

This has been completed.

Observation 1.3

a. Index

The collection contracts provide an adjustment for increase/decrease in cost for 90% of contracted rates (excluding fuel) based on the year to year "CanaData Composite Construction Cost Index for Ontario". The above comparison illustrates the quantum of additional payments made to waste collectors, if CPI index was used instead of CanaData Construction Cost Index. For 2013, such additional payment amounts to \$305,467 (@ 5.2% of 90% of \$6.5 Million).

Complete

b. – Fuel

Payment adjustments for increase/decrease in costs were originally outlined in clause 28 - Division # 3 of tender document. Procedures to calculate payment adjustment for fuel price changes were further clarified by Addendum No. 2 subsequently. However, it was noted during

the audit that despite this Addendum No. 2 clarification, actual monthly fuel price adjustments are not in compliance with contract terms.

Original Management Response

a. - Index

Finance staff had already identified that changing the inflationary index used in Contract tenders from CanaData Construction Cost Index to CPI Ontario would result in annual savings. Waste Management Contracts awarded since July 2009 (ISD 09-15 for Sample Collection and Analysis) have already switched to using CPI Ontario as the inflationary index, and all future waste contracts will continue this trend if an index is incorporated.

b. – Fuel

Management and Supplies & Services staff will ensure that future tenders that contain a fuel escalation clause include an effective date for the base fuel price.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

The CPI index is being used for all revised service contracts and will be used in the next waste collection tender scheduled for October 2016.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

This has been completed. The index being used is the Stats Can Consumer Price Index for Transportation.

Observation 2.1

Goals and performance measures for waste management have been defined and stated by certain Municipalities in Canada. Such criteria provide an objective basis for periodic comparison to assess performance relating to waste diversion, recycling and other initiatives over time.

Complete

The City of Greater Sudbury has not formally maintained such periodic performance measures. Only certain statistics are tracked for annual reporting to Ministry and funding claims. In the absence of formal measures, no assessment over time could be performed for the period of waste collection by contractors for the City from 2006.

Original Management Response

A “5 Year Solid Waste Strategy” is being developed with input from the Solid Waste Advisory Panel. This document will include but not be limited to goals and planned actions. This report is tentatively scheduled for the Operations Committee in early 2015. Once the draft plan is approved, performance measures over and above the current OMBI measures can be developed.

Management believes that the estimated savings provided in the report is high, but supports the Auditors Observation to conduct a business case that will review the financial and operational impacts

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Management has reviewed the performance metrics with the Auditor General's Office. A variety of performance metrics will be adopted in the next waste collection tender schedule for October 2016

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

This has been completed and is an ongoing process.

Observation 2.2

The auditors attempted to perform a comparative productivity analysis for each of the four designated areas to assess relative efficiencies and cost/price patterns. As the above statistics were not being created and maintained by Environmental services, no productivity/efficiency comparisons could be performed.

Substantially Complete

Original Management Response

Management will continue to perform annual audits for approximately 100 households per year. The audit will continue to measure participation rates, set-out rates and capture rates.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Management has reviewed the performance metrics with the Auditor General's Office. Once the performance metrics are in place, productivity comparisons will be performed. This will commence in 2017.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

To the extent possible, comparisons of productivity/efficiency are ongoing.

Observation 3.1

Certain terms and conditions were noted in the contracts that may benefit the City, while certain others may benefit the contractors. These terms and conditions appear to be contrary to the price paid by the City for amount of services received. The net impact in cost to the City could not be estimated as no details to estimate are being maintained.

Complete

Original Management Response

Management agrees that opportunities for improvement exist and will include definitions in the next collection tenders for household dwellings and stops. A more detailed household count process is currently under development and should be available for the next collection tenders (this relates to the new GPS system).

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Enhanced definitions on terms and processes are being prepared and will be included in the next waste collection contract scheduled for October 2016.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

This has been completed.

Observation 3.2

In Contract #2005-49 clause 20 in Division #3 provides clarification and information on items listed in the 'Schedule of Unit Prices' (Division #2). However, references in Division #3 for the following three items do not match with corresponding items listed in Division #2.

Complete

Original Management Response

Management agrees the three scope items did not match the corresponding item number in the schedule of unit pricing schedule. This administrative error caused no financial impact and would have simply been corrected if the successful contractor had made the request.

Management and Supplies & Services staff will endeavor to minimize this type of error in the future.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Staff will endeavor to minimize this or any other type of error in future contracts including the next waste collection contract scheduled for October 2016.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

This has been completed.

Observation 4.1

Audit noted that Environmental services did not have individuals with a finance background and experience to facilitate and perform operational financial analysis to support the division, similar to certain Infrastructure Services Divisions.

**Substantially
Complete**

Original Management Response

Yes, there is no dedicated Finance position that supports this Division. However, Finance assigned a dedicated Senior Budget Analysis to the Growth & Development Department in June 2010. This position supports the various Divisions of the Growth & Development Department. Finance is supportive in establishing a dedicated financial support position for Environmental Services.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

An additional FTE would require the consent of Council.

Observation 4.2

In light of restrictions imposed by most cities in Ontario on the quantity and frequency of bulk item collected curbside, opportunities for cost reduction may be explored.

**No Action
Taken**

Original Management Response

The unlimited weekly collection of defined bulk items is an approved service level.

A change in service level would require the consent of Council.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

A change in service level would require the consent of Council. On March 8th, 2016, Council approved to continue the current program with a new 'Call in/E-mail in' service. Opportunities for cost reduction will be explored as new programs are developed under the new Waste Free Ontario Act.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Council supported the continuation of the current bulky (Furniture & Large Items) program in 2016. The frequency of this program will be reduced once garbage collection changes from weekly to every other week in 2021. Opportunities for cost reduction will be explored as new programs are developed under the Waste Free Ontario Act.

Re: Building Services, Building Permits & Committee of Adjustment

Audit Report released	June 2015
Original # of Observations	11
# of Action Plans Previously Completed	4
# of Action Plans Now Closed	5
# of Action Plans on Next Follow Up	2
Status As of May 15, 2017	Some delays

Observation and Summary of Progress (Based on Self-Assessment conducted by Building Services)	Self-assessed Status
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Observation 1.1

Delays in updating tax rolls by MPAC could delay tax collections and extended delays over two years could result in unrecoverable taxes in accordance with the provisions of the Assessment Act, 1990.

Complete

1. No analysis has been attempted on a similar basis for Building permits issued from 2008 for Industrial and Commercial segments.
2. No analysis appears to have been completed, on a similar basis for Building permits issued for residential properties.

Original Management Response

As a result of this audit, the current Property Assessment Representative reviewed the sample of 98 building permits from 2001 to 2007. Based on this review in 2015, management believes that assessment returned by MPAC on the 98 permits appears reasonable. The two building permits from 2001, do reflect additional assessment, however further investigation would have to be conducted to determine if the assessment and timing were appropriate.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

A random sampling of permits issued after 2008 was completed. The results were positive and a formal review was deemed to be unwarranted. In our opinion, due the Finance Departments' recent close scrutiny of building permits, MPAC was reactive and addressed the inventory of mining related permits.

More recently, in following the assessment base management procedures, an issue was identified. MPAC was contacted to ensure building permits at mining properties were actioned and as a result it was discovered that legislated time lines were missed resulting in a revenue loss to the municipality.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

If we had an integrated property system it might facilitate indentifying building permits categorized as “complete” by Building Services. This would give the Tax Department an opportunity to prompt the Municipal Property Assessment Corporation (MPAC) to act accordingly.

In the interim all occupancy permit inspections will generate notification to the Finance Department for follow-up with MPAC.

Observation 1.2

Construction of mining properties may be initiated without a Building Permit. No formal process exists within the Tax department to track such construction activities for inclusion in the tax rolls.

Complete

Original Management Response

Building permits in the mining industry are complex and the City of Greater Sudbury only receives building permit applications in accordance with provincial legislation. Some mining activities and related structures are exempt from assessment and permit requirements. CGS’s access to mining properties is driven by building permits and analysis performed when assessment appeals are received. Building services has currently developed an engineering standard with the largest mining company to assist them in knowing what construction attracts a building permit application.

The CGS, through its property assessment representative, will continue to monitor mining activity by liaising with Building Services staff, viewing mining company websites and media reports, as well as identifying assessment growth when analyzing appeals, and inspecting mitigation applications such as commercial vacancy and demolitions.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Finance staff continues to liaise with partners in Building Services and MPAC to ensure permits are actioned within legislated time lines. The draft Service Level Agreement (SLA) agreement between municipalities and MPAC addresses the need for collaboration and holds all parties accountable for the timely exchange of information. Our latest communiqué with MPAC indicates the roll out of the SLA agreement is imminent.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The service level agreement is now in place and addresses the need for the regular submission of building permit information. It may be appropriate to have Building Inspectors notify MPAC's assessors when they are doing on-site mining inspections. Simultaneous inspections may benefit all parties in this regard.

Observation 1.3

The current focus of staff at CGS in the Tax department comprising 11 staff is, providing customer service to residents, distributing tax notices and updating results of appeals; with a single contract resource responsible for maintaining the integrity of tax rolls. The current full time resource (in comparison to the previous part time resource) may not be sufficient to maintain adequate assurance over tax rolls considering the above risks.

Complete

Original Management Response

CGS has volunteered to participate in a pilot project with the proposed service level agreement between MPAC and the municipal sector. By participating in this project, CGS will have a voice in the adoption of a service level agreement to the mutual benefit of MPAC and the City. This will also improve our ability to formulate and complete an assessment base management policy designed to not only identify and capture assessment growth but also to administer provincially mandated mitigation programs in keeping property tax loss to a minimum.

The timing of our participation in the pilot project and the progress of the service level agreement is dependent on MPAC and the manager of taxation and the City's property assessment representative will collaborate on this initiative.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Our latest communiqué with MPAC indicates the roll out of the SLA agreement is imminent.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The service level agreement has been finalized and is being implemented in stages through the province. As an original stakeholder participant, CGS staff is currently receiving status and compliance reports from MPAC.

Observation 1.4

MPAC periodically updates assessed values based on upgrades and additions to properties noted during field work and market intelligence. The audit noted three properties, where a Building Permit was not obtained prior to construction/upgrade. These properties were part of a list of thirty six properties included in supplementary assessment in June 2014 where maximum arrears of taxes were recovered. A test check by audit of eight of such properties indicated that no Building permit was issued for three properties.

Complete

Original Management Response

As a result of this Audit, management has gained valuable information that will assist in the development of an assessment base management policy which will document the existing procedures which are in place. In addition, the policy will include expanded procedures that will be implemented to monitor the timeliness of MPAC's delivery of supplemental/omitted assessment. The timing of our participation in the pilot project and the progress of the service level agreement is dependent on MPAC and the manager of taxation and the City's property assessment representative will collaborate on this initiative.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

As mentioned in 1.3, it is anticipated that the SLA will address the timelines of MPACs delivery of supplementary and omitted assessment.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

As noted in management's response 1.3, the service level agreement is in place and status/compliance reporting is being submitted by MPAC.

Observation 2.1

The Building Services department relies on multiple systems relating to information such as Building Permits, inspection notes, cash collections, taxes and tracking of issued 'Orders to Comply'. These systems are not integrated and contain limited information about a property that may be more meaningfully used if they were integrated. Integration of multiple systems would be beneficial and may be attempted considering the information need, workflow and privacy provisions.

Partially
Implemented

Original Management Response

We agree that having a single property database inclusive of all these various legal, departmental interests, impediments or requirements to be dealt with at permit review so they may be conveyed to owners and consultants would be beneficial. This is why we have committed to the development industry to move forward with a new integrated land and property management system. This is why we have committed to the development industry to move forward with a new integrated land and property management system. This would be a City-wide, property centric system that provides a comprehensive history for all properties and land in the City. A scoping study has already been initiated with staff, Information Technology and an outside consultant including a financial budgeting program, for this Land Property Management System (LPMS). A report was provided to Council on May 12, 2015, on the project. The LPMS would replace a number of pre-existing solutions, simplifying the current complex systems environment and providing key functions.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Although the scoping document for the Land Property Management System software was completed, the financial budget commitments for the larger scope of project with additional departments was not available. However, recently the “Gearing Up For Growth” Advisory Panel of Council Resolution (June 14, 2016) identifies Land Property Management System (LPMS) as key step for the City to become a more development friendly community. As well, the development of a LPMS software package forms part of Council’s Strategic Plan passed earlier this year. A Business Plan is to be presented to Council later this year to assign budget dollars from Building Services’ Reserve funds, to accomplish the smaller scoped project, including Planning and Compliance & Enforcement.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The Building Services Reserve Fund to accomplish the smaller scaled project including Planning & Compliance & Enforcement has been established for the Land Property Management System (LPMS). Staff are currently working on project charter, governance model and allocating staff to core project team, Directors Steering Committee and Business team. A contract project manager’s job description and selection are to be completed by the 4th Quarter of 2017. Currently a process rationalization review is underway for all Planning Act processes scoping and Business Plans for site plan control, rezoning, Committee of Adjustment and the Consent process within the building permit regime in anticipation of the LPMS tender call.

Observation 4.3

Building inspections are scored a 'Pass' or a 'Fail'. While the current "Inspectors Plus" system has functionality to record reasons for failure this functionality was not always being used. Recording results of inspection areas that partially pass (or fail) would facilitate a subsequent follow-up inspection. For example, reasons such as "Work-in-Progress", "Work Not Started", "Work Suspended", "No Access to inspect", etc. can all be documented and acted upon during a follow-up inspection. Such an analysis could potentially result in savings by avoiding repetitive inspections of an area, and a database of such analysis would identify particular weakness of contractors in objectively assessing performance.

Partially
Implemented

Original Management Response

InspectorPlus has the functionality to record reasons for failure. It includes ability to field print out inspection notices documenting those deficiencies for the information of the contractor/owner and follow-up inspections. The base document is electronically stored in the building permit database and time stamped. With respect to an analysis of particular contractor weakness by having a database of our most frequent deficiencies, we agree that this would be useful and will be built into our Request for Proposal (RFP) for new Land Management Property (LMPS) software discussed in Observation #2.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

See response for 2.1 on the Land Property Management System (LPMS)

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

See response for 2.1 on the Land Property Management System (LPMS).

Observation 4.4

We were informed during the audit that the Building Permit department is in the process of developing a procedure manual for various functions. Currently a documented manual is not in existence to facilitate reference and training for new employees and knowledge sharing.

Complete

Original Management Response

Policies and procedures do exist. Technical manuals and Bulletins for the industry are issued for new Code changes. Regularly check lists are used both in InspectorPlus and hardcopy for Inspectors, Plans Examiners, Permit Customer Service Clerks and Front Counter Plans Examiners. Technical staff are trained and examined to Provincial standards on an ongoing basis. Further, their status is posted on the Ministry of Municipal Affairs & Housing website for public review. Administrative Permit Customer Service Clerks have procedures issued to them and these are regularly updated for legislative changes such as Source Water Protection, Planning Policy changes and OBC changes. However, we agree with the Auditor that a process flow chart documenting the Building Permit and Inspection process from start to completion may have value for new employees and customers.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

The process flow chart documenting the Building Permit and Inspection Process has been initiated and will be completed in the last quarter of 2016.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The process flow chart and documentation has been completed (see attached).

Re: Competitive Procurement

Audit Report released	June 2015
Original # of Observations	15
# of Action Plans Previously Completed	9
# of Action Plans Now Closed	3
# of Action Plans on Next Follow Up	3
Status As of May 15, 2017	Some delays

Observation and Summary of Progress (Based on Self-Assessment conducted by Procurement section)	Self-assessed Status
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Observation 1.2

Finance Services does not maintain a centralized list of contracts with their expiration dates. Instead, reliance is placed on the operating departments. Maintenance of Contract records hold the key to ensuring that competitive bid solicitations are initiated, and communicated to prospective bidders well before the expiration of the contract. By placing reliance on manual systems and processes, there is a risk that existing vendors and suppliers may enjoy extension of contracts and continue to provide goods and services, contrary to City’s procurement objectives.

Substantially Complete

Original Management Response

The City’s Purchasing By-Law 2006-270 authorized the use of Blanket Order Contracts to be established to purchase repetitive Goods or Services for a specified period of time, when convenience and location are significant factors in determining Total Acquisition Cost and the quantity and demand are unknown. Two types of Blanket Orders existed:
 (1) Convenience/Location and Repetitive: where pricing is obtained and a maximum dollar limit per release is established. (Note: Many did not contain expiry dates)
 (2) Repetitive Supplies/Services: Issued through a Tender/RFP Process

During 2011 and 2012, staff in Supplies & Services cleaned up the inventory of Blanket Orders and deleted numerous Blanket Orders that were no longer required. During this review, management identified that additional review, renewal and updating of many Blanket Orders was required. This was reported to City Council in two reports related to the updating of the Purchasing By-Law, in April 2013 and in January 2014.

As a result of management’s review, in April 2013 Finance recommended changes to the Purchasing By-Law which would eliminate Blanket Orders, and that these contracts will be replaced with Standing Offers. The By-Law also clarified that total acquisition costs under the Standing Offers must comply with the procurement thresholds and other provisions of the By-Law. Further, in January 2014, City Council approved the following resolution “That

the City's existing Blanket Orders be maintained until they expire, and that any existing Blanket Orders requiring renewal be completed before June 30th, 2015.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

The majority of Blanket Orders were completed by December 2015

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Further improvements have been made, with assistance of an ERP Project Manager, in the City's use of PeopleSoft to start tracking spend on Multi-Year contracts, including Standing Offer Agreements. The multi-year contracts used by the City are now routinely setup and maintained in the PeopleSoft Procurement Contracting Module. The module is also used, as of 2016, to track renewal and expiry dates by Contract enabling a timely renewal and re-tendering of procurement requirements.

Observation 2.1

The Auditors noted that Finance purchasing strategies, objectives and goals continue to refer to the need to develop and use foundational elements of PeopleSoft purchasing functionality. The City acquired and rolled out the PeopleSoft Finance system in 2001. This included the Purchasing Module. While business plans of the Finance division highlight the importance of City wide use of PeopleSoft functionality, there is a risk that implementation timelines may slip beyond the 2014 timeline established in the Finance Services Strategic Plan.

Substantially Complete

Original Management Response

The City has made progress on the foundational pieces to improve the City's procure to pay cycle. These foundational pieces include: Purchasing By-Law, business process review / policy development and expansion of PeopleSoft functionality. Once the foundational pieces are complete, and resources are identified in operating departments, management plans to amend City policies to make the use of electronic purchase orders mandatory. Managing the pace of change in the organization has been top of mind to the Chief Financial Officer, and Senior Management Team. The Finance Strategic plan outlined the required action items to achieve the goals, in a balanced approach, at a pace that the organization can manage with the resources it has.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Training was provided in 2014 Q3 and Sept 2015 with the roll out of a new reporting tool.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Further improvements have been made, with assistance of an ERP Project Manager, in the City's use of PeopleSoft to start tracking spend on Multi-Year contracts, including Standing Offer Agreements. The multi-year contracts used by the City are now routinely setup and maintained in

the PeopleSoft Procurement Contracting Module. The module is also used, as of 2016, to track renewal and expiry dates by Contract enabling a timely renewal and re-tendering of procurement requirements.

Observation 2.2

Currently, operating staff place reliance on manual off-line processes and workarounds instead of using automated functionality and features of the PeopleSoft system.

Partially
Implemented

- Reliance on manual off-line purchase order processes has persisted for the past three years
- Auditors estimated that 75% of dollars or 88% of transactions were supported by freeform references in description fields. Those references were to various forms of manual purchase orders and agreements. Only 25% of dollars or 12% of transactions were supported by a PeopleSoft Purchase Order.
- Greater use of electronic, PeopleSoft Purchase Orders could provide the basis for efficient, economical and effective oversight of procurement by management as suggested by the 2nd line of defense of “The Three Lines Of Defense Model”.
- As was previously noted in examples listed in observation 1, this audit revealed significant internal control exceptions that could have been identified and remediated on a timely basis or reported to Council for approval, if automated functionality of PeopleSoft was used for all purchase orders.

Original Management Response

As outlined above in 2.1.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Request for Quotation functionality planned based on assessment of available options.

Actions Taken, Results and /or Actions Planned - As of May15, 2017

Further improvements have been made, with assistance of an ERP Project Manager, in the City's use of PeopleSoft to track spending on Multi-Year contracts, including Standing Offer Agreements. The multi-year contracts used by the City are now routinely setup and maintained in the PeopleSoft Procurement Contracting Module.

The pilot project is underway to start using internal PeopleSoft POs for one-time contracts for processing progress payments through PeopleSoft and tracking change orders on capital projects where currently it is a manual process. Request for Quotation functionality will not be pursued through PeopleSoft enhancements. Instead, the new and more robust systems for e-Tendering have emerged that can accommodate many of the features contemplated with quotation functionality. Those systems may be offered to municipalities free of charge as the providers model it on vendors subscription models. City's Purchasing, together with other departments, is evaluating potential e-Tendering solutions for the City to enable not only posting the bids electronically but receiving and evaluating bids electronically as well. The work is currently underway in this respect.

Observation 2.4

Application of an appropriate effective internal control framework over procurement activities may continue to be negatively impacted until all purchase orders across the City are issued from PeopleSoft.

Partially
Implemented

Original Management Response

As outlined above in 2.1.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

In progress.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Progress per the above update in 2.2

Observation 2.6

In 2012, Finance informed staff that PeopleSoft Commitments Control would be implemented in 2013. In September 2013, the Finance Division reported to Council that the PeopleSoft Purchasing Contracts functionality had been implemented in 2012. However, during the audit, we noted that testing continued for certain contract types during fall of 2013 (e.g. notifications and progress payments).

Partially
Implemented

During the audit, we were advised that the PeopleSoft program still did not allow for all contracts to be entered (e.g., Revenue Bearing, Multiple Account #s, and Blanket Purchase Agreements).

Original Management Response

As above in part 2.1 above.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Various improvements are planned subject to resource availability.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Progress per the above update in 2.2

Observation 4

Recent CGS trends indicate an increase in procurement costs, a decline in the number of bids per bid call, and a decline in the percentage of goods and services purchased through a competitive procurement process.

**Substantially
Implemented**

- It is sound business practice to establish performance measures appropriate for responsibilities at all levels of the entity, reflecting appropriate dimensions of performance and expected standards of conduct, and considering the achievement of both short-term and longer-term objectives.
- Purchasing Metrics and Key Performance Measures are not fully in use to monitor the achievement of objectives for Procurement.
- Only a limited set of information for the Ontario Municipal Benchmarking Initiative or OMBI was prepared for 2011 and 2012.
- For the 2011 OMBI reported statistics, the annual number and \$ value of Purchase Orders awarded by Coordinators was reported.

Original Management Response

Supplies and Services will continue to participate in the OMBI Benchmarking Study, and explore opportunities with the OMBI expert panel to expand the number of measures.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Despite the fact that participation in OMBI was suspended in 2015, statistics relating to procurement key operational metrics are being tracked.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

With approval of the City's participation in MBNCan benchmarking system, the Purchasing Section participates in the MBNCan Benchmarking Study relating to procurement key operational metrics.

Re: Audit of Contract ENG11-42

Audit Report released	May 2016
Original # of Observations	4
# of Action Plans Previously Completed	1
# of Action Plans Now Closed	3
# of Action Plans on Next Follow Up	0
Status As of May 15, 2017	Some delays

Observation and Summary of Progress (Based on Self-Assessment conducted by Water & Wastewater)	Self-assessed Status
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Observation 1

Given the increasing volume of annual repairs and age of the underlying water/wastewater infrastructure, management should examine alternatives to reduce the escalating annual costs for emergency repairs by contractors.

Completed

Original Management Response

- Management recognizes the need to focus on rehabilitation & replacement in lieu of emergency repair. Management also understands that given the existing condition of the watermain infrastructure, it will be necessary and prudent to maintain an adequately funded and robust emergency repair program. Management will endeavor to identify the capital investment required to maintain an average annual emergency repair budget that is acceptable to council.
- Management recognizes that the trend of increasing costs for emergency repairs is financially unsustainable.
- Management further agrees that emergency repairs are not the most cost effective or preferred method to permanently renew underground linear infrastructure. This contract is not meant as a substitute for conventional linear construction because the emergency repair contractor does not perform any permanent repairs. Most of the

original old infrastructure remains in the ground after the emergency work is complete. A large portion of the costs in an emergency repair is restoration. If the work is performed in conjunction with a conventional construction project, road restoration could be performed more cost effectively and yield much better value in terms of long term failure risk reduction.

- Management agrees that providing levels of annual capital funding in accordance with the Financial Plan adopted by Council in 2011 for the period of 2012 to 2021 would eventually help to reduce break frequency and reduce the consequent resources required to effect emergency repairs. Management recognizes that Council has provided supplemental capital contributions in 2011, 2012, 2014, & 2016 and that the supplemental contribution in 2016 resulted in an overall rate increase in line with the Observations in the Financial Plan. As well, Management has recognized the requirement for additional linear capital and has redistributed existing capital envelopes to increase the proportions spent on linear capital renewal. Accordingly, in 2016 the proportion of overall water/wastewater capital allocated to watermain rehabilitation and replacement was increased by Management and was also approved by Council.
- Management is currently updating the Waster /Wastewater financial plan in conjunction with the Water/Wastewater Master Plan. Management is also developing an updated format for our Asset Management plan. These exercises are scheduled for completion in the fall of 2017 and will establish a master plan that should reduce the escalating annual costs for emergency repairs. The process for completing these exercises is a regulatory requirement of the Safe Drinking Act and will involve dialogue with Council and community stakeholders commencing in 2016.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Management will examine alternatives to reduce the escalating annual costs for emergency repairs by contractors.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Staff followed through with a pilot project to internalize emergency repairs which began in concert with the end of Contract ENG 11-42 and was expected to run until the spring of 2017.

It is our understanding that the basic terms of reference for the pilot work was to provide an insight into the viability of permanently integrating the entire emergency repairs portfolio into the work internal staff resources without compromising the City's ability to complete other core operational and maintenance work (i.e. regulated maintenance).

For the pilot, internal employees were organized into two separate 3 person emergency repair response crews to replace the similar emergency repair resource requirements formerly built into ISD11-42 to provide 2 crews with a 1 hour response time 24/7.

These Distribution & Collection Section crews have been scheduled for standby duty to make resources available 24/7 for prompt non-discretionary response to emergency repairs reflecting the existing practice and service expectations. It should be noted that the internal crews are still supported by external contractors who provide excavation resources (i.e. Backhoe) as well as both temporary and final site restorations.

A number of challenges were encountered during the trial despite the fact that break numbers were below expected norms. A report discussing the business case for internalizing emergency repairs will be provided to Council later this year.

Additionally W/WW was successful in obtaining support from the CGS Construction Services Section to provide on-site construction inspection and both contract management on occasions where contracted forces were used for specific emergency repairs sites/events or restoration activities.

Observation 3

1. Staff need to ensure that sufficient information is provided by the contractor to support their invoices to enable staff to assess the reasonableness and accuracy of amounts billed.
2. Staff need to continue to refine the invoice review and approval process to ensure that charges for equipment are appropriate.

Completed

Original Management Response

Staff has followed an invoice approval process which includes a review of existing documents such as the Trouble Investigator crew cards, watermain break reports, and Supervisor site notes to check the invoices for "reasonableness", before approving them. This existing process has yielded several invoices that required additional clarification before being resubmitted and others where credit invoices were required by CGS before final approval and payment.

Notwithstanding that an invoice approval process existed, Management has identified the need to strengthen the oversight framework, and have begun the implementation of a number of improvements as defined in an updated Service Contract Management Framework.

As well, effective January 2015, a new afternoon shift (Mon – Fri; 4 – 12) Supervisor II rotation was implemented. This action was further reinforced on December of 2015 with the addition of a pilot program to implement a night shift Supervisor II over the winter season (Mon – Fri; 0000 – 0800) to provide 24 / 5 coverage. Weekend coverage is already provided through staff on the non-union standby rotation. The primary responsibility of these individuals is the oversight of both CGS field staff and contracted resources active in the field during their watch. For the remainder of the calendar year night shift Supervision will

be provided by existing resources. It is our hope that after confirming the impact and viability of the pilot program that the year round night shift presence will be made permanent.

Although the equipment costs show an increase over the period from 2013 – 2015 it is important to note:

1. In December of 2013, the contractor incorporated the use of trench boxes and hydro-excavation into the repair operations to help reduce the excavation footprint and consequent costs of the repair. The 2011 Audit of Watermain Repairs noted that:

“Safety related to excavations and trenches is a key element that requires constant vigilance, as it is clear that repair costs and the impact to road surfaces increase significantly when the dimensions of excavations and trenches increased.”

It is clear that despite some early spikes in the costs for equipment (as the new equipment was integrated into the process) both the cost of labour and the overall costs shows favorable improvement in 2015 as indicated in the table. It is also clear that the overall benefit to the repair program from the introduction of hydro-excavation and trench boxes was positive particularly when a \$300,000 reduction in the 2013 budget for road restoration costs was also considered.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

Management will consistently follow a process to verify the reasonableness of invoices received, by following through with the full implementation of the recently introduced Contract Management Framework. The Framework is designed to mitigate both the health & safety risks as well as general program control risks. The Framework incorporates many recognized principles and practices for effective management of service contracts and aligns with guidelines as recommended in the Ontario Government publication entitled: “Municipal Service Contract Administration”.

The framework defines roles & responsibilities, incorporates a flexible risk-based monitoring approach and identifies a suite of important documentation tools to improve the collection of relevant field and event data. This risk based approach along with the other tools incorporated into the framework should ensure that detailed reports noting the amount of equipment and labour employed by the contractor and the size of trenches will be prepared by staff attending the repair sites. These reports will provide sufficient data to allow staff to routinely check the reasonableness of amounts invoiced for these repairs.

Five Key Performance indicators (KPIs) have been developed to allow staff to assess the reasonableness of amounts charged to Emergency Repairs and are being actively tracked including: Contractor Mobilizing Time, Time to Complete Repair (Time Duration from Mob to De-mob), Length of Service Outage, Cost per M3 Excavated Volume (\$/m3), & Actual Costs vs Budget. Our action plan moving forward includes use of the KPIs as tools to ensure the reasonableness of the costs.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

A specific Contract Management framework was developed for W/WW that integrated best practices recommended in the Ontario Government Publication entitled “Municipal Service Contract Administration”. The framework aimed to leverage a risk based monitoring approach system to promote improved program control and mitigate health and safety risks. These improvements have been integrated into the routine practices for general contract administration including invoice approval.

Observation 4

Staff should ensure the successful contractor adheres to the City’s updated requirements in the new contract when it submits its invoices for repairs.

Completed

Original Management Response

Management follows a review process for all invoices before approval. Any additional equipment beyond what is specified in the Repair Work Crew must be approved by City Staff before arrival on site. Existing Contract provisions enable Management to deal effectively with unforeseen changes in scope. Staff approves this equipment based on the City’s performance requirements related to site conditions, location, depth, and prior experience in the area. This ensures that the equipment on site is appropriate for the work to be done to achieve the contract imperatives. Notwithstanding that an existing review process existed, the new Contract Management Framework has provided improved tools and data for staff to better document these approvals and flag anomalies before payment of invoices.

It is acknowledged that the Contract does not give clear direction on whether to pay for labour meal break times. This will be addressed in the new contract tender documents and will specify much clearer language with respect to payment of meal breaks.

- Regarding meal breaks, the contractor is responsible for providing meal breaks as defined in the Employment Standards Act. Management has traditionally deferred to the Emergency Contractor to determine when it is appropriate for their staff to take a meal break. Similar to the OHS, management has avoided intervening with the contractor’s obligations regarding labor relations. The nature of the emergency repairs is such that the repair crews do not often take meal breaks all at the same time. It would be difficult for City management to determine exactly when the contractor is taking a formal meal break.

- This contract stipulates that the emergency contractor is the constructor. This is an important distinction for management as in the role of constructor and contractor, it assumes all Health and Safety obligations. Under the OHSA, the constructor must be responsible for the work methodology. City staff is not entitled to dictate the work method without assuming the constructor responsibility under the Act. Despite this conflict the current contractor has always taken the most reasonable approach under the circumstances.
- To provide better management of the contracts and maintain the contractor's constructor status under the OHSA, management is implementing the following procedures in future tenders:
 - formal documentation of service criteria to support the contractor's choice of equipment;
 - Clarification of invoicing for longer shifts where mandatory meal breaks would be required and therefore need to be precluded from invoicing.

Actions Taken, Results and /or Actions Planned - As of June 30, 2016

None proposed.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The framework was rolled out to staff and detailed training was provided. Repeated follow up on multiple occasions was provided to non-union staff from the W/WW Division to enable consistent implementation.

Under the framework Key Performance Indicators are tracked by Contact Persons and used to assess the reasonableness of invoices. Site visit forms are routinely used to validate relevant site monitoring parameters.

No new contract is in place at this time.

Re: Audit of Long Term Financial Planning - review with original report

Audit Report released	September 2016
Original # of Observations	5
# of Action Plans Previously Completed	0
# of Action Plans Now Closed	1
# of Action Plans on Next Follow Up	4
Status As of May 15, 2017	On Schedule

Observation and Summary of Progress (Based on Self-Assessment conducted by Corporate Services)	Self-assessed Status
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Observation 1

A Long-Term Financial Plan (LTFP) covering 10 years should be developed to support achievement of the priorities outlined in the City’s Corporate Strategic Plan while informing Council of the City’s financial situation and current condition of its deteriorating capital assets.

Complete

Original Management Response

Management recognizes the need of a revised 10 Year Long Term Financial Plan. An external consultant has been selected through a RFP process and is underway. It is expected that it will be presented to City Council during the first quarter of 2017. This Plan will be developed to support the achievement of the City’s Corporate Strategic Plan priorities in addition to illustrating the City’s financial condition.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The long-term plan was completed by KPMG and delivered to Council in Q2 2017.

Observation 2

The City should ensure its boards and wholly-owned corporations have established appropriate LTFPs if they are dependent on the City for financial support of any type.

Partially Implemented

Original Management Response

Not specifically addressed.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

The City will request that the Outside Boards and GSHC consider developing Long Term Plans. This does not extend to the GSU or SACDC as these entities do not receive financial support from the City.

Observation 3

Specific, measurable, action-oriented, and realistic goals should be developed to support achievement of the principles and policies within the new LTFP currently under development and incorporated into annual budgets.

**Partially
Implemented**

Original Management Response

Management will work throughout 2017 and 2018 to develop goals and specific action plans to support the achievement of the principles and policies within the revised LTFP once it has been presented to City Council.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Staff will identify goals, priorities and issues in the 2018 Budget. In addition, staff will recommend changes to policies as identified in the LTFP.

Observation 4

Progress toward the principles and policies within the new LTFP should be reported to Council within the annual budgeting process.

**Partially
Implemented**

Original Management Response

Management will work throughout 2017 and 2018 to develop goals and specific action plans to support the achievement of the principles and policies within the revised LTFP once it has been presented to City Council.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Progress in achievement of the principles and policies identified in the LTFP will be reflected in the 2018 Budget document under the Financial Section of the Overview tab.

Observation 5

Staff should provide Council with current information on the City's financial condition such as that shown within Appendices 1 to 8 of this report with the annual budget and any presentations on major capital project proposals.

Partially
Implemented

Original Management Response

Previous annual budgets included a section on "Toward Fiscal Sustainability" which was based on the LTFP to illustrate the challenges facing the City along with the key principles and action items.

The annual budget document, as well as the City's annual financial report in conjunction with the City's audited financial statements, has included key financial information such as reserves and reserve funds, total debt, and key performance indicators. Also, the annual capital budget includes an unfunded list that illustrates the significant unfunded capital needs by service area.

Management has implemented several financial policies, processes and by-laws approved by various City Councils to manage the City's financial condition now and for the long-term. This includes the Operating Budget Policy, Capital Budget Policy, Debt Management Policy and the Reserves and Reserve Fund By-Law.

Management agrees with the limited progress made with the infrastructure deficit. Since 2002, management presented various City Councils with an option for a capital levy in accordance with the Observations of the LTFP to assist with the growing infrastructure deficit. Previous City Councils approved a capital levy in the following years: 2005 of \$3.2M; 2006 of \$3.3M; 2007 of \$0.8M; 2008 of \$3.7M. This was partially offset by a permanent reduction to the capital envelopes of \$5M in the 2010 Capital Budget.

Actions Taken, Results and /or Actions Planned - As of May 15, 2017

Financial indicators will be included in the 2018 Budget as deemed appropriate.

For Information Only
Performance Audit of Risk Management Processes

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Friday, Jun 02, 2017
Type:	Correspondence for Information Only

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report relates to the priority of "Responsive, Fiscally Prudent, Open Governance" as outlined in 2015-2018 Corporate Strategic Plan.

Report Summary

Issue: Risks faced by the City of Greater Sudbury may not be managed systematically.

Rule: Risks should be formalized and in accordance with a defined policy and process.

Analysis: An audit of risk management processes identified different approaches to manage risks within the City.

Conclusion: A formal risk management policy be developed in conjunction with an Enterprise Risk Management(ERM) process.

Financial Implications

The recommendations in this report have financial implications.

Signed By
Auditor General Ron Foster Auditor General <i>Digitally Signed Jun 2, 17</i>

Performance Audit of Risk Management
Processes

May 10, 2017
Draft Report



SUMMARY

Objectives

The objectives of this performance audit were to:

- Assess the effectiveness of current risk management processes in the City; and
- Recommend improvements where necessary.

Scope

The scope of this performance audit included a review of current risk management processes within each of the divisions of the City as well as Economic Development and Planning Services.

Report Highlights

A range of different approaches are used to manage risks within different divisions within the City. While some employ formal and systematic risk management practices with great precision, others employ less formal practices which are susceptible to errors. These varied approaches have resulted in inconsistent management of and reporting on significant risks to Council in the past.

In recent months, a more focused approach has been taken to ensure that significant risks are identified and reported to Council on a timely basis. To augment this approach, it is recommended that:

- A formal risk management policy be developed to codify risk management terms and to clarify responsibilities for risk management;
- An enterprise risk management (ERM) process be developed and implemented to standardize the processes for the identification, assessment, and mitigation of risks;
- An annual report on significant non-legal risks be prepared for Council in conjunction with the annual budget and business plans; and
- The ERM implementation plan be tailored to the readiness of the City to adopt these standardized processes and to integrate them with other management processes.

Audit Standards

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards 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

Finding 1:

According to the CSA Standards, risk management is the identification, assessment, and treatment of "risks" that may affect an organization, business or municipality, negatively, including those which can occur through accidents, disasters, natural causes, legal or financial liabilities or opportunities, or positively, such as new technologies, business ventures or continual improvement.

A risk management policy has not been developed to define risk management terms and responsibilities for risk management within the City. As a result, responsibilities for risk management are not clear.

Recommendation 1:

A formal risk management policy should be developed to codify risk management terms and to clarify responsibilities for risk management.

Management's Response and Action Plan:

We agree. The recommended policy will be developed and presented to Council by the Chief Administrative Officer for approval before the end of the third quarter.

Finding 2:

A risk management process has not been developed to identify a standard approach for risk identification assessment, mitigation and reporting. As a result, responsibilities for risk management are not clear and different approaches to risk management have been adopted within the City.

Recommendation 2:

A formal risk management process should be developed to standardize enterprise risk management (ERM) processes in the City. The ERM process encompasses risk identification, assessment, mitigation and reporting processes to ensure that significant risks are managed effectively. When reporting on implementation progress, the criteria within Attachment 1 should be referenced. Attachment 2 illustrates the ISO 31000 risk management process which is a component of CSA 31000 which is Canada's national standard for risk management.

Management's Response and Action Plan:

We agree. Management's view is the capacity to understand risk begins with a clear understanding about the services, work processes and projects staff are responsible for delivering. Starting in 2017, an enterprise-wide process and related technology applications will be introduced to facilitate the creation of a "common language" describing the corporation's programs and services. In parallel, Greater Sudbury's participation in the Municipal Benchmarking Network Canada will provide important contextual data to help identify both the factors that influence performance and, where Greater Sudbury may be an "outlier", prompt consideration of whether some change may be needed. These will inform the Executive Leadership Team's judgment in discussions designed to identify and assess risks, which are anticipated to occur as part of the annual business planning process.

Finding 3:

Other than legal risks, Council does not receive an annual report on the major risks faced by the City, how they are currently being managed and what steps, if any, are recommended to further mitigate them.

Recommendation 3:

To complement the periodic reports to Council on significant legal matters, an annual report on non-legal risks should be prepared for Council in conjunction with the annual budget and business plans. Attachment 3 provides an example of an annual report that identified key corporate risks in 2015 in the City of Saskatoon.

Management’s Response and Action Plan:

We agree. Discussions about major risks are likely most effective at the start of the annual business planning process. Beginning in 2018, staff will incorporate the recommended report into a meeting about 2019 budget directions.

Finding 4:

The City has a moderate level of readiness to implement ERM processes as members of the Executive Leadership Team are already employing various risk management techniques within their daily management activities. Attachment 4 sets out the City’s overall readiness to implement ERM processes. Attachment 5 provides a suggested implementation plan for 2017 to 2019 that can be tailored to the City’s needs and circumstances.

Recommendation 4:

An implementation plan that is tailored to the readiness of the City to adopt standardized risk management processes and to integrate them with other management processes should be developed.

Management’s Response and Action Plan:

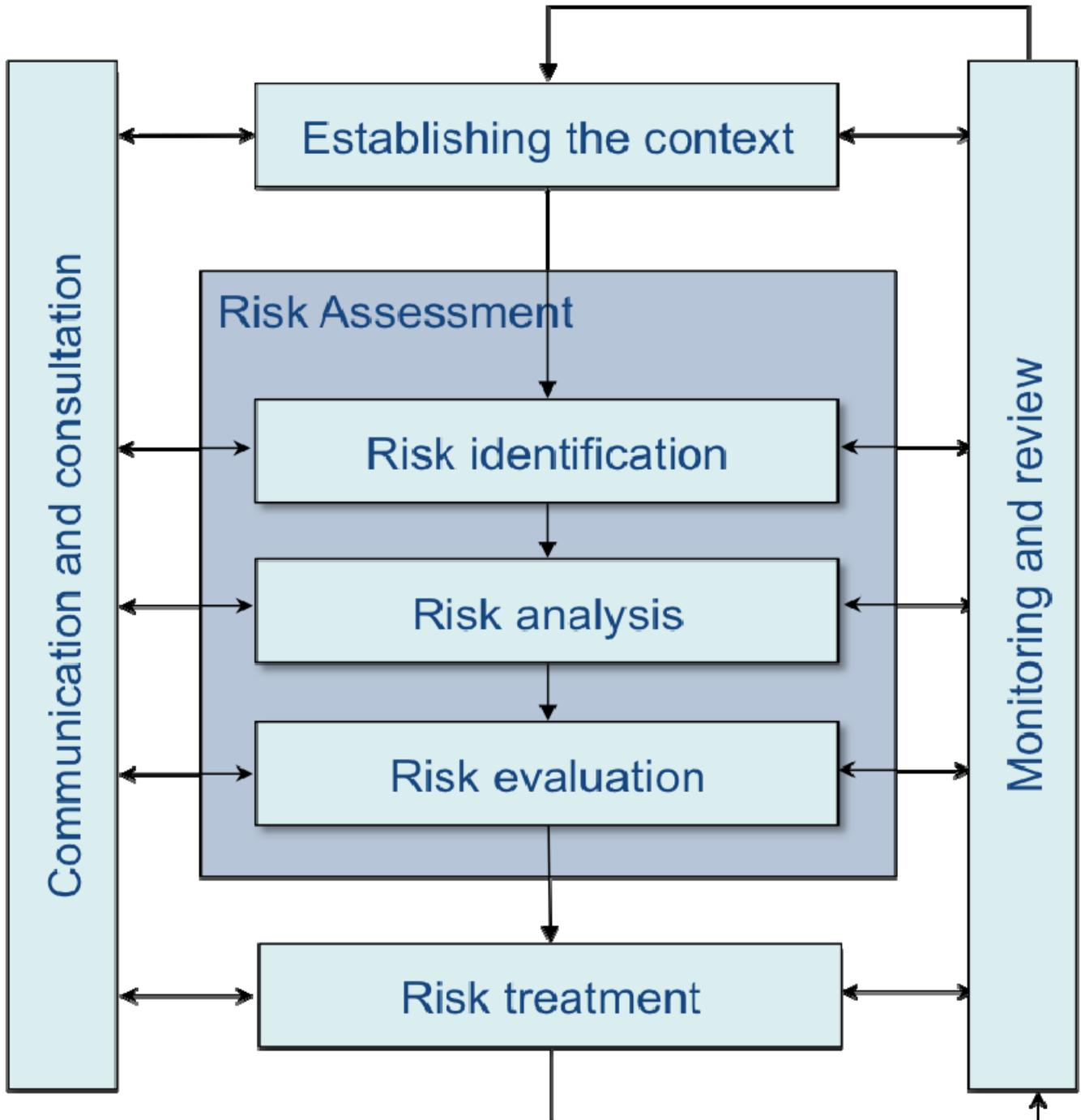
We agree. The suggested implementation plan will be developed and included in the recommended report to Council about a risk management policy, anticipated to be published in the third quarter.

Attachment 1: ERM Maturity Assessment Criteria

Attribute	Leading Practice
Continual Improvement	Formal processes are in place requiring periodic management evaluation of risk mitigation strategies and related internal controls.
	Risk management process is subject to periodic review by internal audit or independent third party.
Full Accountability	The ERM Framework and/or ERM Policy are in place. The framework includes key elements such as the ERM Philosophy & Principles, Organizational Structure & Accountabilities, Corporate Wide Risk Definitions, and Risk Management Processes and Reporting.
	Accountabilities for risk management and risk ownership are clearly established and communicated.
Decision Making	Corporate risk policies have been established to manage specific key risk exposures.
	Executive Management actively engage in the assessment of risk as part of formal decision making processes.
	Risk assessment occurs on a regular basis. Risk analysis is formally integrated into strategic and operational planning at both the corporate and business unit levels. Risk assessments are conducted for key investment opportunities or organizational change events (e.g., new initiatives and services, systems implementation and major projects).
	Appropriate risk assessment tools have been developed and are being used – e.g., common risk vocabulary, formal risk assessment criteria and risk classification scheme.
	Risk mitigation strategies are designed and implemented based on a prioritization of risks.
Continual Communications	The organizational risk culture – including risk tolerance – is robust and well understood.
	An enterprise-wide risk profile exists that reflects risk prioritization and is accompanied by detailed discussion at the management and Board levels.
Governance	Council has ultimate oversight of risk management activities.

The above criteria are taken from CSA 31000 which is Canada’s national standard for risk management. This standard incorporates the ISO 31000 international risk management standard.

Attachment 2: ISO 31000 Risk Management Process



Attachment 3: Key Corporate Risks from City of Saskatoon’s 2015 Report

Tier	Risk Type		Risk Ranking
1	FIN	The lack of regional growth plan that includes all of the City’s neighbors could restrict the city’s growth in the future	High
1	FIN	There may be limitations on non-property tax revenue options and taxing powers, resulting in an over-reliance on property tax.	High
1	InfOp	The current investment in infrastructure renewal and maintenance over the last ten years may not have been adequate. Some areas need fresh infrastructure investment: Roads	High
1	InfOp	While making capital investment decisions, adequate funding for asset lifecycle costs may not be getting identified.	High
1	InfOp	The City carries the risk of over/under investing within its future infrastructure and not being aligned to economic scenario within the City/Province.	High
1	InfOp	The City may not be delivering expected level of service to citizens or internal stakeholders: Transit	High
1	InfOp	The current investment in infrastructure renewal and maintenance over the last ten years may not have been adequate. Some areas need fresh infrastructure investment: Transit	High
1	InfOp	The City may not be delivering expected level of service to citizens or internal stakeholders: IT	High
1	InfOp	The City may not have adequate business continuity planning and or emergency preparedness in place.	High
1	IT	Some IT systems and hardware may be outdated resulting in inability to meet business needs.	High

Attachment 4: Risk Management Readiness

	Risk Naive	Risk Aware	Risks Identified	Risks Managed	Risks Optimized
Use of Standards, Policies, Tools & Techniques	No use	Awareness	Some utilization	Moderate utilization	Full utilization
Knowledge of Risk Management Discipline	Little	Awareness	Some knowledge	Sound knowledge	High Degree
Risk Management Activities Undertaken	No formal activities	Some activities	Framework adopted but not fully implemented	Formal program in place	Risk management embedded in decision-making of organization
Awareness of Benefits and Value of Risk Management	Uncertain	Awareness of need for common processes	Awareness of need for common processes and potential benefits	Deployment across the organization	Risk management into business planning and strategic thinking

The current levels of readiness are shaded in the above table.

Attachment 5 – Suggested Implementation Plan

KEY STEPS FOR 2017	Target
1. Establish governance process	Q1 2017
2. Develop vision, principles, framework, process and policy	Q2 2017
3. Establish the scope of the program	Q2 2017
4. Develop detailed implementation plan	Q2 2017
5. Develop training program	Q2 2017
6. Obtain support from Executive Leadership Team	Q2 2017
7. Obtain approval from Audit Committee and Council	Q2 2017
8. Launch program	Q3 2017
9. Deliver training to Audit Committee	Q3 2017
10. Deliver training to Executive Leadership Team (ELT)	Q3 2017
11. Deliver training to directors within each division	Q3 2017
12. Identify and assess strategic risks & mitigation plans for each division	Q3 2017
13. Review strategic risks & mitigation plans with ELT	Q3 2017
14. Prepare report for Audit Committee on strategic risks	Q4 2017
15. Address strategic risks within business plans for 2018	Q4 2017
16. Address strategic risks within budgets for 2018	Q4 2017

KEY STEPS FOR 2018	Target
1. Deliver workshops to Infrastructure Department	Jan 2018
2. Update strategic risks & mitigation plans for Infrastructure Department	Feb 2018
3. Deliver workshops to Community Services Department	Mar 2018
4. Update strategic risks & mitigation plans for Community Services Department	Apr 2018
5. Deliver workshops to Corporate Services Department	May 2018
6. Update strategic risks & mitigation plans for Corporate Services Department	June 2018
7. Update strategic risks & mitigation plans for EMS Department	July 2018
8. Update corporate risk register and mitigation plans with ELT	Aug 2018
9. Update business plans and budgets for 2019 to address strategic risks	Oct 2018
10. Develop continuous improvement plan with ELT	Nov 2018
11. Prepare report for Audit Committee and Council	Dec 2018

KEY STEPS FOR 2019	Target
1. Report to Audit Committee and Council on ERM program	Jan 2019
2. Deliver workshops to Infrastructure Department	Jan 2019
3. Update strategic risks & mitigation plans for Infrastructure Department	Feb 2019
4. Deliver workshops to Community Services Department	Apr 2019
5. Update strategic risks & mitigation plans for Community Services Department	May 2019
5. Deliver workshops to Corporate Services Department	June 2019
6. Update strategic risks & mitigation plans for Corporate Services Department	July 2019
7. Update strategic risks & mitigation plans for EMS Department	Aug 2019
8. Update corporate risk register and mitigation plans with ELT	Sept 2019
9. Update business plans and budgets for 2012 to address strategic risks	Oct 2019
10. Prepare report on strategic risks for Audit Committee and Council	Dec 2019

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Friday, Jun 02, 2017
Type:	Managers' Reports

For Information Only

Value-For-Money Audit - Paramedic Services

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report relates to the priorities of "Quality of Life and Place" and "Responsive, Fiscally Prudent, Open Governance" outlined in the 2015-2018 Corporate Strategic Plan.

Report Summary

Issue: There may be insufficient regard for Value For Money in City operations.

Rule: There should be sufficient regard for Value For Money in City operations.

Analysis: A 'Value For Money Audit' was completed to assess the extent of regard for Value For Money in the operations of Paramedic services.

Conclusion: Opportunities exist to enhance Value For Money in Paramedic services are outlined in the attached audit report.

Financial Implications

The recommendations in this report have financial implications.

Signed By

Auditor General
Ron Foster
Auditor General
Digitally Signed Jun 2, 17

Value-for-Money Audit of the
Operations of
Paramedic Services
For the Period
January 1, 2013 to April 30, 2017

May 15, 2017
FINAL REPORT



SUMMARY

Audit Objectives

To assess the extent of regard for value-for-money within the Paramedic Services Division.

Background

The Paramedic Services Division (Division) is responsible for the delivery of performance-based services in compliance with legislative and regulatory requirements while ensuring pre-hospital emergency medical care and transportation to individuals with injuries or illness. The Division is led by the Chief of Fire & Paramedic Services, and two Deputy Chiefs. For 2017, it has 120 full-time positions, 35,624 of part-time hours, 4,266 of overtime hours and a budget of \$21.4 million. Half of eligible costs are funded by the province.

The relevant legislation for the operation of paramedics in Ontario is the Ambulance Act, 1990, which is administered by the Ministry of Health and Long-Term Care (MOHLT). This legislation sets out response times for Cardiac Calls and priority calls. All other response times are established by the municipality.

In February 2016, Audit Committee requested that the Auditor General's Office advance the value-for-money audit of Paramedic Services. Council approved our updated plan on March 22, 2016.

Audit Scope

Operations of the Division from January 1, 2013 to April 30, 2017.

Report Highlights

This audit identifies several strengths within the Paramedic Services Division. It also identifies opportunities to mitigate risks and improve value for money by preparing a multi-year program to catch up on deferred station maintenance and a business case for relocating the Division to the City core.

Audit Standards

We conducted our review in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards 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.

Under section 223.19(1) of the Municipal Act, 2001, the Auditor General is responsible for assisting the Council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations. Value for money includes three separate but interrelated values: economy, efficiency, and effectiveness. Economy is about getting the right inputs at the best cost. Efficiency is about getting the most output from the inputs. Effectiveness is about getting the outputs or outcomes that are desired.

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

OBSERVATIONS AND ACTION PLANS

1. Performance Based Emergency Medical Services

Performance-based emergency medical services focus on clinical excellence, response time performance, patient outcomes and satisfaction, continuous quality improvement, and a healthy work environment conducive to productive growth. Every 3 years, the Paramedic Services Division (Division) is subject to compliance reviews by the MOHLTC to ensure legislative compliance and adherence to quality standards.

Observations

The results of the last compliance reviews were excellent and demonstrate a strong commitment to continuous improvement. Only 5 areas for improvement were identified in this review.

2. Risk Management

Observations

As shown below, the Division has developed and implemented effective controls to mitigate risks. Actively managing risks allows the Division to avoid unnecessary costs and allows staff to spend more time proactively improving the quality of services.

Risk	Total No. of Risks	Risks Before Controls			Risks After Controls		
		High	Med	Low	High	Med	Low
Reputation	8	8	0	0	0	3	5
Operational	22	22	0	0	0	9	13
Financial	18	13	5	0	0	3	15
Legal	6	5	1	0	0	0	6
TOTAL	54	48	6	0	0	15	39

Appendix 1 identifies the most significant items that are classified as “Medium Risks After Controls”. Steps to mitigate these risks are discussed within the next sections of this report.

3. Stations

Observations

Paramedic Services currently operates from 11 stations, eight of which are cohabitated with Fire services. Condition assessments prepared by CCI in 2013 and 2014 indicate that maintenance programs over the last 20 years have not kept up with the pace of deterioration in the City’s stations which on average are over 40 years old. Some maintenance was also postponed pending the outcome of the optimization project that was recently completed.

Impacts

Deferring important maintenance reduces the useful lives of the stations and creates health and safety risks as well as potential non-compliance with relevant provincial legislation.

Recommendation

Coordinate with facilities maintenance and finance staff to develop a multi-year program to catch up on essential station maintenance that has been deferred.

Management Comment & Action Plan

We concur with the Auditor General's recommendation.

4. Headquarters

The Division's senior staff, operational support staff and administrative staff presently operate from the Lionel E. Lalonde Centre in Azilda.

At least 4,000 hours are incurred annually driving ambulances between the City and Azilda where operational staff control the medical supplies and re-stock the ambulances. Relocating the Division to the City core would result in operational efficiencies that may outweigh the costs for the relocation.

Impacts

The estimated cost for relocating the Division to a new building in the City Core would be approximately \$15 million. The Division's share of the annual costs to finance \$15 million over 30 years at 3.5% would be approximately \$800K. The City's share of this annual cost would be approximately \$400K as the MOHLTC would cover 50% of eligible costs.

The potential savings that could be generated from the relocation have not been fully quantified but are significant.

Recommendation

Prepare a business case to determine if the benefits exceed the costs for relocating the Division to the City Core, including the eligibility for 50% cost sharing with MOHLTC.

Management Comment & Action Plan

The 4,000 hours are accumulated by the majority of paramedics starting and ending their shifts at the Lionel E. Lalonde Centre located in Azilda outside of the core deployment response area. Relocating Headquarters to a more centralized location would increase deployment and realize additional significant efficiencies. We would be amenable to preparing a business case that would demonstrate value for money and operational effectiveness by investing in a central headquarters that not only benefit the delivery of Paramedic Services but also all of Fire and Paramedic Services.

Appendix 1 – Most Significant Risks after Controls

Risk	Risk Description	Before Controls	After Controls
		High	Med
O1A	Paramedic stations may be in wrong locations (Headquarters)	14.0	8.9
O1B	Paramedic stations may be in wrong locations (In town Posts)	12.0	6.8
O1C	Paramedic stations may be in wrong locations (Satellite posts)	12.0	6.8
O2	Paramedic stations may lack essential functionality	12.0	6.8
F18	Potential financial impact of Paramedic HQ in wrong location	14.0	8.9

Presented To:	Audit Committee
Presented:	Tuesday, Jun 20, 2017
Report Date	Friday, Jun 02, 2017
Type:	Managers' Reports

For Information Only

Value-For-Money Audit Report - Fire Services

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report relates to the priorities of "Quality of Life and Place" and "Responsive, Fiscally Prudent, Open Governance" as outlined in the 2015-2018 Corporate Strategic Plan.

Report Summary

Issue: There may be insufficient regard for Value For Money in City operations.

Rule: There should be sufficient regard for Value For Money in City operations.

Analysis: A Value For Money audit was completed to assess the extent of regard for Value For Money in operations of Fire Services.

Conclusion: Opportunities exist to enhance Value For Money in the operations of Fire Services.

Financial Implications

The recommendations in the report have financial implications.

Signed By

Auditor General
Ron Foster
Auditor General
Digitally Signed Jun 2, 17

Value-for-Money Audit of the
Operations of the
Greater Sudbury Fire Services
For the Period
January 1, 2013 to April 30, 2017

May 15, 2017
FINAL REPORT



SUMMARY

Audit Objectives

To assess the extent of regard for value-for-money within the operations of the Greater Sudbury Fire Services.

Background

The relevant legislation for the operation of a fire department in Ontario is contained in the Fire Protection and Prevention Act, 1997 (FPPA) which is administered by the Ministry of Community Safety and Correctional Services (MCSCS). Section 2 of the FPPA states that, "every municipality shall, establish a program in the municipality which must include public education with respect to fire safety and certain components of fire prevention; and provide such other fire protection services as it determines may be necessary in accordance with its needs and circumstances." Section 5 of the FPPA "allows the council of every municipality to enact a by-law to establish, maintain and operate a fire department to provide fire suppression services and other fire protection services within the municipality."

The Occupational Health and Safety Act, R.S.O. 1990 (OHSA) requires every employer to, "take every precaution reasonable in the circumstances for the protection of a worker". The OHSA provides for the appointment of committees, and identifies the "Ontario Fire Services Section 21 Advisory Committee" as the advisory committee to the Minister of Labour with the role and responsibility to issue guidance notes to address firefighters-specific safety issues within Ontario.

The National Fire Protection Association of the United States issues authoritative codes and standards that are commonly referenced within the industry when setting performance targets and monitoring the actual response levels of fire services. These codes and standards are widely accepted within the fire services industry in Canada as well as internationally.

According to the City's By-Law 2014-84 which establishes and regulates the GSFS the mandate of the Greater Sudbury Fire Services is to provide fire protection services, public fire and life safety education, and fire prevention initiatives to protect the lives and property of the citizens, businesses and visitors to the City of Greater Sudbury.

In February 2016, Audit Committee requested that the Auditor General's Office advance the value-for-money audit of Fire Services. On March 22, 2016, Council approved our Updated Audit Work Plan for 2016 to 2018 which includes this audit.

Audit Scope

The operations of the GSFS from January 1, 2013 to April 30, 2017.

Report Highlights

This audit identified opportunities to improve value for money within the operations of the GSFA and recommends the following:

- Establishing reasonable and attainable service level targets for responding to fire calls, formalizing them within the Establishing and Regulating Fire Services By-law, communicating them to the public and reporting annually to Council on them;

- Preparing a business case for specialized training and equipment to bolster the GSFS' technical rescue capability as well as HAZMAT response capability;
- Establishing minimum participation rates of 65% for volunteers for training to improve their effectiveness;
- Developing revised fire call response protocols and providing improved communications tools to facilitate improvements to call response rates for volunteer staff;
- Establishing minimum call response rates of 50% for volunteers to improve their reliability and effectiveness;
- Continuing to pilot the 24-7 shift and, in conjunction with staff from Human Resources and Organizational Development, assessing its costs and benefits relative to other shifts;
- Coordinating with facilities and finance staff to develop a program for essential station maintenance;
- Preparing a business case for a fire station location study to effectively plan for the replacement of stations that are approaching the end of their useful service lives;
- Preparing a business case for the replacement of front-line equipment that has reached or is about to reach the end of its useful service life where budgets are insufficient to maintain existing service levels;
- Preparing a business case for an additional Fire Prevention Officer and Public Safety Officer to ensure compliance with the FPPA;
- Preparing a business case for additional training staff to ensure all firefighters are trained and able to participate in a meaningful way that best serves the needs and circumstances of the community; and
- Revising the timing of the annual recruitment of career firefighters to Q1 to ensure new recruits are available to work when the peak vacation period begins in Q3.

Audit Standards

We conducted our review in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards 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.

Under section 223.19(1) of the Municipal Act, 2001, the Auditor General is responsible for assisting the Council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations.

Obtaining value for money requires the achievement of three interrelated values: economy, efficiency, and effectiveness. Economy is about getting the right inputs at the best cost. Efficiency is about getting the most output for our inputs. Effectiveness is about getting the outputs or outcomes that are desired.

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

OBSERVATIONS AND ACTION PLANS

1. Fire Operations

The Fire Operations section within the GSFS provides both offensive and defensive fire response. Offensive fire response includes interior fire rescue and attack, while defensive fire response is exterior only with additional consideration for the protection of adjacent buildings and vegetation.

Call Volumes

Year	Total Incidents	Fire incidents	False Fire Alarms	Medical	Traffic	Other
2013	4,681	470	1,615	737	859	1,000
2014	4,251	473	1,111	667	855	1,145
2015	4,327	500	1,088	791	762	1,186
2016	4,469	501	1,238	729	715	1,286

This section delivers emergency services including fire suppression, technical rescue, hazardous material response and medical tiered response. While it has an approved staff complement of 95 career staff, 9 composite career staff, 4 platoon chiefs and 350 volunteer firefighters, the actual number of volunteers is closer to 260 at this time. The 2017 budget for this section is approximately \$17 million and accounts for roughly two-thirds of the total annual budget of \$25.3 million for the GSFS.

According to the BMA studies of Ontario municipalities, the net costs per capita excluding amortization for the GSFS are significantly lower than those within our municipal counterparts, primarily because of the GSFS' extensive use of volunteers. This does not necessarily mean that taxpayers are getting value-for-money. Additional analyses of the levels and costs of service as well as the expectations of taxpayers and their ability to pay is required for conclusions about the extent of regard for economy, efficiency and effectiveness.

Net Costs Per Capita of Fire Services

Year	Greater Sudbury	Average of Peers	Thunder Bay	Windsor	Guelph	Barrie	Kingston	Chatham Kent
2013	\$134	\$203	\$263	\$223	\$179	\$169	\$180	N/A
2014	\$136	\$204	\$301	\$217	\$205	\$178	\$186	\$136
2015	\$139	\$208	\$265	\$258	\$195	\$194	\$185	\$148

The municipal burden (average residential taxes and water/waste water costs as a percentage of household income) for the City and its peers is a proxy for the ability of taxpayers to pay for services. Our analysis at *Appendix 1* indicates that municipal tax rates for residential properties in the City are currently lower than those in our peers. Tax rates for Industrial taxpayers are already higher than those in our peers. Tax rates also vary by area rating, with areas outside of the City core being charged reduced rates for lower levels of services.

Municipal Burden

Year	Greater Sudbury	Average of Peers	Thunder Bay	Windsor	Guelph	Barrie	Kingston	Chatham Kent
2014	5.1%	5.2%	5.4%	5.3%	4.9%	4.9%	5.7%	N/A
2015	4.8%	5.2%	5.3%	5.4%	4.9%	4.9%	5.5%	5.1%
2016	4.8%	5.1%	5.0%	5.4%	4.8%	4.8%	5.3%	5.1%

Observations

The GSFS presently operates with 95 career firefighters that are assigned to the Van Horne, Minnow Lake, Leon Avenue and Long Lake Stations. The Val Therese composite station has 9 career firefighters and 18 volunteers. Nineteen other stations operate across the City with 10 to 20 volunteers each.

The City's By-Law 2014-84 establishes and regulates the GSFS but does not set out service level standards to allow management, Council and the public to assess the performance of the City's firefighting services. Most fire services use the standards of the National Fire Protection Association to measure performance.

Appendices 2 to 4 indicate that there are a number of significant risks that associated with the GSFS' firefighting service that need to be addressed. Most of these risks arise from the number and location of fire stations and number and mix of firefighters presently assigned to each station.

In 2016, the GSFS conducted a review of risks to people and property in response to IBI's comprehensive review of fire services that identified potential gaps in the existing response capacity of the GSFS outside of the City core. The potential gaps relate to the number and location of stations outside the City core and the level and type of staff in each station. Our review of service levels indicated that 45% of the responses to fire calls from the volunteer stations in 2016 took greater than 9 minutes while 24% of the responses took less than 6 minutes. This compares to 16% and 67% in the City core.

Our review of the skillsets of staff identified gaps in the GSFS' capabilities for technical rescue such as auto extrication, ice and water rescue, confined space, trench and hazardous material (HAZMAT). The depth of expertise in technical rescue currently varies from one community to the next and is not commensurate with the community risk profiles. Staff currently only has an awareness level for HAZMAT response which is insufficient for communities with a large industrial economy and major networks of railways and roads.

Our assessment of the participation rates of volunteer staff in training programs and response rates to fire calls identified significant concerns. *Appendix 5* shows the response rates per volunteer. Our review of participation rates of the volunteers in training indicated that the average rate of participation was only 37 percent.

In 2013, the City agreed to pilot the 24-7 hour shift for its career firefighters. We noted that the City has not yet evaluated the effectiveness or efficiency of this shift. Our audit identified risks to both staff and the public from the adoption of this shift as well as concerns about its efficiency between 2300 hours and 0700 hours when the volume of fire calls is significantly lower.

Impacts

The extent to which firefighting services are meeting the expectations of residents, taxpayers and Council could not be assessed objectively in the absence of service level targets.

Current service levels outside of the City core are inconsistent and may not meet expectations.

The current capability of the GSFS for technical rescue and Hazmat response is not uniform across the City and may not meet expectations.

The current rates of participation of some volunteers in training programs and rates of response to fire calls indicate that there is significant room for improvement.

The 24-7 shift may present risks and costs to the City without commensurate benefits.

Recommendations

- Establish reasonable and attainable service level targets for responding to fire calls, formalize them within the Establishing and Regulating Fire Services By-law, communicate them to the public and report annually to Council on them;
- Prepare a business case for specialized training and equipment to bolster the GSFS' technical rescue capability as well as HAZMAT response capability;
- Establish minimum participation rates of 65% for volunteers for training to improve their effectiveness;
- Develop revised fire call response protocols and provide improved communications tools to facilitate improvements to call response rates for volunteer staff;
- Establish minimum call response rates of 50% for volunteers to improve their reliability and effectiveness; and
- Continue to pilot the 24-7 shift and, in conjunction with staff from Human Resources and Organizational Development, assess its costs and benefits relative to other shifts.

Management's Comment & Action Plan

We concur with the Auditor General's (AG's) findings. It should be noted regarding the 24 hour shift recommendation that the fulltime fire firefighters association and fire administration are subject to interest arbitration as per the provisions of the Fire Protection and Prevention Act and as such it would not be prudent to comment on this recommendation.

2. Fire Stations and Equipment

Observations

The GSFS has operated 24 stations across the City with few changes for the last 16 years since amalgamation. Condition assessments prepared by CCI in 2013 and 2014 indicate that maintenance programs and budgets have not kept up with the pace of deterioration in the City's stations which on average are over 40 years old. Our analysis indicated that essential station maintenance has been deferred over the last several years due to budget constraints as well as recommendations to rationalize the number of stations from IBI's comprehensive fire services review. Our analysis indicates that budgets for fleet have also not kept pace with the annual cost increases for front-line vehicles which include pumpers, aerials, bush trucks and other rescue equipment.

Our research on fire master plans and fire location studies indicated that residents and property owners would very likely benefit from a modest relocations of the stations when they reach the end of their useful lives. Our research also indicated that the most effective locations for replacement stations can be determined by modeling techniques which examine actual fire call volumes. They also show the potential benefits to response times that can be achieved by placing stations in alternative locations.

Impacts

Deferring maintenance reduces the useful lives of the fire stations and may create health and safety risks. The cost for a fire station relocation study would be \$25K to \$50K and would provide value for money as it would very likely improve first response times to fire calls with the existing levels of staff.

Budgets are not always sufficient to replace front-line equipment at the end of its useful life. Pumpers that exceed 20 years of age are not recognized by the Fire Underwriters Survey as a result of their lack of reliability. Fire stations with obsolete equipment could be downgraded to unprotected or partially protected, causing insurance rates in those communities to increase.

Recommendations

- Coordinate with facilities and finance staff to develop a program for essential station maintenance;
- Prepare a business case for a fire station location study to effectively plan for the replacement of stations that are approaching the end of their useful service lives; and
- Where budgets are insufficient to maintain existing service levels, prepare a business case for the replacement of front-line equipment that has reached or is about to reach the end of its useful service life.

Management Comment & Action Plan

We concur with the Auditor General's observations.

3. Prevention, Training and Support

This section provides prevention, training, mechanical, business improvement, and administrative services and had a \$4.5 million budget for 2017. It includes the Chief Mechanical Officer, Chief Prevention Officer, Chief Training Officer, two Training Officers as well as 8 technical and 4 administrative staff.

Observations

While fire prevention has a very significant role in community safety, and is a requirement of the Fire Protection and Prevention Act, 1997 (FPPA), our analysis indicates that this section is presently understaffed. The existing complement of Fire Prevention Officers is only able to respond to requests and complaints and to inspect the properties with the highest risks. An additional Fire Prevention Officer is required to allow the GSFS to inspect and to assess compliance with the Fire Code of buildings that present moderate public risks.

Section 2 of the FPPA states that, "every municipality shall, establish a program in the municipality which must include public education with respect to fire safety and certain components of fire prevention. Our analysis also indicates that the number Public Safety Fire Educators is insufficient for a municipality of our size. One additional Fire Education Officer is required to provide sufficient coverage across the broader City.

Our audit analysis also indicated that the current complement of training staff is insufficient to develop and deliver an adequate firefighter training program that responds adequately to significant risks that stem from the City's unique geography and industrial properties. An additional trainer is required to provide technical rescue and Hazmat response training. Another trainer is required to help develop and deliver a more robust training program to the volunteers.

Administrative staff monitor overtime for the GSFS which has averaged \$640K over the last 4 years and is comparable with most of our peer municipalities. Our analysis indicates that overtime costs for career firefighters account for approximately 76% percent of the total overtime for the GSFS. The amount of overtime incurred annually for career firefighters is directly impacted by the timing of retirements and vacation of existing

staff, timing of new staff hires and the size of each platoon of firefighters which is currently specified within the collective bargaining agreement. We also noted that overtime costs were 1.5 times higher than average in 2015 as a result of the hiring freeze during the P6M project. Over the last 4 years, monthly overtime costs averaged \$30K for the first half of the year and \$50K for the second half.

Impacts

The annual cost of another Fire Prevention Officer would be approximately \$115K per annum would offset the risk of litigation from the City's failure to fully comply with the requirements of the FPPA.

The annual cost for another Public Safety Fire Educator would be also be approximately \$115K per annum and would offset the risks of not complying with FPPA requirements.

Hiring two additional training officers to improve the quality of training for both career and volunteer firefighters would cost approximately \$250K per annum.

Hiring career firefighters in early March each year should reduce overtime costs.

Recommendations

Prepare a business case for an additional Fire Prevention Officer and Public Safety Officer to ensure compliance with the FPPA;

Prepare a business case for two additional training officers to ensure all firefighters are trained and able to participate in a meaningful way that best serves the needs and circumstances of the community;

Revise the timing of the annual recruitment of career firefighters to Q1 to ensure that new recruits are available to work when the peak vacation period begins in Q3.

Management's Comments & Action Plan

We concur with the AG's findings and, if warranted, will provide business cases for Council's consideration for the 2018 budget.

Appendix 1 – Municipal Tax Rates

Residential Municipal Rates – Upper & Lower Tier

Year	Greater Sudbury	Average of Peers	Thunder Bay	Windsor	Guelph	Barrie	Kingston	Chatham Kent
2014	1.2675%	1.3282%	1.6216%	1.6434%	1.0434%	1.1093%	1.2233%	N/A
2015	1.2047%	1.3846%	1.5895%	1.6348%	1.0505%	1.1291%	1.2081%	1.6958%
2016	1.2008%	1.3804%	1.5318%	1.6484%	1.0531%	1.1500%	1.1960%	1.7028%

Multi-Residential Municipal Rates – Upper & Lower Tier

Year	Greater Sudbury	Average of Peers	Thunder Bay	Windsor	Guelph	Barrie	Kingston	Chatham Kent
2014	2.8258	2.9163	4.3550	4.1748	2.1723	1.1093	2.7699	N/A
2015	2.6317	2.990	4.2113	4.1528	2.1429	1.1291	2.6599	3.6439
2016	2.5906	2.9481	4.0302	4.1876	2.1039	1.1500	2.5580	3.6589

Commercial Residual Municipal Rates – Upper & Lower Tier

Year	Greater Sudbury	Average of Peers	Thunder Bay	Windsor	Guelph	Barrie	Kingston	Chatham Kent
2014	2.7356	2.4813	3.2108	3.2929	1.9199	1.5898	2.3932	N/A
2015	2.5777	2.6174	3.1977	3.2739	1.9329	1.6181	2.3641	3.3179
2016	2.5259	2.6091	3.1068	3.3003	1.9376	1.6481	2.3406	3.3211

Commercial Shopping Municipal Rates – Upper & Lower Tier

Year	Greater Sudbury	Average of Peers	Thunder Bay	Windsor	Guelph	Barrie	Kingston	Chatham Kent
2014	2.7356	2.4869	3.2108	3.3208	1.9199	1.5898	2.3932	N/A
2015	2.5777	2.7184	3.1977	3.3697	1.9329	1.6181	2.3641	3.8280
2016	2.5259	2.7106	3.1068	3.3969	1.9376	1.6481	2.3406	3.8333

Industrial Residual Municipal Rates– Upper & Lower Tier

Year	Greater Sudbury	Average of Peers	Thunder Bay	Windsor	Guelph	Barrie	Kingston	Chatham Kent
2014	3.9762	3.0905	4.0921	3.9771	2.5223	1.6821	3.1789	N/A
2015	3.7392	3.1291	3.9140	3.8227	2.4278	1.7120	3.1402	3.7577
2016	3.7021	3.0639	3.6742	3.8547	2.3218	1.7438	3.1090	3.6797

Industrial Large Municipal Rates – Upper & Lower Tier

Year	Greater Sudbury	Average of Peers	Thunder Bay	Windsor	Guelph	Barrie	Kingston	Chatham Kent
2014	4.5068	3.1615	4.4473	3.9771	2.5223	1.6821	3.1789	N/A
2015	4.2382	3.4872	5.1992	4.6862	2.4278	1.7120	3.1402	3.7577
2016	4.1962	3.4421	5.0730	4.7254	2.3218	1.7438	3.1090	3.6797

Appendix 2 – Summary of Significant Risks

Risk	Total No. of Risks	Risks Before Controls			Risks After Controls		
		High	Med	Low	High	Med	Low
Reputation	17	11	6	0	5	12	0
Operational	24	13	11	0	5	19	0
Financial	16	6	10	0	3	13	0
Legal	9	4	5	0	0	9	0
TOTAL	66	34	32	0	13	53	0

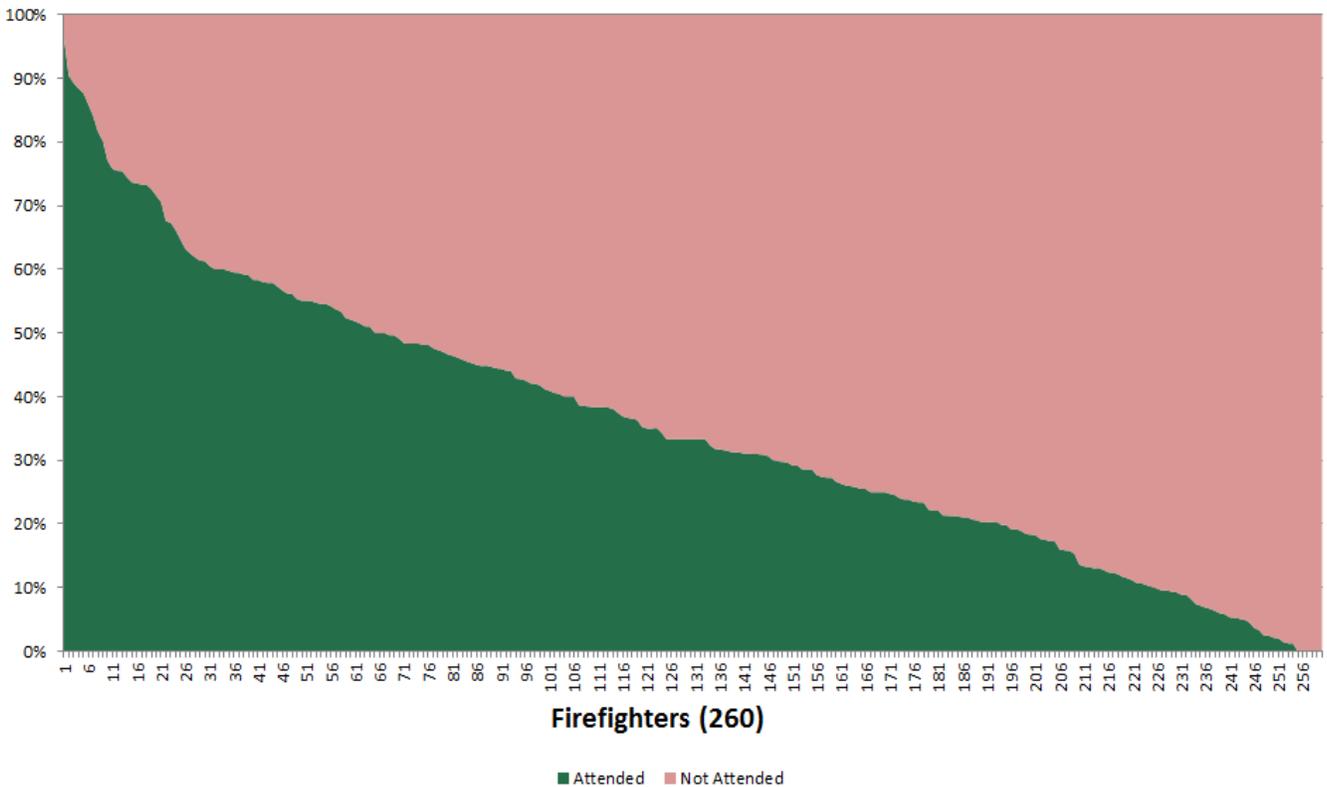
Appendix 3 – Summary of High Risks after Controls

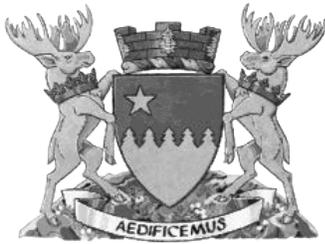
Risk	Risk Description	Before Controls	After Controls
		High	High
R2	Volunteer response is inconsistent and may compromise service	12.0	10.8
R4	Fire prevention and training services may be inadequate in some areas	10.5	10.5
R5	Fire response capability may be inadequate in some areas	11.3	10.2
R7	Technical rescue response capability may be inadequate	10.5	10.5
R8	Hazmat response capability may be inadequate	11.3	10.2
O1	Fire stations may be in wrong locations	15.0	13.5
O2	Fire stations may lack essential functionality	14.0	12.6
O3	Volunteer staff may be ineffective in terms of skills	10.5	9.5
O4	Volunteer staff response may be unreliable	12.0	10.8
O12	Serious staff and/or citizen injuries may occur while en route to scene	11.3	9.1
F1	Fire services may not sustainable/affordable	10.5	9.5
F11	The investment in fleet may be insufficient for effective fire services	14.0	11.3
F12	The investment in buildings may be insufficient for effective fire services	15.0	12.2

Appendix 4 – Sample of Medium Risks after Controls

Risk	Risk Description	Before Controls	After Controls
		High	Med
R1	Old trucks may result in breakdowns and incidents	10.5	8.5
O22	Fleet may fail and compromise service delivery	10.5	8.5
F3	Labour costs may not be sustainable/affordable	9.8	8.8
F13	Lack of effective asset management systems in the City may compromise budget decisions	10.5	8.5
F14	Lack of effective Long Term Financial Planning processes in the City may compromise capital budget decisions	10.5	8.5

Appendix 5 – Call Response Rates Per Volunteer





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;

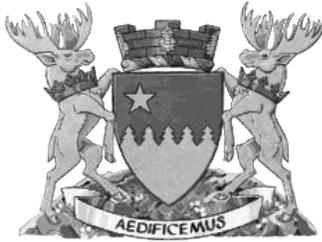
AND WHEREAS the City of Greater Sudbury official motto is "Come, Let Us Build Together," and was chosen to celebrate our city's diversity and inspire collective effort and inclusion;

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.