



FINANCE AND ADMINISTRATION COMMITTEE AGENDA

Finance and Administration Committee Meeting
Wednesday, January 27, 2016
Tom Davies Square

COUNCILLOR MIKE JAKUBO, CHAIR

Deb McIntosh, Vice-Chair

4:00 p.m. FINANCE AND ADMINISTRATION COMMITTEE MEETING
COUNCIL CHAMBER

Council and Committee Meetings are accessible. For more information regarding accessibility,
please call 3-1-1 or email clerks@greatersudbury.ca.

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

PRESENTATIONS

1. Review of Health, Social and Emergency Services 2016 Budget (ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)

- Tim Beadman, General Manager of Health, Social and Emergency Services

(Refer to Budget Binder - Tab: Health, Social and Emergency Services, Pages 277 to 322; Capital Budget, Pages 323 to 330)

CONSENT AGENDA

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

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

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

ROUTINE MANAGEMENT REPORTS

C-1. Report dated January 7, 2016 from the Acting Chief Financial Officer/City Treasurer regarding Ontario Regulation 284/09 - Budget Matters. (RECOMMENDATION PREPARED)

4 - 6

(Reporting requirements as per Reg 284/09 of the Municipal Act, information for expenses that were excluded from the budget but will be included in the audited financial statements.)

MOTIONS

M-1. Allocation of Expenditures/Prioritizing Capital Investment Water/Wastewater Budget

As presented by Mayor Bigger,

WHEREAS Greater Sudbury City Council values the sustainability of our infrastructure;

AND WHEREAS Greater Sudbury City Council would like to provide the best value for our citizen's hard earned tax dollars, while providing them with the best possible services;

AND WHEREAS the City of Greater Sudbury must look to new ways to invest in this infrastructure to ensure sustainability for the future of our community;

THEREFORE BE IT RESOLVED THAT pursuant to Council's approval of the 2016 rate increase for water/wastewater, that the Chief Financial Officer work with the General Manager of Infrastructure Services to provide Council with a report in June 2016, outlining the allocation of operating and capital expenditures based on the most up-to-date information, as well as recommendations from staff to realign the water/wastewater budget, prioritizing additional investment in capital within this same budget.

ADDENDUM

CIVIC PETITIONS

QUESTION PERIOD AND ANNOUNCEMENTS

NOTICES OF MOTION

PARKING LOT REVIEW

The Chair of the Finance and Administration Committee will review each of the items placed in the Parking Lot. The consensus of Council will be required for each item listed in the Parking Lot.

ADJOURNMENT

Request for Decision

Ontario Regulation 284/09 - Budget Matters

Presented To:	Finance and Administration Committee
Presented:	Wednesday, Jan 27, 2016
Report Date	Thursday, Jan 07, 2016
Type:	Routine Management Reports

Recommendation

THAT the City of Greater Sudbury approves the report titled "Ontario Regulation 284/09 - Budget Matters" from the Acting Chief Financial Officer/City Treasurer, as required by Municipal Act Regulation 284/09.

Background

As detailed in the annual audited financial statements, the equity of a municipality is defined as "accumulated surplus". The accumulated surplus consists mainly of:

- Equity in Tangible Capital Assets
- Reserves and Reserve Funds
- Capital Funds
- Less Unfunded Liabilities such as Employee Future Benefits and Post Closure Landfill Sites

Ontario Regulation 284/09 states that for budget purposes, municipalities may continue to exclude amortization, post-employment benefits, and solid waste landfill closure and post-closure expenses.

Further, Ontario Regulation 284/09 requires that municipalities that have excluded expenses in the annual budget must report them to Council.

The purpose of this report is to identify the impact of the 2016 budget on the City's accumulated surplus after converting the 2016 budget and assumptions to the full accrual basis of accounting.

The following is a summary of the consolidated budget (modified cash basis) from the Consolidated Budget tab in the 2016 Budget binder to a full accrual basis of accounting.

Signed By

Report Prepared By

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Jan 7, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City Treasurer
Digitally Signed Jan 13, 16

Recommended by the C.A.O.

Kevin Fowke
Acting Chief Administrative Officer
Digitally Signed Jan 14, 16

Impact of items that will increase (decrease) the 2016 accumulated surplus:

1. Post Employment Benefit Expense	(\$ 1.2) million
2. Landfill closure and post closure expense	(\$ 1.9) million
3. Principal portion of external debt payments	\$ 8.8 million
4. Capital and reserve related	\$ 23.3 million

Estimate of the Budgeted Increase in Accumulated Surplus \$ 29.0 million

Note – all adjustments in above table are estimates, and exclude the related entities which are consolidated in the City's financial statements.

The Public Sector Accounting Board's (PSAB) new financial reporting requirement incorporates the capitalization of tangible capital assets and amortization expenses in the financial statements for all municipalities in Canada. For budget purposes, Ontario Regulation 284/09 allows municipalities to exclude the expenses identified above from the budget. The City of Greater Sudbury's 2016 budget, like all past budgets, was completed on a funding basis where operating and capital budgets are balanced. Accordingly, on a funding basis, there is no projected impact to the City's accumulated surplus.

The adjustments above convert the 2016 budget from the modified cash basis of accounting to the accrual method of accounting and results in an estimated increase of \$29 million to the City's accumulated surplus.

Explanations of the significant adjustments in the table above are outlined below:

1. Post Employment Benefit Expense

PSAB standards do not require liabilities associated with post-employment benefits to be fully funded by setting aside any portion of the accumulated surplus as reserves and reserve funds. The City's financial statements report liabilities and expenses relating to post-employment benefits while the City's budget includes estimated expenditures based on expected cash payments to be made during the year for retirement benefit plans, sick leave benefit plans, long-term disability plans, Workplace Safety and Insurance Act benefits, vacation agreements and retirement plans. The City has some reserve funds associated with these liabilities. The future payments for those liabilities and expenses for some transfers to reserve funds are included in the 2016 budget.

The estimated impact of post-employment benefits expense is an increase to Modified Cash Budget and a decrease to the accumulated surplus of \$1.2 million.

2. Landfill Closure and Post Closure Expense

The PSAB standards do not require liabilities associated with solid waste landfill closure and post-closure care activities to be fully funded by setting aside any portion of the accumulated surplus as reserves and reserve funds. The City's financial statements report liabilities for landfill closure and post-closure. The City does not maintain a reserve fund for these liabilities. Capital construction costs are included in the capital budget as they are known and planned to be incurred.

The estimated impact of solid waste landfill closure and post-closure expenses is an increase to the Modified Cash Budget and a decrease to the accumulated surplus of approximately \$1.9 million (which is based on the change in the liability in 2014 year end audited financial statements).

3. Principal Portion of External Debt Payments

External debt payments of \$8.8 million are included within the operating budget however for PSAB purposes these are a reduction of the City's outstanding debt, and must be removed from expenses.

The estimated impact of the principal portion of external debt payments of \$8.8 million is an increase to the accumulated surplus.

4. Capital and Reserve Related Adjustments

There are adjustments related to capital and reserves, mainly due to capital expenditures recorded as assets on the balance sheet and amortized over its estimated useful life with the corresponding amortization expense that would decrease the accumulated surplus. This is offset by the removal of contribution to/from reserves and capital in the Budget as well as the recording of external funding and revenues relating to the capital assets.

Overall, the reason that the capital and reserve related adjustments results in an increase to the accumulated surplus is the funding recorded as revenue whereas capital assets are recorded as assets and amortized (expensed) over its useful life on the financial statements as opposed to expenses in the Budget.

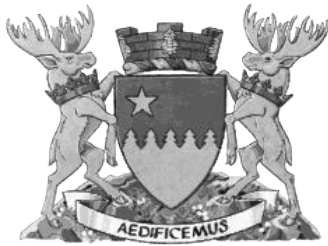
The estimated impact of all capital and reserve related adjustments is an increase to the accumulated surplus of \$23.3 million.

Summary

When the 2016 modified cash budget is converted to the full accrual basis of accounting, the budgeted impact on the City's accumulated surplus is an estimated increase of \$29 million.

This is mainly attributed to budgeted capital transactions which exceed the amortization calculated based on historical costs in accrual accounting. As Council is aware, annual sustainable funding levels (based on replacement costs) for the City's capital assets, greatly exceed historical amortization and existing funding levels included in the 2016 Budget.

Regulation 284/09 requires this report be approved by Council and adopted by resolution prior to adoption of the 2016 Budget.



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;

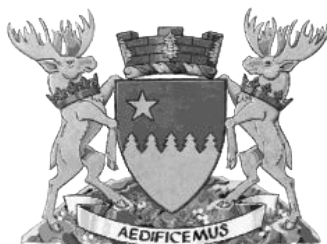
AND WHEREAS the City of Greater Sudbury official motto is "Come, Let Us Build Together," and was chosen to celebrate our city's diversity and inspire collective effort and inclusion;

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.