



# AUDIT COMMITTEE AGENDA

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Audit Committee Meeting  
**Tuesday, June 16, 2015**  
Tom Davies Square

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**COUNCILLOR MIKE JAKUBO, CHAIR**

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**Deb McIntosh, Vice-Chair**

4:00 p.m. OPEN SESSION  
COMMITTEE ROOM C-11

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

## **DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

## **PRESENTATIONS**

1. Report dated May 25, 2015 from the General Manager of Assets and Finance/Chief Financial Officer regarding 2014 Audit Findings Report. **5 - 43**  
**(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)**
  - Lorella Hayes, General Manager of Assets and Finance/Chief Financial Officer

(This report provides the audit findings with respect to the 2014 year-end.)
2. Report dated May 22, 2015 from the General Manager of Assets and Finance/Chief Financial Officer regarding 2014 Annual Financial Statements. **44 - 118**  
**(ELECTRONIC PRESENTATION) (RECOMMENDATION PREPARED)**
  - Lorella Hayes, General Manager of Assets and Finance/Chief Financial Officer

(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, 2014 be adopted by Council.)
3. Report dated June 3, 2015 from the Interim Auditor General regarding Audit Report on Building Services, Building Permits and Committee of Adjustment. **119 - 171**  
**(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)**
  - Vasu Balakrishnan, Interim Auditor General

(Audit Report from Interim Auditor General on Building Services, Building Permits and Committee of Adjustment.)

## **CONSENT AGENDA**

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

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

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

## **CORRESPONDENCE FOR INFORMATION ONLY**

- C-1. Report dated May 27, 2015 from the General Manager of Assets and Finance/Chief Financial Officer regarding Consolidated Reserves and Reserve Funds Balances as of December 31, 2014. **172 - 182**

**(FOR INFORMATION ONLY)**

(This report advises of the balances in the Reserves and Reserve Funds at December 31, 2014.)

## **REGULAR AGENDA**

### **MANAGERS' REPORTS**

- R-1. Report dated May 22, 2015 from the General Manager of Assets and Finance/Chief Financial Officer regarding 2014 Water Wastewater Variance Report. **183 - 186**

**(RECOMMENDATION PREPARED)**

(This report provides a year end position for the Water Wastewater Division based on the expenditures and revenues for the year ended December 31, 2014.)

- R-2. Report dated May 27, 2015 from the General Manager of Assets and Finance/Chief Financial Officer regarding 2014 Committed Capital and Completed Capital Projects. **187 - 202**

**(RECOMMENDATION PREPARED)**

(This report provides a year end position of Committed Capital for the year ended December 31, 2014. It also includes completed capital projects from October 2014 to March 2015.)

- R-3. Report dated May 26, 2015 from the General Manager of Assets and Finance/Chief Financial Officer regarding 2014 Operating Budget Variance Report - December. **203 - 207**

**(RECOMMENDATION PREPARED)**

(This report provides a year end projection based on expenditures and revenues to the end of December, 2014.)

### **ADDENDUM**

### **CIVIC PETITIONS**

### **NOTICES OF MOTION**

## **QUESTION PERIOD AND ANNOUNCEMENTS**

## **ADJOURNMENT**

**BRIGITTE SOBUSH, EXECUTIVE DIRECTOR, ADMINISTRATIVE SERVICES/CITY CLERK**



Presented To:	Audit Committee
Presented:	Tuesday, Jun 16, 2015
Report Date	Monday, May 25, 2015
Type:	Presentations

## For Information Only

### 2014 Audit Findings Report

#### Recommendation

For Information Only.

#### 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 2014 year-end to the Audit Committee on June 16, 2015. 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 2014 Financial Statements. 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 Canadian Institute of Chartered Professional Accountants of Canada, management also has a responsibility to apply their best judgement 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 auditors have confirm that there are no material unadjusted financial statement misstatements.

#### Signed By

##### Report Prepared By

Christina Dempsey  
Co-ordinator of Accounting  
*Digitally Signed Jun 3, 15*

##### Division Review

Lorraine Laplante  
Manager of Accounting  
*Digitally Signed Jun 3, 15*

##### Recommended by the Department

Lorella Hayes  
General Manager of Assets and  
Finance/Chief Financial Officer  
*Digitally Signed Jun 3, 15*

##### Recommended by the C.A.O.

Bob Johnston  
Interim Chief Administrative Officer  
*Digitally Signed Jun 3, 15*

A further requirement of any audit is to obtain sufficient understanding of internal controls and to test those internal controls so that the auditor 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.

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# *City of Greater Sudbury*

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*2014 year-end report  
to the Audit Committee*

*Prepared as of  
May 20, 2015*





May 20, 2015

Members of the Audit Committee  
City of Greater Sudbury

Dear Members of the Audit Committee:

We have substantially completed our audit of the consolidated financial statements of the City of Greater Sudbury (the City) prepared in accordance with Canadian generally accepted accounting standards as established by the Public Sector Accounting Board (Public Sector GAAP) for the year ended December 31, 2014. We propose to issue an unqualified report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included as Appendix A.

We prepared the accompanying report to assist you in your review of the financial statements. It includes an update on the status of our work as well as a discussion on the significant accounting and financial reporting matters dealt with during the audit process.

The matters raised in this report are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. This report has been prepared solely for the use of the Audit Committee, Council and management, and should not be used by anyone other than these specified parties. We disclaim any responsibility to any third party who may rely on it.

We will review the key elements of this report at the upcoming meeting and discuss our findings with you.

We would like to express our sincere thanks to the management and the staff of the City who have assisted us in carrying out our work and we look forward to our meeting on June 16, 2015. If you have any questions or concerns prior to the Audit Committee meeting, please do not hesitate to contact me in advance.

Yours very truly,

*PricewaterhouseCoopers LLP*

Michael Hawtin  
Partner  
Audit and Assurance Group

c.c.: Ms. Lorella Hayes, General Manager of Assets and Finance/Chief Financial Officer

*PricewaterhouseCoopers LLP*  
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## Appendices

Appendix A: Draft independent auditor's report

Appendix B: Management representation letter

Appendix C: Independence letter

Appendix D: Internal control recommendations

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. Comments and conclusions should only be taken in context of the financial statements as a whole, as we do not mean to express an opinion on any individual item or accounting estimate. This report has been prepared solely for your use. It was not prepared for, and is not intended for, any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.

# 1. *Executive summary*

## a. *Status of the audit*

We have substantially completed our audit of the 2014 consolidated financial statements (the financial statements).

This document includes the required communications between an auditor and the Audit Committee.

We performed our audit using the timeline and plan discussed with you at the January 13, 2015 Audit Committee meeting.

The following items will need to be completed/ received before we can issue our auditor's report. We will provide an update on the status of these items at our upcoming meeting.

### *Outstanding items*

- i. Legal letters from lawyers.
- ii. Completion of subsequent event procedures up to the date of our auditor's report.
- iii. Receipt of signed management representation letter.
- iv. Approval of the financial statements by Council.

## b. *Matters for discussion*

<i>Discussion item</i>	<i>Summary</i>	<i>For further reference</i>
Significant audit, accounting and financial reporting matters	<ul style="list-style-type: none"> <li>Section 2 of our report discusses the areas that we focused on in conducting our audit and significant accounting matters which we believe should be brought to your attention. These areas comprise the following:               <ul style="list-style-type: none"> <li>Significant estimates and areas of management judgment;</li> <li>Revenue recognition – Government transfers; and</li> <li>Management override of controls.</li> </ul> </li> </ul>	Section 2
Summary of unadjusted and adjusted items	<ul style="list-style-type: none"> <li>There are no unadjusted or adjusted items as a result of our audit.</li> <li>In our opinion, the financial statements, taken as a whole, are free of material misstatement. A copy of our draft auditor's report can be found in Appendix A.</li> </ul>	Section 3 and Appendix A

## 2. *Significant audit, accounting and financial reporting matters*

To prepare the financial statements, management needs to select accounting policies as well as make critical accounting estimates and disclosures that may involve significant judgment and measurement uncertainty. These matters can significantly impact the City's reported results.

We are responsible for discussing with the Audit Committee our views about the significant qualitative aspects of the City's accounting practices, including accounting policies, the accounting estimates and financial statement disclosures.

We are sharing our views with you to facilitate an open dialogue. Consider our comments and views in this report in the context of the consolidated financial statements taken as a whole, and not as an opinion on any individual item or accounting estimate.

<i>Item 1</i>	<i>Significant estimates and areas of management judgment</i>
<b>Background information</b>	<p>There are a number of complex and significant accounting estimates that require management judgment in preparing the City's consolidated financial statements as at December 31, 2014.</p> <p>Significant provisions and estimates include:</p> <ul style="list-style-type: none"> <li>a) provision for property tax appeals;</li> <li>b) landfill closure and post closure costs for active and inactive landfill sites;</li> <li>c) liability for contaminated sites; and</li> <li>d) employee benefit obligations.</li> </ul> <p>Management has processes and controls in place for formulating these estimates as summarized below:</p> <ul style="list-style-type: none"> <li>a) The provision for property tax appeals is based on management's estimates of losses relating to successful appeals by taxpayers. The provision is based on historical arbitration experience as adjusted by management based on specific facts and circumstances related to open appeals at year-end.</li> <li>b) Management, through the use of internal and external specialists, determines the landfill liabilities by estimating the costs to be incurred during the closure and post-closure periods. The liability is calculated using significant estimates for discount and inflation rates as well as estimates of expenditures for closure and post-closure care of the landfill sites, site capacity and remaining useful lives and the post-closure care period.</li> <li>c) A listing of contaminated or potentially contaminated sites is maintained and monitored by management, in consultation with the City's real estate and asset services group, for those assets that are no longer in productive use or assets where there may be a potential change in the intended use that may give rise to an obligation under this accounting standard. Management reviewed the listing of sites under the scope of this standard at year-end and determined that at present they do not need to recognize any liabilities associated with contaminated sites under the accounting standard PS 3260.</li> </ul>

	<p>d) The City engages a third party actuary to determine the liability for post-employment benefit obligations for sick leave benefits, WSIB and other post-retirement benefits. The liabilities associated with these employee benefit arrangements are calculated by the City's actuary and involve the use of significant assumptions, including but not limited to, the discount rate, salary growth, inflation and health care increases for dental, drugs and medical costs.</p>
<b>PwC's views</b>	<p>We held discussions with management responsible for establishing these estimates to understand the key assumptions as well as validate and benchmark these judgments against our expectations as summarized below:</p> <p>a) For property taxes we corresponded directly with Municipal Property Assessment Corporation (MPAC) to obtain the assessment of properties used in determining property taxation revenue for the year to assist in our validation of management's calculations.</p> <p>We also validated the historical arbitration information with respect to the rate of successful appeals to assess the reasonability of the estimates used by management at year-end. We compared management's "at-risk" rates used to calculate the provision to the average rates as calculated from the historical arbitration information for the past six years and found them to be comparable. We also reviewed management's adjustments to the provision for specific open appeals and found them to be reasonable.</p> <p>b) For landfill liabilities, our audit approach involved the reliance on the work of the City's external environmental specialist for their calculation of the landfill liability and expense for the year. In accordance with generally accepted auditing standards, we relied on the environmental specialist for its calculation of the landfill liability and expense for the year.</p> <p>Our audit procedures mainly consist of reviewing the reasonableness of the data and assumptions used by the specialist, including benchmarking the data to prior years and obtaining explanations for significant variances and independent validation of the assumptions used for inflation and discount rates.</p> <p>We met with management responsible for establishing these provisions to understand the key assumptions and validate and benchmark these estimates against our own expectations. We tested management's calculations, supporting data and assumptions used in these calculations.</p> <p>We have no matters to report as a result of completing these audit procedures.</p> <p>c) For liabilities related to contaminated sites, our audit approach involved discussions with financial and non-financial management within the City that have responsibility for addressing matters related to contaminated sites to assess the City's process with respect to the identification of contaminated or potentially contaminated sites under the scope of PS 3260. We note that the review of contaminated and potentially contaminated sites involves management judgment with respect to the assets' intended use as well as management's assessment regarding the likelihood of expected loss as outlined in the standard. We reviewed management's assessment of contaminated or potentially contaminated sites with respect to the recognition and measurement criteria under the standard. Where third party assessments were available, we reviewed the reports from 3rd party specialists to support management's conclusions. We found management's approach and methodology with respect to the identification of contaminated sites reasonable and are in agreement with the accounting conclusions reached.</p>



	<p>d) For employee benefit obligations, our audit approach involves the reliance on the work of the City's actuary. In accordance with generally accepted auditing standards, we relied on the actuary for its calculation of the employee benefit liabilities and expense for the year. Our audit procedures mainly consist of reviewing the reasonableness of the data and assumptions used by the actuary and do not include a re-performance of the actuarial calculations. Accordingly, we performed the following audit procedures when relying on the work of specialists:</p> <ul style="list-style-type: none"> <li>• Tested the participant data provided to the actuary by comparing the data to source documents maintained by the City's payroll department;</li> <li>• Assessed the significant actuarial assumptions (i.e. discount rates, medical cost increases, etc.) to determine that they are within a reasonable range and consistent with the provisions in the City's employee benefit plans; and</li> <li>• Assessed that the City is in compliance with the appropriate accounting principles for the calculation, presentation and disclosure of the employee benefit obligations in the consolidated financial statements of the City.</li> </ul> <p>We have no matters to report as a result of completing these audit procedures.</p>
<b>Item 2</b>	<b><i>Revenue recognition - Government transfers</i></b>
<b>Background information</b>	<p>Revenue is recognized from government transfers when the transfer is authorized and all eligibility criteria have been met (if applicable), except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability under Public Sector GAAP. The recognition of revenue is based on specific contracts and arrangements with governmental organizations and can be subject to management judgment with respect to the timing of revenue recognition.</p> <p>The City has established revenue recognition accounting policies in accordance with the accounting standards for the Public Sector.</p> <p>In addition, the City has processes, controls and other procedures in place to ensure that revenue is appropriately measured and recognized, including monitoring the activity within deferred revenue accounts and obligatory reserve funds during the year.</p> <p>The City conducted an annual review of significant agreements with other governments, including a review of eligibility criteria and stipulations (if any), to ensure that government transfers are appropriately accounted for under the Handbook Section PS 3410.</p>
<b>PwC's views</b>	<p>During our audit, we updated our understanding of management processes and internal controls surrounding revenue recognition and reassessed the accounting policies adopted by the City for recognizing revenue and ensure that they are in accordance with Canadian GAAP.</p> <p>We performed substantive tests of detail over revenue, accounts receivable and deferred revenue accounts including examination of reconciliations of deferred revenue accounts (by obligatory reserve fund), obtaining confirmation of annual funding with third party sources (i.e. various Ministries) and testing other movements in the deferred revenue accounts to supporting documentation (i.e. agree to contracts, bank deposits, budgets and progress payments, etc.) and to the corresponding entry in the revenue general ledger accounts.</p>

	<p>We also reviewed management's analysis of the eligibility criteria and stipulations for material funding agreements and tested a sample to ensure compliance with the revenue recognition provisions contained in PS 3410.</p> <p>We have no matters to report as a result of completing these audit procedures.</p>
<b>Item 3</b>	<b><i>Management override of controls</i></b>
<b>Background information</b>	<p>Canadian auditing standards require auditors to plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.</p> <p>The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error, because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.</p> <p>We note that the City has developed policies and procedures to ensure appropriate segregation of duties to mitigate the risk of fraud and management override of controls.</p> <p>In addition, the City has policies in place to prevent and detect fraud, including an employee handbook (provided to all employees) that comprises employment rules and policies including areas related to conduct at work, conflict of interest, duty of fidelity, compliant process as well as an Auditor General Office, processes relating to the review and approval of manual journal entries and management reviews of the divisional operating results of the City.</p>
<b>PwC's views</b>	<p>During our audit, we executed the following procedures in order to fulfill our responsibilities:</p> <ul style="list-style-type: none"> <li>• Inquired of management, legal offices and others related to any knowledge of fraud or suspected fraud;</li> <li>• Performed test of details primarily over revenue, including consideration of unusual or unexpected relationships;</li> <li>• Incorporated an element of unpredictability in the selection of the nature, timing and extent of our audit procedures;</li> <li>• Performed additional required procedures to address the risk of management's override of controls, including: <ul style="list-style-type: none"> <li>○ examined journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud;</li> <li>○ reviewed accounting estimates for biases that could result in material misstatement due to fraud; and</li> <li>○ evaluated the business rationale of significant unusual transactions.</li> </ul> </li> </ul> <p>As a result of completing these procedures, we did not encounter any instances of management override of controls.</p>

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### ***3. Summary of unadjusted and adjusted items***

Our responsibility is to issue an opinion as to whether the financial statements are free of material misstatement.

Taken as a whole, the financial statements are free of material misstatement. Pending the completion, to our satisfaction, of the outstanding matters identified in Section 1 we are prepared to issue an unqualified opinion on the financial statements.

Under Canadian auditing standards, we are required to communicate to you the unadjusted items (including disclosures) and the effect that they may have on our opinion and to request that unadjusted items be corrected.

We did not identify any unadjusted or adjusted items during the audit.

## 4. *Other required communications*

Auditing standards require that the external auditor communicate certain matters to the Audit Committee that may assist you in overseeing management's financial reporting and disclosure process.

Below is a summary of how this applies to you:

<i><b>Matter to be communicated</b></i>	<i><b>Our response</b></i>
Management's representations	We need to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix B.
Independence	We confirm our independence with respect to the City in our annual independence letter attached as Appendix C to this report.
Significant deficiencies in internal control	See Appendix D of this report for the observations and recommendations resulting from our review of the information technology (IT) internal controls during the 2014 audit. None were noted to be significant.
Fraud and illegal acts	No fraud involving senior management or employees with a significant role in internal control or that would cause a material misstatement of the financial statements and no illegal acts came to our attention.

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## **5. *Internal control recommendations***

The purpose of our audit was so that we could express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation 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 internal control.

In prior years, we issued a report summarizing our IT internal control observations and recommendations as they related to the 2011 and 2012 audits. Most of them were remediated by management in 2013.

During the 2014 audit, two IT internal control observations were identified, of which one had been reported in prior years and the other was a new observation during fiscal 2014. A summary of those observations and related recommendations are noted in Appendix D.

In addition, as a value added service to the City this year, given the current importance of information security, we performed a review of the City's Cybersecurity policies and procedures primarily through enquiry of key IT management personnel and comparing the responses to our enquiries with best practices in this area. We are in the process of completing this review and will issue a report to management summarizing our views for management's consideration later in the 2015 year.

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## **6. 2014 audit fees**

In accordance with our response to the City's request for a quote dated June 2, 2014 and our audit engagement letter dated October 21, 2014 covering the two-year contract period for the year ended December 31, 2014 and the year ending December 31, 2015, our fees for the 2014 audit of the financial statements of the City are \$91,000.

## **7. Accounting and financial reporting update**

As part of our commitment to quality service, we now draw your attention to new and emerging accounting, auditing and regulatory developments on City of Greater Sudbury's financial reporting:

### **a. Financial instruments and financial statement presentation**

Section PS 3450, Financial Instruments, is effective for governments for periods beginning on or after April 1, 2016. This section provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Derivatives and portfolio investments that are equity instruments quoted in an active market are measured at fair value. Other financial instruments may be elected as measured at fair value under certain conditions.

Concurrent with the adoption of Section PS 3450, organizations must adopt Section PS 1201, Financial Statement Presentation (replacing Section PS 1200), Section PS 2601, Foreign Currency Translation (replacing PS 2600) and Section PS 3041, Portfolio Investments (replacing PS 3040). These new standards require presentation of a new primary statement – the statement of re-measurement gains and losses – reporting various unrealized gains and losses and may also change the accounting for long-term foreign currency monetary items.

### **b. Related party disclosures**

Section PS 2200, Related Party Disclosures, was issued in March 2015 and is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted and this section would be applied prospectively. This section provides guidance on the definition and identification of related parties including key management personnel and establishes disclosures required for related party transactions.

### **c. Inter-entity transactions**

Section PS 3420, Inter-entity Transactions, was issued in March 2015 and is effective for fiscal years beginning on or after April 1, 2017. Earlier 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.

### **d. Other projects**

Other significant projects that are in progress by the Public Sector Accounting Board:

- *Restructurings* – Restructurings may take many forms including amalgamations, transfers and reorganizations. This project aims to create a standard to define restructuring transactions and provide guidance on the recognition and measurement of assets and liabilities subject to restructuring as well as accounting for restructuring costs. A statement of principles was issued in February 2013, which proposed that restructurings involve the transfer of an integrated set of assets, liabilities and related responsibilities without the exchange of significant consideration based on the fair values of assets and liabilities transferred. Restructuring transactions are to be measured based on carrying values with limited adjustments. An exposure draft for a new standard was issued in August 2014. In March 2015, after discussing the responses and the changes proposed by staff to address the comments, PSAB approved a new handbook section, which is expected to be released in the second quarter of fiscal 2015.

- *Assets* – The objective of this project is to provide a standard that addresses the basic concepts and definition of assets, similar to the standard that already exists for liabilities (Section PS 3200). PSAB issued a statement of principles in August 2013 that proposes additional guidance on the definition of assets, disclosure requirements for assets and definitions of and standards on disclosure requirements for contingent assets and contractual rights. In August 2014, PSAB issued an exposure draft that proposed three new standards. After discussing the responses and the changes proposed by the task force to address the comments, PSAB approved three new Handbook Sections — *Assets*, *Contingent Assets* and *Contractual Rights*. A new handbook release is expected in fiscal 2015.
- *Asset Retirement Obligations* – This project will address the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of long-lived tangible capital assets currently in productive use. In August 2014, PSAB issued a Statement of Principles that addresses the accounting and reporting of retirement obligations associated with tangible capital assets controlled by a public sector entity. PSAB is seeking comments on its Statement of Principles by November 21, 2014. An exposure draft for a new standard is expected in the second half of fiscal 2015. Our audit national public sector leader is the chair of the PSAB task force on this project.
- *Revenues* – This project is to develop additional principles for revenue recognition principles that apply to sources of revenue other than government transfers and tax revenue. It is a wide-reaching project seeking to address recognition, measurement and presentation of revenues that are common in the public sector. In August 2013, PSAB issued a statement of principles containing proposals that will affect the reporting of a broad range of revenues. PSAB discussed issues identified by staff based on a preliminary review of responses to its statement of principles and noted that further research on these issues will be required. A request for information is expected to be issued in the third quarter of fiscal 2015.



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## ***Appendix A: Draft independent auditor's report***



June @@, 2015

## **Independent Auditor's 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, 2014 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

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*PricewaterhouseCoopers LLP*

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T: +1 905 815 6300, F: +1 905 815 6499, [www.pwc.com/ca](http://www.pwc.com/ca)*

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Greater Sudbury as at December 31, 2014 and the results of their operations, changes in its net financial assets and its cash flows and for the year then ended in accordance with Canadian public sector accounting standards.

**Other matters**

The accompanying financial statement schedules as at and for the year ended December 31, 2014 are presented as supplementary information only and are not a required part of the basic consolidated financial statements. The information in these schedules has been subject to audit procedures only to the extent necessary to express an opinion on the consolidated financial statements of the City of Greater Sudbury.

**DRAFT****Chartered Professional Accountants, Licensed Public Accountants**

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## ***Appendix B: Management representation letter***

[Client letterhead]

June @@, 2015

PricewaterhouseCoopers LLP  
Attention: Mr. Michael Hawtin  
PwC Centre  
354 Davis Road, Suite 600  
Oakville ON L6J OC5

Dear Mr. Hawtin:

We are providing this letter in connection with your audit of the consolidated financial statements (the financial statements) of the City of Greater Sudbury (the City) as at December 31, 2014 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements are presented fairly, in all material respects, the financial position, the financial performance, the results of its operations and the cash flows in accordance with the requirements of Canadian public sector accounting standards.

#### **Management responsibilities**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 21, 2014. In particular, we confirm to you that:

- We are responsible for the preparation and the fair presentation of the financial statements in accordance with the requirements of Canadian public sector accounting standards;
- We are responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, We are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and the reporting of financial information in accordance with the requirements of Canadian public sector accounting standards;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

#### **Preparation of the financial statements**

The financial statements include all disclosures necessary for fair presentation in accordance with the requirements of Canadian public sector accounting standards; and disclosures otherwise required to be included therein by the laws and regulations to which we are subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account and vice versa.

All consolidating entries have been properly recorded. All inter-governmental unit accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

### **Accounting policies**

We confirm that we have reviewed our accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation of the financial statements is appropriate in our particular circumstances to be prepared fairly, in all material respects, in accordance with the requirements of Canadian public sector accounting standards.

### **Internal controls over financial reporting**

We have designed disclosure controls and procedures to ensure material information relating to the City, including its consolidated subsidiaries, is made known to us by others within those entities.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the requirements of Canadian public sector accounting standards.

We have performed an assessment of the effectiveness of our internal controls over financial reporting and concluded that we have maintained effective disclosure controls and procedures and internal control over financial reporting as at December 31, 2014.

### **Disclosure of information**

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
  - contracts and related data; and
  - information regarding significant transactions and arrangements that are outside of the normal course of business;
- Minutes of the meetings of Council and related committees. The most recent meetings held were City Council on April 14, 2015 and Planning Committee on April 27, 2015.
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

### **Completeness of transactions**

All contractual arrangements entered into by us with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

### **Fraud**

We have disclosed to you:

- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all information in relation to fraud or suspected fraud, of which we are aware, affecting us, involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- all information in relation to any allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators or others.

**Compliance with laws and regulations**

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We are not aware of any illegal or possibly illegal acts committed by our directors, officers or employees acting on our behalf.

**Accounting estimates and fair value measurements**

Significant assumptions used by the City in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the City's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting, Handbook Section 2130, *Measurement Uncertainty*, have been appropriately disclosed.

**Related parties**

We confirm that we have disclosed to you the identity of the City's related parties as defined by the requirements of Canadian Auditing Standard 550, Related Parties, and all the related party relationships and transactions.

The list of related parties summarized in note 1 of the financial statements of the City accurately and completely describes our related parties and the relationships with such parties.

**Going concern**

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

**Assets and liabilities**

We have satisfactory title or control over all assets. All liens or encumbrances on our assets and assets pledged as collateral.

Receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet date and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts that are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which we are contingently liable in accordance with the requirements of Canadian public sector accounting standards have been disclosed to you and are appropriately reflected in the financial statements.

**Litigation and claims**

All known actual or possible litigation and claims, which existed at the financial statements date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

**Misstatements detected during the audit**

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements, including omissions.

We confirm there we are not aware of any are no uncorrected misstatements. There is no adjusted misstatement identified during your audit.

**Events after the financial statements**

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

**Cash and banks**

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the City.

All cash balances are under the control of the City, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the City.

All cash and bank accounts and all other properties and assets of the City of which we are aware are included in the financial statements as at December 31, 2014.

**Restricted assets and revenues**

All assets and revenues subject to restrictions are disclosed in the financial statements.

All externally restricted inflows have been recognized as revenue in the year in which the resources were used for the purposes specified. All externally restricted inflows received before this criterion has been met have been reported as liabilities until the resources are used for the purposes specified.



**Accounts receivable**

All amounts receivable by the City were recorded in the books and records.

Amounts receivable amounted to \$46.3 million and are considered to be fully collectible, except to the extent of \$1.8 million, in respect of which, a full allowance has been made in the accounts.

All receivables were free from hypothecation or assignment as security for advances to the City.

Receivables recorded in the financial statements represent bona fide claims against debtors' charges arising on or before the statement of financial position date. Receivables classified as current do not include any material amounts that are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

**Financial assets (other than loans and receivables)**

All securities which were owned by the City were recorded in the accounts.

All income earned on the financial assets has been recorded in the accounts, and any interest income has been accrued using the effective interest rate method.

We are not aware of any objective evidence of impairment that would result in the recognition of an impairment loss on any financial asset.

You have been informed of the acquisition of or the formation of all government units, business enterprises, partnerships, joint ventures or other participations during the year.

All transactions with governmental units, business enterprises, partnerships or joint ventures have been recorded in the accounts presented to you. All investments in and advances to governmental units, business enterprises, partnerships, joint ventures or other participations are appropriately recorded, and there is no evidence of impairment in value below the resulting balances shown in the financial statements.

There has been no activity in any dormant or inactive government units, business enterprises, partnerships, joint ventures or other participations, except as disclosed to you.

The modified equity method is used to account for the City's investment in the following government business enterprises; Sudbury Airport Community Development Corporation and Greater Sudbury Utilities Inc.

**Tangible capital assets**

All charges to tangible capital asset accounts represented the actual cost of additions to tangible capital assets.

All contributed tangible capital assets have been recorded at fair value at the date of the contribution.

No significant tangible capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of tangible capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Tangible capital assets owned by the City are being depreciated on a systematic basis over their estimated useful lives, and the provision for depreciation was calculated on a basis consistent with that of the previous date.

All lease agreements covering assets leased by or from the City have been disclosed to you and classified as leased tangible capital assets or operating leases.

Leased tangible capital assets are being amortized on a systematic basis over the period of expected use.

There have been no events, conditions or changes in circumstances that indicate that a tangible capital asset no longer contributes to the City's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. We believe that the carrying amount of the City's long-lived tangible capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook PS 3150.

We have reviewed our records and have recorded an appropriate value for all tangible capital assets (TCA) owned by the City. We believe all TCA's to which the future benefit accrues to the City are appropriately accounted for.

#### **Long-term debt**

All borrowings and financial obligations of the City of which we are aware are included in the financial statements as at December 31, 2014, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

#### **Deferred revenue**

All material amounts of deferred revenue meet the definition of a liability and were appropriately recorded in the books and records.

#### **Retirement benefits, post-employment benefits, compensated absences and termination benefits**

All arrangements to provide retirement benefits, post-employment benefits, compensated absences and termination benefits have been identified to you and have been included in the actuarial valuation as required.

The details of all retirement benefits, post-employment benefits, compensated absences and termination benefits amendments since December 31, 2012, the date of the last actuarial valuation, have been identified to you.

The actuarial valuation dated December 31, 2012, incorporates management's best estimates, detailed as follows:

- a) The actuarial assumptions and methods used to measure liabilities and costs for financial accounting purposes for all post-retirement benefits are appropriate in the circumstances.
- b) The City does not plan to make frequent amendments to the post-retirement benefit plans.

All changes to the plan and the employee group and the fund's performance since the last actuarial valuation have been reviewed and considered in determining the post-retirement expense.

The City's actuaries have been provided with all information required to complete their valuation as at December 31, 2012 and where applicable, their extrapolation to December 31, 2014.

We confirm that the extrapolations are accurate and include the proper reflection of the effects of changes and events occurring subsequent to the most recent valuation that had a material effect on the extrapolation.

The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with CPA Canada Public Sector Accounting Handbook PS 3250, *Retirement Benefits* and CPA Canada Public Sector Accounting Handbook PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*. In particular:

- a) The significant accounting policies that the City has adopted in applying CPA Canada Public Sector Accounting Handbook Section PS 3250 and CPA Canada Public Sector Accounting Handbook Section PS 3255 are accurately and completely disclosed in the notes to the financial statements.
- b) Each of the best estimate assumptions used reflects management's judgment of the most likely outcomes of future events.
- c) The best estimate assumptions used are, as a whole, internally consistent, and consistent with the asset valuation method adopted.
- d) The discount rate used to determine the accrued benefit obligation was determined by reference to the City's borrowing rate, at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.
- e) The assumptions included in the actuarial valuation are those that management instructed Mercer to use in computing amounts to be used by management in determining Post-employment Benefits, Compensated Absences and Termination Benefits and in making required disclosures in the above-named financial statements, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3250.
- f) In arriving at these assumptions, management has obtained the advice of a consulting actuary who assisted in reaching best estimates, but has retained the final responsibility for them.
- g) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- h) The disclosure of the City's share of the risks and benefits under joint defined benefit plans, the total financial status of any joint plans, significant policies and a description of the unique nature and terms of any joint plans are accurate and complete.
- i) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of benefit costs and obligations and as such have been communicated to you as well as to the actuary.

#### **Statements of operations and net financial assets**

All transactions entered into by the City have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations and net financial assets.

The accounting principles and policies followed throughout the year were consistent with prior period practices (except as disclosed in the financial statements).

We provided you a complete listing of government transfer agreements as part of our assessment on the impact of adopting CPA Canada Public Sector Accounting Handbook Section PS 3410, *Government Transfers*.

**Government transfers**

Transfers without eligibility criteria or stipulations have been recognized as revenue once the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria but with stipulations have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook PS 3200, *Liabilities*.

**Environmental matters**

There are no liabilities or contingencies arising from environmental matters that have not already been disclosed to the auditor. We have provided you a listing of all locations which we believe are in the scope of PS 3260, *Liability for Contaminated Sites*.

Liabilities or contingencies related to environmental matters have been recognized, measured and disclosed, as appropriate, in the financial statements.

We have considered the effect of environmental matters and the carrying value of the relevant assets is recognized, measured and disclosed, as appropriate, in the financial statements.

All material commitments related to environmental matters have been measured and disclosed, as appropriate in the financial statements and, with respect to contaminated sites, have been measured and disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3260.

**Use of a specialist**

We assume responsibility for the findings of other specialists in evaluating the employee benefit obligation and landfill closure and post-closure liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

**Minutes**

All matters requiring disclosure to or approval by City Council has been brought before them at appropriate meetings and are reflected in the minutes.

**General**

There are no proposals, arrangements or actions completed, in process, or contemplated that would result in the suspension or termination of any material part of the City's operations.

Information relative to any matters handled on behalf of the City by any legal counsel, including all correspondence and other files, has been made available to you.

### **Segment disclosures**

Pursuant to CPA Canada Public Sector Accounting Handbook PS 2700, *Segment Disclosures*, in identifying segments, management has considered the definition of a segment and other factors, including:

- the objectives of disclosing financial information by segment;
- the expectations of members of the community and their elected or appointed representatives regarding the key activities and accountabilities of the government;
- the qualitative characteristics of financial reporting as set out in CPA Canada Public Sector Accounting Handbook PS 1000, *Financial Statement Concepts*;
- the homogeneous nature of the activities, service delivery, or recipients of the services;
- whether the activities relate to the achievement of common outcomes or services as reflected in government performance reports and plans; whether discrete financial information is reported or available; and
- the nature of the relationship between the government and its organizations (within the reporting entity).

Management has identified following operating segments: General Government, Transportation Services, Protection Services, Environmental Services, Health and Social Services, Recreation and Cultural Services and Planning and Development Services.

The financial statements disclose all the relevant factors used to identify the City's reportable segments.

There has been no change in accounting policies related specifically to segment reporting.

### **Events after the balance sheet date**

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Yours truly,

**City of Greater Sudbury**

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Bob Johnston, Interim Chief Administration Officer

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Lorella Hayes, General Manager of Assets and Finance/Chief Financial Officer

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## ***Appendix C: Independence letter***



May 20, 2015

Members of the Audit Committee  
City of Greater Sudbury  
200 Brady Street  
Sudbury ON P3A 5P3

Dear Members of the Audit Committee:

We have been engaged to audit the consolidated financial statements of the City of Greater Sudbury (the City) for the year ended December 31, 2014.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the City, its management and us that may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by Chartered Professional Accountants of Canada and applicable legislation covering such matters as:

- a. holding a financial interest, either directly or indirectly, in a client;
- b. serving as an officer or director of a client;
- c. performance of management functions for an assurance client;
- d. personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or its management;
- e. economic dependence on a client;
- f. long association of senior personnel with a listed entity audit client;
- g. audit committee approval of services to a listed entity audit client; and
- h. provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since June 3, 2014, the date of our last letter.

We are not aware of any relationships between the City or its management and PricewaterhouseCoopers LLP that may reasonably be thought to bear on our independence that have occurred from June 3, 2014 to May 20, 2015.

We hereby confirm that we are independent with respect to the City within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Canada as of May 20, 2015.

---

*PricewaterhouseCoopers LLP*  
*PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5*  
*T: +1 905 815 6300, F: +1 905 815 6499, [www.pwc.com/ca](http://www.pwc.com/ca)*



This report is intended solely for the use of the Audit Committee, Council, management and others within the City and should not be used for any other purpose.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on June 16, 2015.

Yours very truly,

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**



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## ***Appendix D: Internal control recommendations***

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# ***Internal Control Recommendations***

## **City of Greater Sudbury**

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*Year ended  
December 31, 2014*





May 20, 2015

Ms. Lorella Hayes  
General Manager of Assets and  
Finance/Chief Financial Officer  
City of Greater Sudbury  
200 Brady Street  
Sudbury ON P3A 5P3

Dear Ms. Hayes:

**Management Letter  
2014 Audit of the City of Greater Sudbury**

We have substantially completed our audit examination of the consolidated financial statements of the City of Greater Sudbury (the City). Our audit was directed at providing the basis for our opinion on the consolidated financial statements for the year ended December 31, 2014. In prior years, we had noted several areas where we believed that controls and procedures could be improved and accordingly we had provided management with recommendations designed to address those matters. Most of them were remediated by management in 2013. During the 2014 audit, two internal control observations were identified, of which one had been reported in prior years and the other was a new observation during fiscal 2014. A summary of those observations and related recommendations is set forth below.

Our examination was designed in accordance with Canadian generally accepted auditing standards to enable us to express an opinion on the consolidated financial statements as a whole and our work involved evaluating only those systems and internal controls in your organization upon which we intend to rely. The objective of an audit is to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. Therefore, this memorandum does not necessarily include all matters that may be of interest to management, which a more extensive or special internal controls examination might develop. It is not designed to identify and cannot necessarily be expected to uncover fraud, defalcations and other irregularities.

The responsibility for the maintenance of an adequate system of internal control, as well as for the prevention and detection of irregularities rests with management.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

---

*PricewaterhouseCoopers LLP  
PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5  
T: +1 905 815 6300, F: +1 905 815 6499, [www.pwc.com/ca](http://www.pwc.com/ca)*



We would like to take this opportunity to thank the management and staff of the City of Greater Sudbury for the co-operation that we received during the course of our audit. Please do not hesitate to contact us if there are any matters in this letter that you would like to discuss further.

Yours truly,

*PricewaterhouseCoopers LLP*

Michael Hawtin  
Partner  
Audit and Assurance Group

Encl.

---

## ***Low Risk***

### **1) Formal policies and procedures re: logical security, change management and IT operations processes**

#### ***Observation***

This was an observation identified in a prior year. It was noted during our examination of the City's information technology policies and procedures that logical security policies and incident management policies were drafted; however these policies are not yet finalized and are subject to management review and approval. We also note that there was no change management policy document.

#### ***Impact***

There is a risk that the policies and procedures in this area cannot be implemented and enforced as they are not approved by the appropriate level of management.

#### ***Recommendation***

We recommend management approve the policies and procedures for logical security, change management and IT operations processes.

#### ***Management's response***

The IT division has developed these policies, which are in draft form and currently being reviewed. The Legal department is actively reviewing these policies and will complete their review by the end of May 2015. Information Technology will then complete any required changes with all stakeholders by the next internal quarterly audit review of the ERP software systems in mid-July.

---

## ***Low Risk***

### **2) Updates to work order and timely closure of work orders**

#### ***Observation***

Out of 5 work order samples that were selected for testing purposes within the HRMS application, for one sample work order (WO77141), the evidence pertaining to approval and testing were not retained within the work order by the City's IT department. Based on our testing and subsequent discussion with management, it was further noted that the functional team had performed the testing and had provided approval to promote the change as part of the Bundle deployment that occurred during Sept 2014; however, updates to the work order were not made to reflect the testing and approval provided by the functional team. It was further noted that the work order was still open at the time of testing even though the changes were promoted to production.

#### ***Recommendation***

Efforts should be taken by the City's IT department to update the work order periodically and evidences pertaining to testing and approval must be retained within the ticket. Also, the work orders should be closed off by the City's IT department in a timely manner as soon as changes to production are performed.

#### ***Management Response***

Management agrees with the recommendation. Staff is implementing changes to better document issues resulting from bundle changes to provide proper testing and authorizations. Further, changes have already been made to the City's quarterly audits to include review of open work orders to assure they are closed off in a timely manner once changes to production are performed.



Presented To:	Audit Committee
Presented:	Tuesday, Jun 16, 2015
Report Date	Friday, May 22, 2015
Type:	Presentations

## Request for Decision

### 2014 Annual Financial Statements

#### Recommendation

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, 2014 as presented.

#### Background

Find attached the City of Greater Sudbury Annual Financial Report for the year ended December 31, 2014. The Annual Financial 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, 2014. These financial statements have been audited and the Audit 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, 2014:

- Annual Financial Report including the Consolidated Financial Statements of the City of Greater Sudbury
- Consolidated Financial Information Return for the 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

#### Signed By

##### **Report Prepared By**

Christina Dempsey  
Co-ordinator of Accounting  
*Digitally Signed May 22, 15*

##### **Division Review**

Lorraine Laplante  
Manager of Accounting  
*Digitally Signed May 22, 15*

##### **Recommended by the Department**

Lorella Hayes  
General Manager of Assets and  
Finance/Chief Financial Officer  
*Digitally Signed May 26, 15*

##### **Recommended by the C.A.O.**

Bob Johnston  
Interim Chief Administrative Officer  
*Digitally Signed Jun 3, 15*



Prepared by the  
Finance Department,  
City of Greater Sudbury

PLACE  
**TOM DAVIES**  
SQUARE

2014

# City of Greater Sudbury Annual Financial Report

For the year ended December 31, 2014





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Prepared by the Finance Department,  
City of Greater Sudbury

# 2014

## City of Greater Sudbury Annual Financial Report

For the year ended December 31, 2014

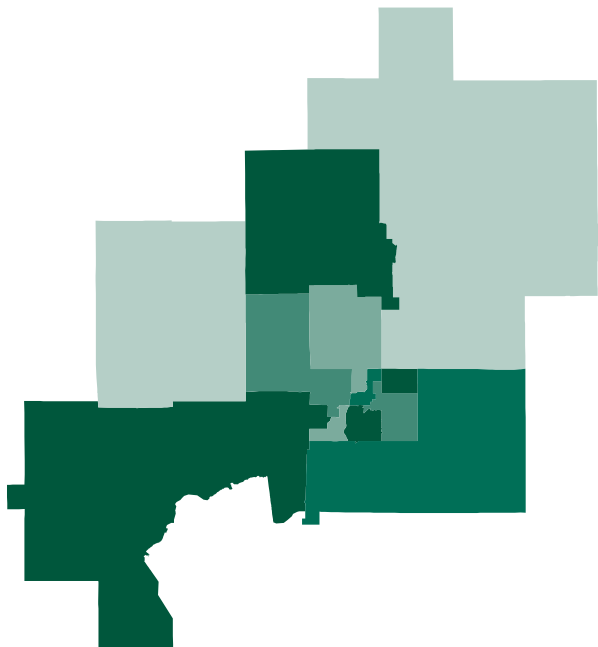
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## About Greater Sudbury



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 (Sudbury, Capreol, Nickel Centre, Onaping Falls, Rayside-Balfour, Valley East and Walden), as well as several unincorporated townships (Fraleck, Parkin, Aylmer, Mackelcan, Rathbun, Scadding, Dryden, Cleland and Dill).

The City of Greater Sudbury 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. Greater Sudbury is 3,267 square kilometres in area, making it the geographically largest municipality in Ontario and second largest in Canada. Greater Sudbury is considered a city of lakes, containing 330 lakes and the largest lake contained within a city, Lake Wanapitei.

In 2014, Greater Sudbury was home to approximately 161,900 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.

Greater Sudbury is a world class mining centre. The city's mining companies employ approximately 6,000 people and support a 300-company mining supply and service sector cluster that employs a further 10,000 people. The city is also a regional centre in financial and business services, tourism, health care and research, education and government for Northeastern Ontario - an area that stretches from the Quebec border west to the eastern shore of Lake Superior and north to the James and Hudson's Bay coastlines – a market of 555,000.

Greater Sudbury is a regional hub for many Ontario residents who live in nearby communities. These visitors come to the city to visit with family and friends, for cultural and educational experiences, for health care, for entertainment, for shopping and for conducting business.



## Greater Sudbury at a Glance



### MUNICIPAL STATISTICS

Population

**161,900**

Households

**74,851**

### EMPLOYEES

Full time employees

**2,011**

### SERVICE INFORMATION

Building Permit Values (in 1000's)

**\$344,303**

Average monthly social assistance case load

**3,703**

Kilometers of roads

**3,619**

Annual volume of treated waste water  
(megalitres)

**36,715**

Annual volume of treated drinking water  
(megalitres)

**20,804**

Annual disposal of solid waste (tonnes)

**102,725**

Annual diversion of solid waste (tonnes)

**35,345**

Regular service passenger transit trips

**4,458,000**

### TAXABLE ASSESSMENT (\$ millions)

Residential, multi-residential, and  
miscellaneous assessment

**\$12,863**

Commercial assessment

**\$1,737**

Industrial and large industrial assessment

**\$473**

### 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

**32.3**

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

**6.7**

% of waste water estimated to have  
bypassed treatment

**2.1%**

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

**14.7**

% of residential solid waste  
diverted for recycling

**45.0%**



## Message from Mayor



On behalf of the City of Greater Sudbury Council, I am pleased to comment on our Annual Financial Report.

The choices we have made this past year stem from our belief that the Corporation of the City of Greater Sudbury has a crucial role to play in helping our community change and grow.

The 2014 financial statements underlines our fiscal position and confirms our community is well positioned moving forward.

As we continue to invest carefully in the organization, I pledge to ensure that our focus on our citizens remains strong, and that we operate according to the tenets of openness, transparency and accountability.

As we move into 2015, we will embrace new challenges and examine ways to make our city even better.

One example of how we are making strong decisions to improve our community is through our Biosolids Management Facility.

It has been years in the making but now are able to say that the review and testing phase is near complete. This will mean we will have achieved performance outcomes and are that much closer to announcing commissioning.

This project is a first for Greater Sudbury. It's the first City owned public-private partnership (P3) Biosolids Management Facility and will be operated by third party. The total cost of the project is \$63.1 million, with the Government of Canada contributing \$11 million through the P3 Canada Fund.

We also made significant investments in infrastructure.

The Roads and Drains Capital Budget was approximately \$38 million and represented 40% of the capital budget. Within that funding envelope, \$10.4 million was for road expansions and intersection improvements which consisted of \$4.9 million for Second Avenue, \$2 million for MR 15 80, \$1.25 million for Crean Hill Road and annual allotments for future Maley Drive development. We also set aside \$12.5 million for the replacement of existing arterial and collector roads, while giving \$4.5 million for local road replacement and \$2.1 for bridges and culverts.

I am confident of what we have done, and what we will do in 2015.

I know my council colleagues, our senior management team and all city staff share a strong sense of duty to serve the best interests of the public.

Together, we will do good things.

Yours sincerely,

Brian Bigger  
Mayor

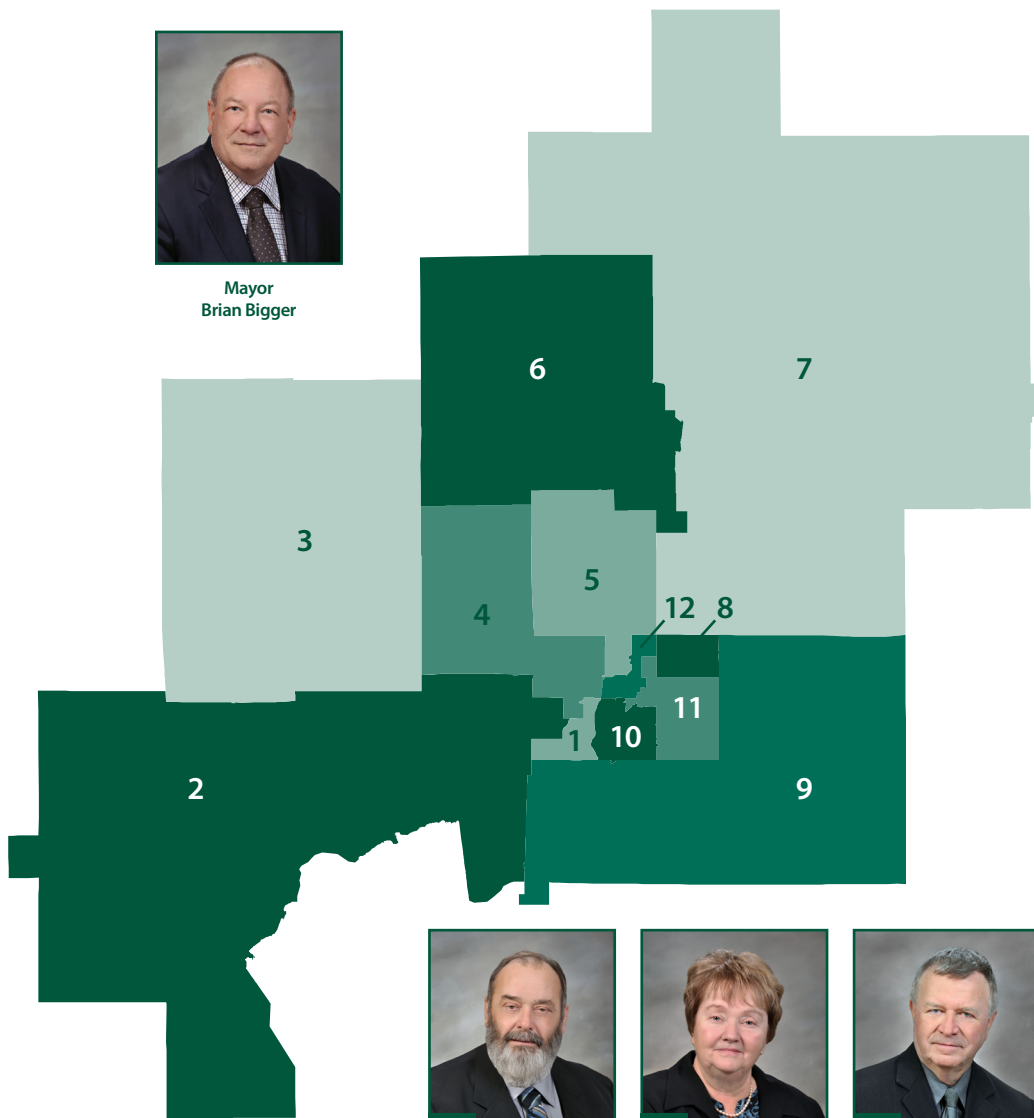
## City Council

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



Mark Signoretti  
Ward 1



Michael Vagnini  
Ward 2



Gerry Montpellier  
Ward 3



Evelyn Dutrisac  
Ward 4



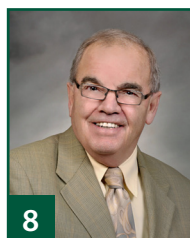
Robert Kirwan  
Ward 5



René Lapierre  
Ward 6



Mike Jakubo  
Ward 7



Al Sizer  
Ward 8



Deb McIntosh  
Ward 9



Fern Cormier  
Ward 10



Lynne Reynolds  
Ward 11



Joscelyne  
Landry-Altmann  
Ward 12

## Senior Management Team

Greater Sudbury's operations are overseen by the Office of the CAO and managed through the following departments: Citizen and Leisure Services, Infrastructure Services, Growth and Development, Health, Social and Emergency Services, Human Resources and Organizational Development, Administrative Services

and Financial Services and Assets. 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.



### Acting Chief Administrative Officer

- Corporate Communications and French Language Services
- Strategic Initiatives



### Administrative Services Executive Director/City Clerk **Caroline Hallsworth**

- Court Services (POA)
- Legal Services
- Clerk's Services
- Information Technology
- Corporate Security



### Human Resources and Organizational Development Director **Kevin Fowke**

- Organizational Development, Safety and Wellness
- Compensation
- Benefits & Rehabilitation



### Assets and Finance/ Chief Financial Officer General Manager **Lorella Hayes**

- Accounting
- Financial Planning and Budgeting
- Purchasing
- Taxation
- Financial Support
- Assets
- Transit / Fleet



### Health, Social and Emergency Services General Manager **Tim Beadman**

- Emergency Medical Services
- Emergency Management
- Fire Services
- Social Services
- Housing Services
- Pioneer Manor



### Growth and Development General Manager **Paul Baskcomb**

- Economic Development
- Building Services
- Planning Services



### Citizen and Leisure Services General Manager **Ron Henderson**

- Citizen Services
- Leisure Services



### Infrastructure Services General Manager **Tony Cecutti**

- Roads, Transportation and Drainage
- Water and Wastewater
- Engineering & Construction Services
- Environmental Services



## Vision, Mission, Values

### Vision

The City of Greater Sudbury is a growing, world-class community bringing talent, technology and a great northern lifestyle together.

### Mission

We provide excellent access to quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

### Values

In fulfilling our roles we commit ourselves to:

- providing high quality service with a citizen focus
- managing the resources in our trust efficiently, responsibly and effectively
- encouraging innovation and accepting risks
- maintaining honest and open communication
- creating a climate of trust and a collegial working environment
- acting today in the interests of tomorrow.



## Strategic Goals and Strategies

The strategic plan 2012-2014 reflects the vision, mission and values of the City of Greater Sudbury. Taking advantage of emerging opportunities will ensure great things happen in Greater Sudbury. The focus and intention of Council and the City toward key priorities will contribute to great outcomes for citizens and the community as a whole.

### The 2012-2014 Priorities of City of Greater Sudbury Council are:

1. Infrastructure
2. Growth and Jobs
3. Image
4. Tourism
5. Healthy Community

These broad strategic goals help the City of Greater Sudbury in managing an annual operating budget of in excess of \$501 million.



## Message from General Manager Assets and Finance/ Chief Financial Officer



It is my pleasure to submit the 2014 Annual Financial Report for the City of Greater Sudbury. In addition to the consolidated financial results for the year ended December 31, 2014, this report highlights the Finance Department's Strategic Plan, key

financial policies, the annual budget process and other information regarding financial performance related to the delivery of the City's programs and services.

### Finance Strategic Plan

The Finance Department's Strategic Plan outlines the vision, mission and the following strategic goals:

1. Focus on fiscal sustainability and long term financial planning.
2. Provide support to operating departments and provide timely and accurate financial statements (internal and external) to assist in decision making.
3. Perform the controllership function for the City by providing and enforcing sound financial policies and internal controls.
4. Maximize the capabilities and opportunities provided by the financial information systems.
5. Maintain a positive work environment and strong employee engagement within the Finance Department.

These goals were established in early 2010. The Strategic Plan highlights the significant accomplishments from 2010 to 2012 and the planned actions for 2013 to 2014 to achieve the vision, mission and strategic goals. This document can be found on the City's website. (Finance Strategic Plan). An update was provided to Council in January 2015.

### 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, 2014 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 2014 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 17 to the financial statements reconciles the 2014 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 PricewaterhouseCoopers LLP, Chartered Accountants (PWC). 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, 2014, PWC 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

The City participated in three benchmarking initiatives. The Municipal Performance Measurement Program (MPMP) and Ontario Municipal CAOs Benchmarking Initiative (OMBI) and the BMA Municipal Study are based upon well-developed methodologies.

In 2014 the MPMP reporting was significantly reduced as a lot of the information was available from other sources. In addition, as part of the 2015 budget process, City Council approved the withdrawal from OMBI to focus on developing a locally tailored set of relevant benchmarks. The Senior Management Team (SMT) will develop a recommended strategy for the City's benchmarking going forward. This will be an opportunity for the City to report some measures on a quarterly or semi-annual basis, comparing to prior year City results and continuing to compare to selected municipal peers on an annual basis.

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.

Additional information relating to Performance Measurement can be found at Performance Measurement on the City's website.

## Financial Management

The City of Greater Sudbury maintains appropriate systems of internal controls to ensure effective financial management, reliable and relevant financial information, and that assets are safeguarded. Management systems, policies and by-laws are in place for financial management, accounting, budgeting and other policies as required to ensure that transactions are appropriately authorized and recorded, and the integrity and completeness of financial records are assured. Key policies and by-laws include but not limited to the City's Delegation By-Law, Purchasing By-Law, Operating Budget Policy, Capital Budget Policy, Purchasing Authority Policy, Reserve and Reserve Fund By-Law and Investment Policy.

### PURCHASING BY-LAW

The Municipal Act requires Council to adopt policies with respect to procurement with the goal of ensuring a fair, transparent and objective process. The City developed a new Purchasing By-Law which came into effect in December 2014 which will achieve this goal. The by-law was developed based on extensive research of best practices, and consultation with internal and external stakeholders.

The purposes, goals and objectives of the by-law are:

1. to encourage competition among Suppliers;
2. to maximize savings for taxpayers;
3. to ensure service and product delivery, quality, efficiency and effectiveness;
4. to ensure fairness among Bidders;
5. to ensure openness, accountability and transparency while protecting the financial best interests of the City of Greater Sudbury;
6. to have regard to the accessibility for persons with disabilities to the Goods, Services and Construction purchased by the City of Greater Sudbury; and,
7. to have regard to the preservation of the natural environment and to encourage the use of environmentally friendly Goods, Services and construction.



### TOWARD FISCAL SUSTAINABILITY PLAN

The Toward Fiscal Sustainability Plan was designed to ensure that the City is fiscally sustainable and has sufficient resources to provide the services that the community expects over the long term. The Plan laid out priorities and action items to manage fiscal challenges and opportunities facing our City. The goal is to build a self sustaining community, with sound infrastructure, and an excellent quality of life.

The LTFP financial principles and policies and the Toward Fiscal Sustainability Plan have been designed to ensure the City attains financial sustainability and has sufficient resources to provide the services that the community expects.

### LONG TERM DEBT

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, programs and facilities which are self-supporting and projects where the cost of deferring expenses exceeds debt servicing costs.

With the completion of two major construction projects the City has debt financing to fund the construction of the Biosolids Management Facility (\$46.8M) and the Fleet/Transit Garage (\$14M) for a total of \$60.8 M.

## 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. The purpose of maintaining reserves is to:

- Provide stability for 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.



## 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.

In July 2014 the City's Development Charges by-law expired. A Development Charges Background Study was prepared in accordance with the Development Charges Act, 1997. On June 10, 2014 Council approved the Background Study and the new By-Law which will expire in 2019. Rates are frozen for years 1 and 2 with phased in increases in years 3 to 5.



## 2014 Budget

The annual budget process is guided by City Council, through the Finance and Administration Committee. Seven departments are responsible for overseeing numerous programs and services that keep the City running every day, and provide a great northern lifestyle to residents.

The City of Greater Sudbury's municipal budget rests on building blocks for fiscal sustainability: revenues to match expenses, capital renewal, preservation of municipal services, and moderate levels of property taxation.

### BUDGET PROCESS

Council annually approves two budgets: an operating budget and a capital budget. The operating budget is prepared using the modified cash basis and provides for operational expenses such as salaries and benefits, materials, grants etc. The capital budget is a five year plan for the acquisition and rehabilitation of tangible capital assets.

The first stage of the budget process commences in May of each year, and includes the preparation of a Preliminary Forecast of the upcoming budget and/or Three Year Forecast. This forecast is presented to Council for review and acceptance.

The second stage of the budget process is prepared in accordance with the Base Budget Preparation Policy. An analysis is prepared of inflationary pressures such as wage adjustments in accordance with collective bargaining agreements, contract and material price increases.

Operating departments and Finance staff review projected year end actuals against budgets to identify variances such as overruns, areas that need more resources to maintain service levels or items that can be cut or reduced while still maintaining service levels. Also, a review of historical trend analysis is performed to verify the accuracy of the budget. Any adjustments are in accordance with the Base Budget Preparation Policy. The budget also reflects any known funding approvals from senior levels of government or partnerships. Any requests for additional permanent staff must be approved by Council. The program support allocations and internal recoveries are in accordance with OMBI methodology.

A review is also conducted of mandatory pressures, such as, provincially mandated programs and service contracts, costs to service growth, as well as annualization pressures of prior year Council decisions and commitments.



Assessment growth is applied to total pressures to reduce the impact on tax levy requirements. The 2014 base budget increase maintained existing service levels and standards, with an inflation based increase.

The final stage of budget review addressed enhancement requests. All enhancement requests, if approved by the CAO, are presented to a Standing Committee for review and referred to the Finance and Administration Committee for approval. Council provides the final approval of the operating and capital budgets. Monitoring and or amendments to the Council Approved Budgets are only made in accordance with Operating Budget Policy and the Capital Budget Policy.

The Council approved budgets are monitored on a daily and monthly basis by departments in accordance with the Operating Budget Policy and the Capital Budget Policy. These policies provide fiscal control and accountability related to the approved budgets and provides for monitoring of the budgets. On a quarterly basis the Finance and Administration Committee review variance reports; this includes a year-end projection of revenues and expenditures. The variance report provides Council with an overview of potential year-end variances by division or section. Also on a quarterly basis, the Finance and Administration Committee review a Capital Variance Report for completed projects.

The City of Greater Sudbury is constantly looking at ways to improve its financial sustainability through a balanced approach to financial management in order to create a sustainable financial position today, and for the future.

## 2015 Outlook

### 2015 BUDGET

The City approved a 0% budget increase, after assessment growth for 2015. As part of this budget process, Council has also set a target of \$6 million for finding efficiencies, identifying budget reductions and generating revenue streams over 2015 for the 2016 budget.

### ORGANIZATIONAL CHANGES

Effective April 2015, there has been an organizational change to streamline operations. These changes are paving the way for the City to identify and deliver on service efficiencies and improvements for residents and citizens alike.

The overarching strategic goals for the City as an organization are:

- emphasize the customer and the employee experience of City Hall by reviewing our processes and operations to ensure citizen satisfaction and organizational sustainability,
- foster a culture of openness and transparency in our operations by actively embracing and enacting the principles of open government,
- develop the leadership and strategic capacity of our organization by empowering our teams to engage in identifying opportunities and implementing solutions to meet the business goals of the organization, and
- measure progress made towards our goals and the quality of our service delivery by developing and executing business plans and implementing benchmarking programs

### OPEN GOVERNMENT AND OPEN DATA

The City of Greater Sudbury formally adopted a model of Open Government based on the principles of Open Information, Open Data, Open Dialogue, and Open Doors.

Open Government is a movement that is endorsed at the international, federal and provincial levels of government which moves accountability and transparency to a higher and more comprehensive level. While each government that has endorsed Open Government has slightly different models that reflect their communities, cultures and priorities, all have common themes which can be summarized as follows:

- Working with and communicating to the public and involving citizens in decision-making (Open Dialogue)
- Opening up and proactively releasing government information (Open Information)
- Making data a publically available tool or asset (Open Data)
- Implementing measures or plans for accountability and oversight of government actions (Open Doors).

Greater Sudbury Council has voted to adopt a policy and licensing standards that will open municipal datasets to the public at no charge for reuse with minimal restrictions. An open data portal will be available online at [www.greatersudbury.ca/opendata](http://www.greatersudbury.ca/opendata) in mid-2015 for downloads of data in machine-readable formats.

## Municipal Services received for \$1,000 in 2014

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



**Roads Construction and Maintenance:** end-to-end, the 3,619 lane kilometres which make up the City of Greater Sudbury's road network. (\$238)

**Police Services:** providing quality service and policing in partnership with the community. (\$182)

**Children, Housing, Social Services and Pioneer Manor:** includes support for the City's long term care facility (Pioneer Manor), affordable housing services, social assistance, licensed child care spaces, employment support services, shelters and homelessness initiatives. (\$128)

**Leisure, Libraries and Museums:** Citizen Services include responsibility for public libraries, Citizen Service Centres, 3-1-1 service, museums and cemeteries. Leisure services include community arenas, indoor pools, supervised beaches, ski hills, outdoor rinks, fitness centres, playgrounds/tot lots, baseball fields, soccer fields, tennis courts, basketball courts, passive/linear parks and trails. (\$110)

**Fire Services:** career and volunteer firefighters (\$94)

**Growth and Development:** includes tourism, physician recruitment, arts and culture, business development, youth strategy, by-law and compliance, real estate matters and community/strategic/environmental planning services and initiatives. (\$53)

**Transit and Fleet:** includes conventional transit, handi transit and fleet services. (\$47)

**Recycling and Garbage:** includes transfer/landfill sites, weekly garbage, recycling, organics, leaf/yard waste collection, household hazardous waste disposal and litter abatement initiatives. (\$39)

**Emergency Services:** includes paramedics and dedicated staff for Emergency Preparedness. (\$38)

**Finance/Admin/HR:** Finance includes financial services such as accounting, taxation, financial planning and budgeting, purchasing and financial support. Administrative Services includes areas such as: clerks, corporate security and court services, legal services and information technology. Human Resources includes: compensation, benefits, rehabilitation, health, safety and wellness and organizational development (\$33)

**Outside boards:** includes Nickel District Conservation Authority and Sudbury and District Health Unit. (\$23)

**Executive and Administration:** oversees and manages a variety of administrative and legislative functions, provides support to Council and includes the Auditor General's Office. (\$15)

Source: 2014 Budget at a Glance

## 2014 Financial Results

### Consolidated Statement of Financial Position

#### Financial assets summary

The City's financial assets are mostly comprised of cash and investments, investments in Government Business Enterprises (GBE) and accounts receivable. Financial assets have increased by 2% from \$418 million to \$427 million.

The City's short and long term investments have decreased from 2013 from \$268 million to \$263 million.

Investments in GBEs are the City's investments 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.

#### 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 by 19% from \$232 million to \$277 million.

Accounts payable and accrued liabilities increased by 54% or \$47 million (due to Biosolids of \$41 million) and are amounts owing to suppliers, employees and other vendors.

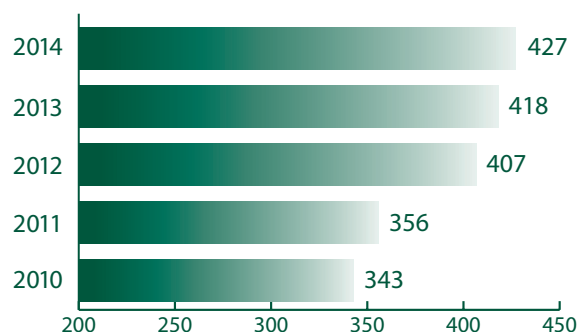
Employee benefit obligations have increased by 2% from 2013. These obligations are for post-employment benefits, vacation pay accrued, sick leave and WSIB.

Long term liabilities for 2014 are \$33 million, a decrease of 13% from 2013 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.

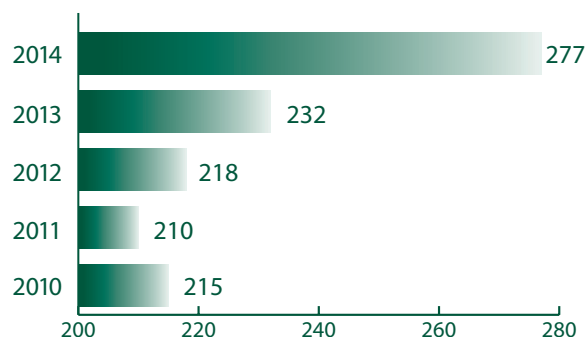
#### Accumulated surplus breakdown

Accumulated Surplus is comprised of the City's investments in Tangible Capital Assets (TCA), Government Business Enterprises (GBE), committed capital projects, unfunded liabilities and reserves and reserve funds.

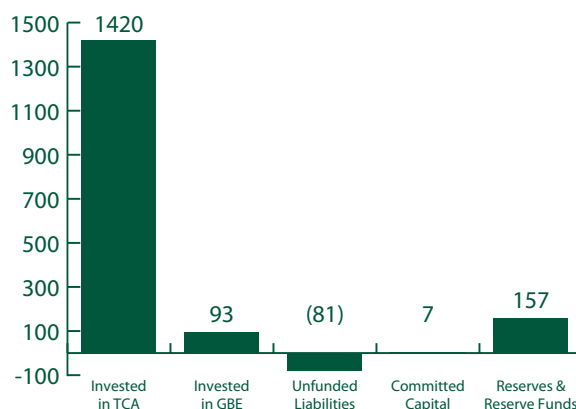
2014 Financial assets (in millions \$)



2014 Financial Liabilities (in millions \$)



2014 Accumulated surplus breakdown (in millions \$)



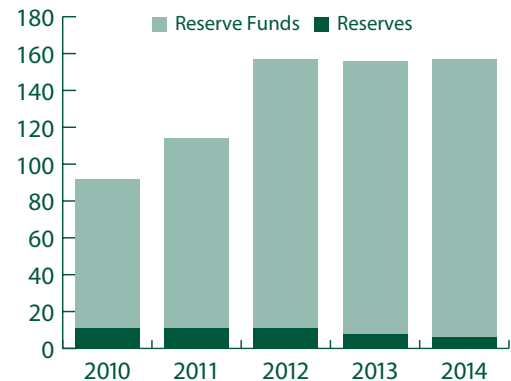
### Reserves and Reserve Funds

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.

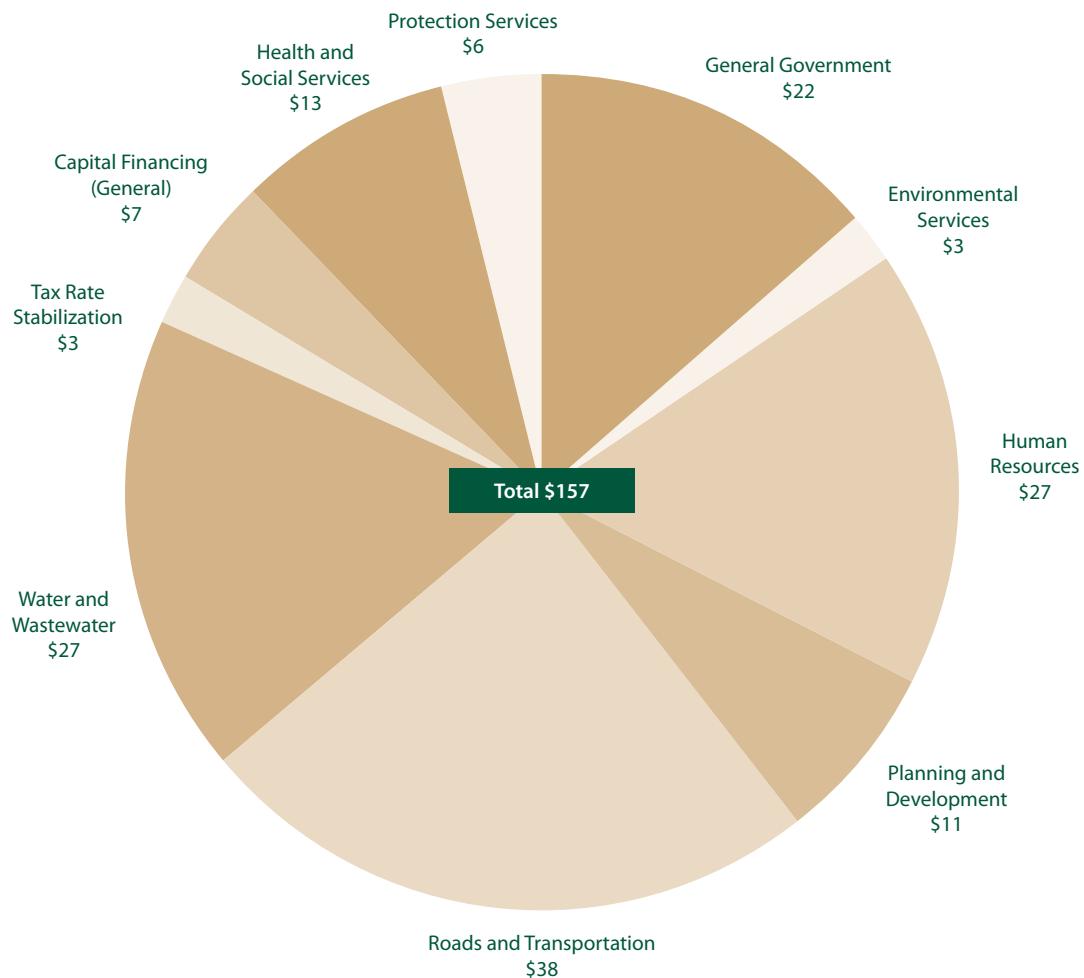
Reserves offer liquidity which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally. The level of reserves and reserve funds is a key measure of the financial health of a municipality.

Reserves and Reserve funds total \$157.2 million compared to 2013 balances of \$156.5 million. Approximately \$97 million of the total relates to reserve funds set aside for capital purchases either previously committed by City Council or available for future capital projects.

2014 Reserves and reserve funds (in millions \$)



2014 Reserves and Reserve Funds  
(in millions \$)



## Consolidated Statement of Operations

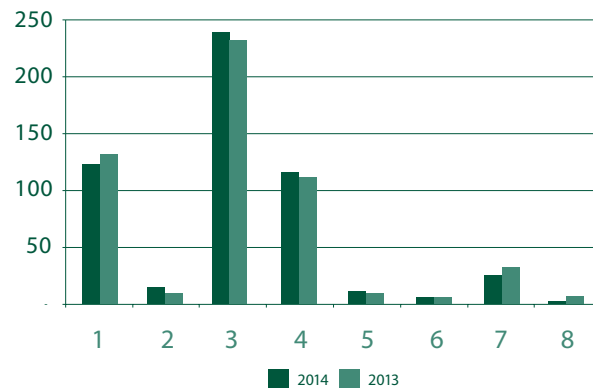
### Revenues

The City's Revenues are consistent with the previous year at \$538 million in 2014. Revenues were utilized to finance operations and the acquisition of tangible capital assets. Revenues are comprised of government transfers, taxation, user charges, donated tangible capital assets and miscellaneous recoveries.

In 2014, there was a tax increase of 2.9% which is net of an assessment decrease of 0.7% and an increase in the user fees by an average of 3%. Due to a decrease in government transfers of 1.5% the net change in revenues was minor compared to 2013.

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

Revenues (in millions \$)

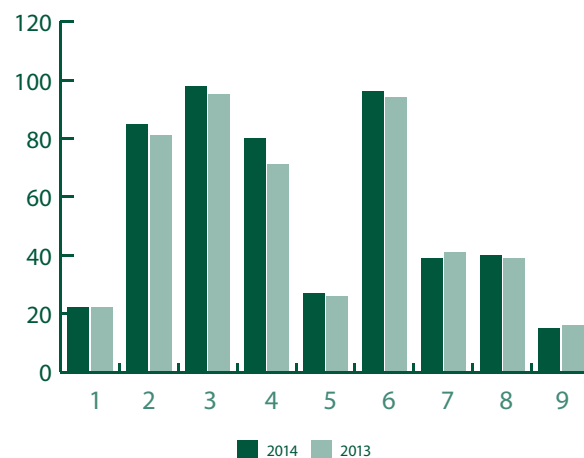


### Expenses

Expenses increased in 2014 by 1.6% from \$502 in 2013 to \$510 million. Social services, roads, water/waste and policing form the largest portion of the expenses.

- |                            |                                     |
|----------------------------|-------------------------------------|
| 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 Function (in millions \$)



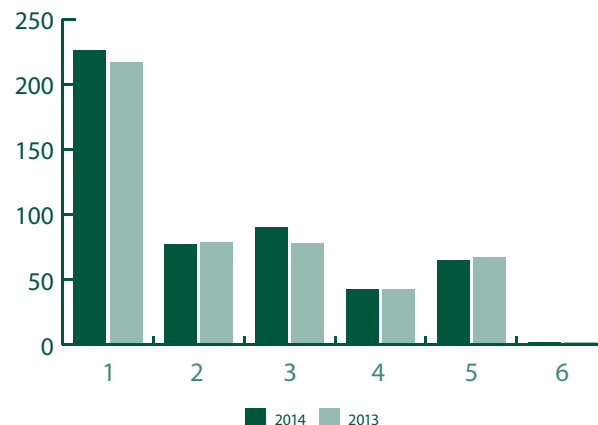
### Expenses by Category

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 \$3.7 million due to employee benefit obligation adjustments, labour pay adjustments and increased benefit costs.

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

Expenses by Category (in millions \$)





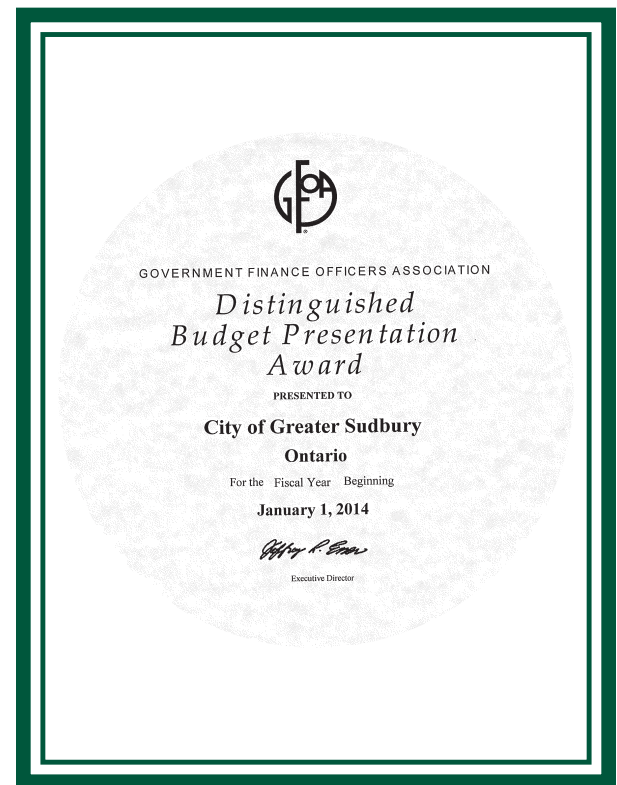
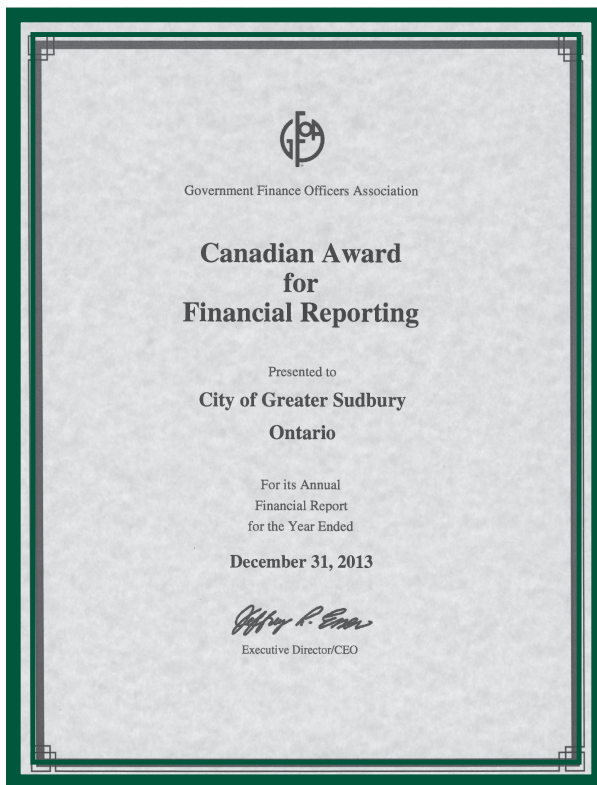
## Awards

### Government Finance Officers Association Award for Financial Reporting

The City of Greater Sudbury's Annual Financial Report 2013 has won the Government Finance Officers Association Award for Financial Reporting. This award program encourages innovative financial reporting and maintains a high quality standard that is recognized amongst peers.

### Government Finance Officers Association Distinguished Budget Award

The City of Greater Sudbury's 2014 Municipal budget has won the Government Finance Officers Association Award for Financial Reporting. This award encourages local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the national Advisory Council on State and Local Budgeting and the GFOA's best practices on budget.



  
**Lorella Hayes**  
 General Manager of Finance, Assets  
 and Chief Financial Officer  
 May 14, 2015





Consolidated Financial Statements of

## **CITY OF GREATER SUDBURY**

Year ended December 31, 2014

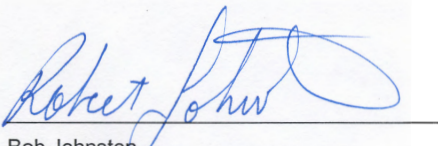
### Management's Responsibility for the Consolidated Financial Statements

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 The Canadian Institute 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.

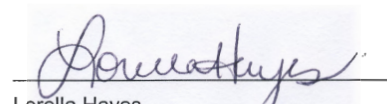
The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely 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 PricewaterhouseCoopers 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.



Bob Johnston  
Interim Chief Administrative Officer



Lorella Hayes  
General Manager of Assets and  
Finance/Chief Financial Officer



June 16, 2015

## **Independent Auditor's 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, 2014 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cashflows for the year then ended, and the related notes, which comprise 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

*PricewaterhouseCoopers LLP  
PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5  
T: +1 905 815 6300, F: +1 905 815 6499, [www.pwc.com/ca](http://www.pwc.com/ca)*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Greater Sudbury as at December 31, 2014 and the results of their operations, changes in its net financial assets and its cash flows and for the year then ended in accordance with Canadian public sector accounting standards.

**Other matters**

The accompanying financial statements schedules as at and for the year ended December 31, 2014 are presented as supplementary information only and are not a required part of the basic consolidated financial statements. The information in these schedules has been subject to audit procedures only to the extent necessary to express an opinion on the consolidated financial statements of the City of Greater Sudbury.

**DRAFT****Chartered Professional Accountants, Licensed Public Accountants**

## CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position  
(in thousands of dollars)  
December 31, 2014, with comparative figures for 2013

	2014	2013
<b>Financial assets</b>		
Cash	\$ 17,217	\$ 10,797
Taxes receivable (note 3)	6,569	7,939
Accounts receivable (note 4)	44,495	39,961
Inventory held for resale	3,182	1,616
Investment in Government Business Enterprises (note 5 (a))	92,940	89,755
Investments (note 6)	262,931	267,842
	427,334	417,910
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	133,618	86,827
Deferred revenue - obligatory reserve funds (note 8)	37,961	38,796
Deferred revenue - other (note 9)	4,000	2,896
Employee benefit obligations (note 10)	55,758	54,595
Solid waste management facility liability (note 11)	13,263	11,359
Long-term liabilities (note 12)	32,519	37,345
	277,119	231,818
<b>Net financial assets</b>	\$ 150,215	\$ 186,092
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	1,439,124	1,375,254
Inventory of supplies	2,740	2,316
Prepaid expenses	4,373	4,756
	1,446,237	1,382,326
Contractual obligations and commitments (note 15)		
<b>Accumulated Surplus</b> (note 16)	\$ 1,596,452	\$ 1,568,418

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, 2014, with comparative figures for 2013

	2014 Budget (note 17)	2014 Actual	2013 Actual
<b>Revenues</b>			
Government transfers - Provincial	\$ 121,674	123,459	\$ 130,617
- Federal	10,819	14,752	9,750
Taxation (note 18)	238,804	238,467	231,004
User charges	116,508	116,141	112,073
Investment income	11,540	11,385	10,567
Fines and penalties	5,565	5,802	6,226
Other revenues (note 19)	29,618	25,016	31,631
Government Business Enterprises net earnings (note 5 (c))	3,193	3,185	7,053
	537,721	538,207	538,921
<b>Expenses</b>			
General government	24,397	23,543	22,052
Protection services	87,769	87,293	85,142
Transportation services	95,038	101,352	98,467
Environmental services	83,540	84,165	79,814
Health services	27,078	27,566	27,113
Social and family services	96,988	97,347	95,877
Social housing	33,337	34,793	38,680
Recreation and cultural services	40,838	41,103	40,226
Planning and development	13,730	13,011	14,616
	502,715	510,173	501,987
<b>Annual Surplus</b>	35,006	28,034	36,934
<b>Accumulated surplus, beginning of the year</b>	1,568,418	1,568,418	1,531,484
<b>Accumulated surplus, end of the year</b>	\$ 1,603,424	\$ 1,596,452	\$ 1,568,418

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, 2014, with comparative figures for 2013

	2014 Budget (note 17)	2014 Actual	2013 Actual
<b>Annual Surplus</b>	\$ 35,006	28,034	\$ 36,934
Acquisition of tangible capital assets	(97,331)	(133,805)	(106,649)
Amortization of tangible capital assets	73,048	66,228	65,178
Loss on sale of tangible capital assets	-	3,556	3,000
Proceeds on sale of tangible capital assets	-	151	99
	10,723	(35,836)	(1,438)
Inventory of supplies	-	(424)	324
Prepaid expenses	-	383	(1,114)
<b>Change in net financial assets</b>	\$ 10,723	\$ (35,877)	\$ (2,228)
<b>Net financial assets, beginning of the year</b>	186,092	186,092	188,320
<b>Net financial assets, end of the year</b>	\$ 196,815	\$ 150,215	\$ 186,092

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

## CITY OF GREATER SUDBURY

### Consolidated Statement of Cash Flows

(in thousands of dollars)

December 31, 2014, with comparative figures for 2013

	2014	2013
<b>Cash flows from operating activities</b>		
Annual Surplus	\$ 28,034	\$ 36,934
Items not involving cash:		
Amortization of tangible capital assets	66,228	65,178
Loss on sale of tangible capital assets	3,556	3,000
Developer contributions of tangible capital assets	(5,718)	(7,993)
Change in employee benefit obligations	1,163	4,241
Change in solid waste management facility liability	1,904	(16)
Equity income in Government Business Enterprises	(3,185)	(7,053)
<b>Change in non-cash working capital:</b>		
Increase in accounts and taxes receivable	(3,164)	(2,494)
Increase in inventory held for resale	(1,566)	(181)
(Increase) decrease in inventory of supplies	(424)	324
Decrease (Increase) in prepaid expenses	383	(1,114)
Increase in accounts payable and accrued liabilities	46,791	8,753
(Decrease) increase in deferred revenue obligatory reserve funds	(835)	9,258
Increase (decrease) in deferred revenue other	1,104	(2,565)
	134,271	106,272
<b>Cash flows from financing activities</b>		
Debt principal repayments	(4,517)	(5,945)
Financial obligations	(137)	(90)
Capital lease obligations	(172)	(162)
	(4,826)	(6,197)
<b>Cash flows from capital activities</b>		
Proceeds on sale of tangible capital assets	151	99
Cash used to acquire tangible capital assets	(128,087)	(98,656)
	(127,936)	(98,557)
<b>Cash flows from investing activities</b>		
Purchase of investments	4,911	(825)
<b>Net increase in cash</b>	6,420	693
<b>Cash, beginning of the year</b>	10,797	10,104
<b>Cash, end of the year</b>	\$ 17,217	\$ 10,797
<b>Supplementary Information</b>		
Interest received	\$ 7,313	\$ 5,260
Interest paid	\$ 1,128	\$ 1,220

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, 2014

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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, 2014

## 1. Significant accounting policies (continued)

### (a) Reporting entity (continued)

#### (ii) Related Entities (continued)

The following contributions were made by the City to these entities

	2014	2013
Nickel District Conservation Authority	\$ 655	\$ 618
Sudbury & District Health Unit	5,659	5,578
City of Greater Sudbury Community Development Corporation	1,530	1,437
	\$ 7,844	\$ 7,633

#### (iii) Investment in Government Business Enterprises

Government Business Enterprises comprised of 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, 2014

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## 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, 2014

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## 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 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, 2014

---

### 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 City matches contributions made by the employees to OMERS, which is a multi-employer plan. This plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS and expensed in 2014 was \$15,596 (2013 - \$15,313). As of December 31, 2014 the OMERS plan, with approximately 451,000 members, has a funding deficit of \$5,300,000 (2013 - 8,300,000).

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, 2014

## 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 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, 2014

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## 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, 2014

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## 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, solid waste management facility liability 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.

In addition, the City's implementation of the Public Sector Accounting Handbook PS 3150 in 2009 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

## 2. Accounting Standards issued but not yet adopted

Financial Instruments, PS 3450, Foreign Currency Translation, PS 2601, and Financial Statement Presentation, PS 1201 are effective for fiscal years beginning on or after April 1, 2016. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3450 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.

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.

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.



## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

### 3. Taxes receivable

	2014	2013
Current taxes and grants in lieu of taxes	\$ 6,807	\$ 7,135
Taxes in arrears	6,179	8,479
	12,986	15,614
Less: allowance for doubtful accounts	(6,417)	(7,675)
Net taxes receivable	\$ 6,569	\$ 7,939

### 4. Accounts receivable

Accounts receivable consists of the following:

	2014	2013
Government of Canada	\$ 5,745	\$ 3,833
Province of Ontario	4,186	4,519
Other municipalities	127	133
School boards	79	122
Other receivables	36,120	32,914
	\$ 46,257	\$ 41,521
Less: allowance for doubtful accounts	(1,762)	(1,560)
Net accounts receivable	\$ 44,495	\$ 39,961

### 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	2014 Total	2013 Total
Balance, beginning of year	\$ 9,259	\$ 80,496	\$ 89,755	\$ 82,702
City's share of operating income for the year	2,150	1,035	3,185	7,053
Balance, end of year	\$ 11,409	\$ 81,531	\$ 92,940	\$ 89,755

The investment of \$81,531 in GSU includes a promissory note receivable of \$52,340 (2013 - \$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.

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

### 5. Investment in Government Business Enterprises (continued)

(b) The following tables provide condensed supplementary financial information for the year ending December 31, 2014:

#### Financial Position

	SACDC	GSU	2014 Total	2013 Total
Current assets	\$ 2,337	\$ 32,379	\$ 34,716	\$ 32,746
Capital assets	23,153	98,734	121,887	113,503
Other assets	-	12,786	12,786	12,842
Total assets	25,490	143,899	169,389	159,091
Current liabilities	1,420	21,241	22,661	20,445
Note payable to the City of Greater Sudbury	910	52,340	53,250	52,340
Long term liabilities	11,751	41,127	52,878	48,892
Total liabilities	14,081	114,708	128,789	121,677
Net assets	\$ 11,409	\$ 29,191	\$ 40,600	\$ 37,414

The \$910 note payable to the City from SACDC is comprised of a payable of \$3,541 (2013 - \$3,784) from the City to SACDC net of a receivable amount of \$4,450 (2013 - \$3,271) from the SACDC to the Trust funds administered by the City. The note payable accrues interest at the City's average monthly rate of return on investments plus 1% and has no specified terms of repayment.

By-Law 2014-215 authorized an increased loan to the Sudbury Airport Community Development Corporation to \$3,000. The By-Law provides flexibility to temporarily exceed the \$3,000 limit for bridge financing in order to complete subsidized projects. At December 31, 2014, the City is in compliance with the requirements of By-Law 2014-215.

#### Results of Operations

	SACDC	GSU	2014 Total	2013 Total
Revenue	\$ 7,767	\$ 139,130	\$ 146,897	\$ 141,064
Expenses	(5,978)	(134,300)	(140,278)	(130,217)
Gain on sale of assets	361	-	361	1
Interest paid to the City of Greater Sudbury	-	(3,795)	(3,795)	(3,795)
Net income	\$ 2,150	\$ 1,035	\$ 3,185	\$ 7,053
Budgeted net income (loss)	\$ 1,149	\$ 2,044	\$ 3,193	861

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2014

### 5. Investment in Government Business Enterprises (continued)

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

(i) At December 31, 2014, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$1,610 (2013 - \$1,583) for water billings collected by GSU.

A payable of \$56 (2013 - \$186) 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:

	2014	2013
Property taxes	\$ 436	\$ 426
Interest on promissory note receivable	3,796	3,815
	<u>\$ 4,232</u>	<u>\$ 4,241</u>

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

	2014	2013
Billing and collection services for water and wastewater	\$ 1,316	\$ 1,145
Streetlighting maintenance services	562	504
Streetlighting infrastructure	1,259	1,552
Electricity	6,471	6,046
Telecommunications	502	428
	<u>\$ 10,110</u>	<u>\$ 9,675</u>

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

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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### 6. Investments

	2014 Interest Rates	Market	2014 Cost	Market	2013 Cost
Short term investments (1.25% to 3.65%)		\$ 166,593	166,466	\$ 158,322	157,817
Long term investments (0.5% to 6.73%)		104,081	96,465	111,824	110,025
		\$ 270,674	262,931	\$ 270,146	267,842

The investments consisting of term deposits, treasury bills, ONE Fund Money Market and Bond Market funds and bonds earn rates of return ranging from 0.5% 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 2015 to 2033 (2013 – 2014 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, 2014, the City is in compliance with the requirements of By-Law 2013-179.

### 7. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2013 - \$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 2.5 % (2013 – 2.5%) per annum. No amounts were drawn against the facility as at December 31, 2014 and 2013.

### 8. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2013	Externally restricted inflows	Revenue earned	December 31, 2014
Sub-divider contribution	\$ 7,942	1,060	(196)	\$ 8,806
Development Charges Act	728	4,795	(4,369)	1,154
Recreational Land (Planning Act)	832	193	(80)	945
Gasoline Tax - Provincial	1,317	2,561	(1,393)	2,485
Gasoline Tax - Federal	14,033	9,857	(13,429)	10,461
Building Permit Revenues (Bill 124)	7,578	178	(112)	7,644
Children's Services	6,366	150	(50)	6,466
	\$ 38,796	18,794	(19,629)	\$ 37,961

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

### 9. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31, 2013	Externally restricted inflows	Revenue earned	December 31, 2014
Federal government	\$ 18	25	(20)	\$ 23
Provincial government	2,164	3,905	(3,560)	2,509
Municipal government	13	-	(2)	11
Other	500	835	(90)	1,245
Consolidated entities	201	11	-	212
	<u>\$ 2,896</u>	<u>4,776</u>	<u>(3,672)</u>	<u>\$ 4,000</u>

### 10. Employee benefit obligations

Employee benefit obligations consist of the following:

	2014	2013
Future payments required for:		
WSIB obligations	\$ 2,223	\$ 2,198
Accumulated sick leave benefits	6,837	6,714
Other post-employment benefits	30,316	29,363
Liability for Stop Loss Insurance	1,520	1,956
Vacation pay	14,862	14,364
	<u>\$ 55,758</u>	<u>\$ 54,595</u>

The City has established reserve funds in the amount of \$14,738 (2013 - \$12,382) 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, 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 represent 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, 2014

### 10. Employee benefit obligations (continued)

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2014 for each of the plans.

	WSIB	Sick leave	Other Post-Employment Benefits	2014 Total	2013 Total
Accrued benefit liability, beginning of year	\$ 2,694	7,195	28,115	38,004	39,501
Benefit cost	846	363	1,163	2,372	2,391
Interest cost	139	319	1,251	1,709	1,776
Benefit payments	(1,201)	(575)	(1,830)	(3,606)	(3,077)
Actuarial gain (loss)	1,544	293	(353)	1,484	(2,587)
Accrued benefit liability, end of year	4,022	7,595	28,346	39,963	38,004
Unamortized actuarial gain (loss)	(1,799)	(758)	1,970	(587)	271
	\$ 2,223	6,837	30,316	39,376	38,275

The total expense related to these employee benefits include the following components:

	WSIB	Sick Leave	Other Post-Employment Benefits	2014 Total	2013 Total
Current period benefit cost	\$ 2,366	363	1,163	3,892	\$ 2,391
Amortization of actuarial loss	241	16	369	626	830
Interest expense	139	319	1,251	1,709	1,776
Total employee benefit expense	\$ 2,746	698	2,783	6,227	\$ 4,997

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	2.1%	2.1%	2.1%
Expected level of salary increases	N/A	2.1%	2.1%
Discount rate	4.0%	4.0%	4.0%

For other post employment benefits, as at December 31, 2014, the initial health care trend rate is 7.56% (2013 – 7.79%) and the ultimate trend rate is 4.5% (2013 – 4.5%) which is expected to be reached in 2029 (2013 – 2029).

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2014

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### 11. 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 4.25% (2013 - 4.85%) minus an inflation rate of 1.73% (2013 - 1.71%) (10-year average of CPI from 2004 to 2014). The estimated total landfill closure and post-closure care expenses are calculated to be \$22,209 (2013 - \$19,104). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2014 an amount of \$13,263 (2013 - \$11,359) with respect to landfill closure and post-closure liabilities has been accrued.

#### Active sites

The estimated remaining capacity of the Sudbury landfill site is 51% (3,937,840 cubic meters) (2013 - 52%) of its total estimated capacity and its estimated remaining life is 36 years (2013 - 37 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 34% (678,570 cubic meters) (2013 - 35%) of its total estimated capacity and its estimated remaining life is 21 years (2013 - 22 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 51% (759,204 cubic meters) (2013 - 53%) of its total estimated capacity and its estimated remaining life is 34 years (2013 - 35 years), after which the period for post-closure care is estimated to be 25 years.

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2014

### 12. Long-term liabilities

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

	2014	2013
Debentures (i)	\$ 15,862	\$ 17,207
Capital lease obligations (ii)	229	401
Other loans (iii)	3,118	3,290
Accrued financial obligations (iv)	13,310	16,447
	<u>\$ 32,519</u>	<u>\$ 37,345</u>

- (i) The debentures bear interest at rates of 5.386% to 5.734%, repayable in aggregate blended monthly payments of \$189, maturing from March, 2023 to December, 2024.
- (ii) The capital lease obligations bear interest at a rate of 5.75%, repayable in aggregate blended monthly payments of \$16, maturing in March, 2016.
- (iii) The other loans bear interest at rates of 5.47% to 5.49%, repayable in aggregate blended annual payments of \$354, maturing from April 2025 to November, 2029.
- (iv) Accrued financial obligations consist of the following:

	Last Year of Obligation	2014	2013
Health Sciences North	2023	\$ 6,082	\$ 7,481
Northeastern Ontario Regional Cancer Centre	2023	2,618	3,219
Laurentian University (School of Architecture)	2019	4,500	5,500
Physician Service Agreements	2016	110	247
		<u>\$ 13,310</u>	<u>\$ 16,447</u>

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

2015	\$ 3,886
2016	3,754
2017	3,794
2018	3,896
2019	3,505
Thereafter	13,684
	<u>\$ 32,519</u>



## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2014

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### 12. Long-term liabilities (continued)

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

General municipal revenues	\$ 29,401
Water/wastewater user fees	3,118
	<u>\$ 32,519</u>

(d) The City expensed \$1,128 in 2014 (2013 - \$ 1,205) in interest on these borrowings.

### 13. 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:

	2014	2013
Taxation	\$ 52,590	\$ 51,713
Payments in lieu of taxes	139	139
	<u>\$ 52,729</u>	<u>\$ 51,852</u>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2014

## 14. Tangible capital assets

Cost	Balance December 31, 2013	Additions	Disposals	Balance at December 31, 2014
General Capital:				
Land	\$ 67,056	\$ 3,046	(319)	\$ 69,783
Landfill and land improvements	32,880	2,610	(172)	35,318
Buildings	303,519	28,570	(976)	331,113
Machinery, furniture and equipment	96,886	8,605	(4,194)	101,297
Vehicles	72,434	2,298	(1,654)	73,078
Infrastructure:				
Land improvements	22,678	135	-	22,813
Plants and facilities	328,041	2,646	(895)	329,792
Roads infrastructure	1,128,205	48,524	(12,416)	1,164,313
Water and sewer infrastructure	480,582	10,371	(437)	490,516
Assets under construction	85,658	27,000	-	112,658
<b>Total</b>	<b>\$ 2,617,939</b>	<b>\$ 133,805</b>	<b>\$ (21,063)</b>	<b>\$ 2,730,681</b>

Accumulated amortization	Balance December 31, 2013	Amortization expense	Disposals	Balance at December 31, 2014
General Capital:				
Land	\$ -	\$ -	-	\$ -
Landfill and land improvements	13,457	1,227	(170)	14,514
Buildings	136,864	9,045	(651)	145,258
Machinery, furniture and equipment	62,253	6,311	(4,068)	64,496
Vehicles	39,912	4,661	(1,625)	42,948
Infrastructure:				
Land improvements	2,352	317	-	2,669
Plants and facilities	175,464	9,331	(553)	184,242
Roads infrastructure	667,119	28,601	(9,969)	685,751
Water and sewer infrastructure	145,265	6,735	(320)	151,680
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,242,686</b>	<b>\$ 66,228</b>	<b>\$ (17,356)</b>	<b>\$ 1,291,558</b>

	Net book value December 31, 2013	Net book value December 31, 2014
General Capital:		
Land	\$ 67,056	\$ 69,783
Landfill and land improvements	19,423	20,804
Buildings	166,655	185,855
Machinery, furniture and equipment	34,633	36,801
Vehicles	32,522	30,130
Infrastructure:		
Land improvements	20,326	20,144
Plants and facilities	152,577	145,550
Roads infrastructure	461,087	478,562
Water and sewer infrastructure	335,317	338,836
Assets under construction	85,658	112,658
<b>Total</b>	<b>\$ 1,375,254</b>	<b>\$ 1,439,123</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2014

## 14. Tangible capital assets (continued):

Cost	Balance December 31, 2012	Additions	Disposals	Balance at December 31, 2013
General Capital:				
Land	\$ 63,761	\$ 3,444	\$ (149)	\$ 67,056
Landfill and land improvements	30,062	2,818	-	32,880
Buildings	299,378	6,776	(2,635)	303,519
Machinery, furniture and equipment	94,279	4,668	(2,061)	96,886
Vehicles	70,537	5,738	(3,841)	72,434
Infrastructure:				
Land improvements	22,405	273	-	22,678
Plants and facilities	325,710	2,956	(625)	328,041
Roads infrastructure	1,113,489	21,918	(7,202)	1,128,205
Water and sewer infrastructure	464,190	17,057	(665)	480,582
Assets under construction	44,657	41,001	-	85,658
<b>Total</b>	<b>\$ 2,528,468</b>	<b>\$ 106,649</b>	<b>\$ (17,178)</b>	<b>\$ 2,617,939</b>

Accumulated amortization	Balance December 31, 2012	Amortization expense	Disposals	Balance at December 31, 2013
General Capital:				
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	12,373	1,084	-	13,457
Buildings	130,523	8,570	(2,229)	136,864
Machinery, furniture and equipment	57,760	6,515	(2,022)	62,253
Vehicles	38,902	4,727	(3,717)	39,912
Infrastructure:				
Land improvements	2,038	314	-	2,352
Plants and facilities	166,429	9,314	(279)	175,464
Roads infrastructure	644,387	28,095	(5,363)	667,119
Water and sewer infrastructure	139,174	6,559	(468)	145,265
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,191,586</b>	<b>\$ 65,178</b>	<b>\$ (14,078)</b>	<b>\$ 1,242,686</b>

	Net book value December 31, 2012	Net book value December 31, 2013
General Capital:		
Land	\$ 63,761	\$ 67,056
Landfill and land improvements	17,689	19,423
Buildings	168,855	166,655
Machinery, furniture and equipment	36,519	34,633
Vehicles	31,635	32,522
Infrastructure:		
Land improvements	20,367	20,326
Plants and facilities	159,281	152,577
Roads infrastructure	469,102	461,087
Water and sewer infrastructure	325,016	335,317
Assets under construction	44,657	85,658
<b>Total</b>	<b>\$ 1,336,882</b>	<b>\$ 1,375,254</b>

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2014

### 14. Tangible capital assets (continued)

#### a) Assets under construction

Assets under construction having a value of \$112,658 (2013 - \$85,658) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$67,092 (2013 - \$51,335) to assets under construction and transferred \$39,870 (2013 - \$10,334) from assets under construction to tangible capital assets.

#### b) Developer contributions of tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$5,718 (2013 - \$7,993) comprised of the following:

	2014	2013
General Capital		
Land	\$ 781	\$ 461
Land improvements	-	-
Machinery and equipment	271	212
Infrastructure		
Land improvements	135	205
Roads network	2,507	3,265
Water and wastewater network	2,024	3,850
Total	\$ 5,718	\$ 7,993

### 15. Contractual obligations and commitments

#### (a) Contracts for capital projects

The balance of capital works uncompleted under contracts in progress at December 31, 2014 amounts to approximately \$25,335 (2013 - \$77,413). The proposed financing of these obligations is \$25,290 (2013 - \$74,119) from surplus funds and \$45 (2013 - \$3,294) from external sources.

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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### 15. Contractual obligations and commitments (continued)

#### (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:

2015	\$	20,726
2016		11,366
2017		1,437
2018		1,167
2019 and onwards		1,479
	\$	36,175

#### (c) Contingent liabilities

As at December 31, 2014, 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, 2014 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.

#### (e) Biosolids Management Facility and Fleet/Transit Garage

Assets under construction include the costs incurred related to the construction of a Biosolids Management Facility under a public private partnership agreement that aggregated to \$54,270 as at December 31, 2014, with a corresponding payable balance included within accounts payable and accrued liabilities. The total cost of construction for the Biosolids Management Facility is \$63,123.

Subsequent to year end, the construction of the Biosolids Management Facility was completed and the City received a certificate of substantial completion for this project from the private contractor. Pursuant to the terms of the public private partnership agreement, the City paid \$47,342 to the contractor. The remaining amounts owing under the agreement totaling \$15,781 are to be paid to the contractor over a 20 year period and bears interest at a rate of 6.16% annually. In addition, the City received funding of \$11,000 in 2015 in accordance with a Financial Agreement with PPP Canada in relation to this facility which was used for the payment made to the contractor.

The City obtained funds through external debt financing in 2015 with Ontario Infrastructure and Lands Corporation (IOLC) of \$31,000 for the Biosolids facility as well as \$14,000 of debt financing related to a separate project to fund the construction of a new Fleet/Transit Garage both at an annual interest rate of 3.10% with a term of 20 years.

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2014

### 16. Accumulated surplus

Accumulated surplus consists of the following:

	2014	2013
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 1,419,715	\$ 1,354,145
Invested in government business enterprise	92,940	89,755
Other	3,395	1,823
Committed capital:		
Capital projects not completed	86,836	79,451
Unfinanced capital projects to be recovered through taxation or user charges	(83,028)	(34,099)
Unfunded:		
Landfill closure costs	(13,263)	(11,359)
Employee benefits	(54,239)	(52,639)
Accrued financial obligations	(13,200)	(15,200)
	1,439,156	1,411,877
<b>Reserves</b>	6,622	8,345
<b>Reserve funds</b>	150,674	148,196
	\$ 1,596,452	\$ 1,568,418

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2014

### 17. Budget data

Budget data presented in these consolidated financial statements are based on the 2014 operating and capital budgets approved by Council. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

	2014
<b>Revenues</b>	
Approved budget:	
Operating	\$ 490,853
Capital	94,981
Consolidated Boards	22,529
	<u>608,363</u>
Adjustments:	
Transfer from reserves to operating	(6,436)
Recognize revenues from obligatory reserve funds	9,269
In year budget adjustments	8,087
Operating transfer to capital and future years funding	(84,500)
Contributed tangible assets	5,718
Reclassification of taxation bad debt expense	(2,780)
<b>Total revenues</b>	<u>\$ 537,721</u>
<b>Expenses</b>	
Approved budget:	
Operating	490,853
Capital	94,981
Consolidated Boards (A)	19,336
	<u>605,170</u>
Adjustments:	
Amortization of Tangible Capital Assets	67,331
Transfer to reserves and capital	(77,257)
Reduction due to Tangible Capital Assets (TCA)	(97,331)
Post employment benefit expense	2,646
Landfill closure and post closure expense	222
In year budget adjustments	1,158
Reclassification of taxation	(2,780)
Debt principal repayments	(3,858)
Operating expenses budgeted in capital expensed in current year	7,414
<b>Total expenses</b>	<u>\$ 502,715</u>
<b>Annual surplus</b>	<u>\$ 35,006</u>

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

(A) The approved budget of the Consolidated Boards includes amortization. Their budget also provides figures for the acquisition of tangible capital assets.

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2014

### 18. Taxation

	2014 Budget	2014 Actual	2013 Actual
Municipal tax levy	\$ 230,648	230,647	\$ 222,512
Supplementary taxation	2,400	2,168	2,644
Payment in lieu of property taxes	8,014	7,756	7,685
Local improvements	522	522	528
	241,584	241,093	233,369
Rebates and Tax Concessions	(2,780)	(2,626)	(2,365)
Net municipal taxation	\$ 238,804	\$ 238,467	\$ 231,004

### 19. Other revenues

Other revenues consist of:

	2014	2013
Gaming and Casino Revenues	\$ 2,274	\$ 2,360
Loss on sale of Land and Tangible Capital Assets	(3,196)	(2,889)
Donated Tangible Capital Assets	5,718	7,993
Donations	977	2,227
Development Charges Earned	4,369	5,389
Subdivider Contributions	357	1,731
Miscellaneous Recoveries/Revenues	14,517	14,820
	\$ 25,016	\$ 31,631

### 20. Trust funds

Trust funds amounting to \$16,336 (2013 - \$15,911) 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.

### 21. Segmented disclosure

The City is a diversified municipal government institution that provides a wide range of services to more than 160,000 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:



## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

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### 21. Segmented disclosure (continued)

#### 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.

#### 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.

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

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### 21. Segmented disclosure (continued)

#### 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, 2014

## 21 Segmented Disclosure (continued)

December 31, 2014	General Government Services	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development Enterprises	Government Business Enterprises	Total
<b>Revenues</b>									
Transfer payments	\$ 2,388	12,708	21,694	2,033	92,136	5,113	2,138	-	\$138,211
Taxation	17,956	72,940	67,509	-	42,774	28,834	8,454	-	238,467
User Charges	5,252	5,828	10,127	67,893	17,758	8,324	959	-	116,141
Other	1,137	8,784	14,015	6,159	5,353	3,957	2,799	3,185	45,388
	26,733	100,260	113,345	76,085	158,021	46,227	14,350	3,185	538,207
<b>Expenses</b>									
Salaries, Wages and Benefits	27,023	70,420	30,654	17,815	57,083	19,091	7,510	-	229,598
Materials and Contract Services	10,045	9,414	35,807	46,990	52,595	13,138	3,238	-	171,227
Grants and Transfer Payments	194	672	50	54	37,242	1,381	1,169	-	40,760
Amortization	934	2,728	32,955	17,656	6,776	4,735	444	-	66,228
Other	1,102	305	37	274	510	90	41	-	2,360
Allocation of shared expenses	(15,755)	3,754	1,849	1,376	5,501	2,668	609	-	-
	23,543	87,293	101,352	84,165	159,706	41,103	13,011	-	510,173
<b>Annual Surplus</b>	\$ 3,190	12,967	11,993	(8,080)	(1,685)	5,124	1,339	3,185	\$ 28,034

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

## 21 Segmented Disclosure (continued)

December 31, 2013	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
<b>Revenues</b>									
Transfer payments	\$ 2,472	13,547	19,053	2,532	94,209	5,186	3,367	-	\$ 140,367
Taxation	16,576	70,083	65,765	-	43,018	26,897	8,663	-	231,004
User Charges	5,020	5,173	9,774	65,262	17,494	8,404	946	-	112,074
Other	1,203	9,986	16,673	6,388	5,897	4,975	3,304	7,053	55,477
	25,271	98,788	111,266	74,182	160,618	45,462	16,281	7,053	538,921
<b>Expenses</b>									
Salaries, Wages and Benefits	25,169	68,537	30,582	17,766	56,969	19,016	7,847	-	225,886
Materials	4,397	7,398	19,544	11,375	21,521	9,939	2,107	-	76,280
Contract Services	4,891	2,112	14,420	31,471	31,465	2,864	2,383	-	89,605
Grants and Transfer Payments	178	664	50	50	39,495	1,269	1,266	-	42,972
Amortization	873	2,934	32,003	17,416	6,694	4,751	507	-	65,178
Other	733	371	109	256	466	104	27	-	2,066
Allocation of shared expenses	(14,188)	3,127	1,760	1,479	5,060	2,283	478	-	-
	22,052	85,143	98,468	79,814	161,670	40,225	14,615	-	501,987
<b>Annual Surplus</b>	\$ 3,219	13,646	12,799	(5,632)	(1,052)	5,236	1,665	7,053	\$ 36,934

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

### 22. Supplementary financial information

#### i) Schedule of Revenues and Expense - Library

	2014	2013
<b>Revenues:</b>		
Government transfers (note 1)	\$ 411	\$ 421
Fines and fees	139	146
Other	3	11
	553	578
<b>Expenses:</b>		
Salaries, wages and benefits	\$ 4,579	\$ 4,431
Materials and contract services	1,679	1,582
	6,258	6,013
<b>Excess of expenses over revenues</b>	<b>\$ (5,705)</b>	<b>\$ (5,435)</b>

#### 1. The government transfers are comprised of the following:

##### Provincial

Ministry of Tourism and Culture - Operating	\$ 403	\$ 403
Ministry of Tourism and Culture - Other	6	5
Ontario Library Service - North	2	2
Southern Ontario Library Service	-	11
	\$ 411	\$ 421

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

### 22. Supplementary financial information (continued)

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

	REVENUES (1)			
	Ministry of Education	Legislated Cost Share (Calculated)		Total
<b>Full Flexibility</b>				
Core Services Delivery (100%)	2,271	0%	-	2,271
Core Services Delivery - (80/20)	6,159	20%	1,540	7,699
Core Service Delivery - (50/50)	355	50%	355	710
Language	1,968	0%	-	1,968
Aboriginal	83	0%	-	83
Cost of Living	273	0%	-	273
Rural/Remote	320	0%	-	320
FDK Transition	473	0%	-	473
Repairs and Maintenance	26	0%	-	26
Capping Adjustment	3,627	0%	-	3,627
<b>Total (full flexibility)</b>	<b>15,555</b>		<b>1,895</b>	<b>17,449</b>
Transformation	<b>64</b>	<b>0</b>	<b>0</b>	<b>64</b>
<b>Limited Flexibility</b>				
Capacity Building	59	0%	-	59
Capital Retrofits	80	0%	-	80
<b>Total (limited flexibility)</b>	<b>139</b>		<b>0</b>	<b>139</b>
<b>TOTAL</b>	<b>15,758</b>		<b>1,895</b>	<b>17,653</b>

(1) Most recent Amended Service agreement

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2014

### 22. Supplementary financial information (continued)

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

	EXPENSES		
	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures
Year ended December 31, 2014			
<b>Full Flexibility</b>			
General Operating	5,148	-	5,148
Fee Subsidy - Regular	8,437	(1,249)	7,188
Fee Subsidy - Extended Day	263	(38)	225
Fee Subsidy - Recreation	123	(12)	111
Ontario Works and LEAP - Formal	1,138	(250)	888
Ontario Works and LEAP - Informal	20	-	20
Pay Equity Memorandum of Settlement	225	-	225
Special Needs Resourcing	1,468	-	1,468
Administration	1,556	-	1,556
Repairs and Maintenance	462	-	462
Play-based Material and Equipment	228	-	228
Miscellaneous	31	-	31
Total (full flexibility)	<b>19,099</b>	<b>(1,549)</b>	<b>17,550</b>
Transformation	<b>60</b>	<b>-</b>	<b>60</b>
<b>Limited Flexibility</b>			
Capacity Building	75	-	75
Capital Retrofits	125	-	125
Total (limited flexibility)	<b>200</b>	<b>-</b>	<b>200</b>
<b>TOTAL</b>	<b>19,359</b>	<b>(1,549)</b>	<b>17,810</b>

### 23. Comparative figures

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted in the current year.





Financial Statements of

# **CITY OF GREATER SUDBURY TRUST FUNDS**

Year ended December 31, 2014



June 16, 2015

## Independent Auditor's 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, 2014 and the statement of changes in fund balances for the year then ended, and the related notes, which comprise 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.

#### Auditor's 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 disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers 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.

*PricewaterhouseCoopers LLP*

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\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the City of Greater Sudbury Trust Funds as at December 31, 2014 and the results of their operations for the year ended in accordance with Canadian public sector accounting standards.

**DRAFT**

**Chartered Professional Accountants, Licensed Public Accountants**

# CITY OF GREATER SUDBURY TRUST FUNDS

## Statement of Financial Position

(in thousands of dollars)  
As at December 31, 2014, with comparative figures for 2013

		Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 4)	Cemetery Pre-Need	Cemetery Care and Maintenance	2014 Total	2013 Total
<b>Assets</b>									
Cash			1,216					1,442	1,481
Due from City of Greater Sudbury (note 3)	\$	226	6,370	21	-	1,121	7,382	14,894	14,430
Loans receivable					117			117	117
Allowance for doubtful loans					(117)			(117)	(117)
	\$	226	7,586	21	-	1,121	7,382	16,336	15,911
<b>Liabilities and Fund Balances</b>									
Accounts Payable		81						81	112
Fund balances	\$	145	7,586	21	-	1,121	7,382	16,255	15,799
	\$	226	7,586	21	-	1,121	7,382	16,336	15,911

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

# CITY OF GREATER SUDBURY

## TRUST FUNDS

### Statement of Changes in Fund Balances

(in thousands of dollars)

Year ended December 31, 2014, with comparative figures for 2013

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 4)	Cemetery Pre-Need	Cemetery Care and Maintenance	2014 Total	2013 Total
Fund balance, beginning of year	\$ 146	7,435	20	-	1,065	7,133	15,799	15,536
Revenue:								
Plot sales					92	249	341	393
Receipts from or on behalf of others	1,308		2				1,310	1,383
Interest earned	3	15			26	270	314	248
Subdividers' deposits		1,394					1,394	988
	1,311	1,409	2	-	118	519	3,359	3,012
Expenditure:								
Disbursements to or on behalf of residents	1,312						1,312	1,377
Refunds		1,258			62	270	1,258	1,086
Transfer to City of Greater Sudbury			1	-			333	286
	1,312	1,258	1	-	62	270	2,903	2,749
Change in fund balance in the year	(1)	151	1	-	56	249	456	263
<b>Fund balance, end of year</b>	<b>\$ 145</b>	<b>7,586</b>	<b>21</b>	<b>-</b>	<b>1,121</b>	<b>7,382</b>	<b>16,255</b>	<b>15,799</b>

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

# CITY OF GREATER SUDBURY

## TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2014  
(in thousands of dollars)

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### 1. Organization:

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

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

### 2. 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 Canadian Institute of Chartered Accountants.

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 City of Greater Sudbury Trust Funds financial statements are the responsibility of management and have been prepared in accordance with the accounting policy set out below.

Revenue and Expenses:

The Funds financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### 3. Due From City of Greater Sudbury:

At December 31, 2014, the Funds have amounts due from the City of \$14,894 [2013 - \$14,430] 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 \$1,121 and \$7,382 which bear interest at the rates of 2.33% and 3.83% respectively (2013 – 2.30% and 3.80%) and are due on demand.

### 4. Fednor Project Business Planning Initiative:

Fednor has advanced \$110 to be used by the Regional Business Centre, a division of the City of Greater Sudbury, 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.

## Statistical Information

### Consolidated Statement of Financial Position

(in thousands of dollars)

	2014	2013	2012	2011	2010 (restated)
<b>Financial Assets</b>					
Cash	17,217	10,797	10,104	8,700	21,034
Taxes receivable	6,569	7,939	7,334	6,611	10,920
Accounts receivable	44,495	39,961	38,072	35,897	50,405
Inventory held for resale	3,182	1,616	1,435	1,253	930
Investment in GBE	92,940	89,755	82,702	79,965	79,811
Investments	262,931	267,842	267,017	223,582	179,539
	427,334	417,910	406,664	356,008	342,639
<b>Financial Liabilities</b>					
Accounts payable and accrued liabilities	133,618	86,827	78,074	70,846	73,553
Deferred revenue - obligatory reserve funds	37,961	38,796	29,538	27,106	30,359
Deferred revenue - other	4,000	2,896	5,461	6,968	12,297
Employee benefit obligations	55,758	54,595	50,354	47,708	46,276
Solid waste management facility liability	13,263	11,359	11,375	11,153	14,106
Long-term liabilities	32,519	37,345	43,542	46,093	38,583
	277,119	231,818	218,344	209,874	215,174
Net financial assets	150,215	186,092	188,320	146,134	127,465
<b>Non-financial assets</b>					
Tangible capital assets	1,439,124	1,375,254	1,336,882	1,332,785	1,318,739
Other	7,113	7,072	6,282	6,094	5,035
	1,446,237	1,382,326	1,343,164	1,338,879	1,323,774
Accumulated Surplus	1,596,452	1,568,418	1,531,484	1,485,013	1,451,239

## Statistical Information (continued)

### Consolidated Statement of Operations and Accumulated Surplus (in thousands of dollars)

	2014	2013	2012	2011	2010 (restated)
Revenues	\$	\$	\$	\$	
Government Transfers, Provincial	123,459	130,617	132,334	141,645	231,195
Government Transfers, Federal	14,752	9,750	8,329	12,398	15,825
Taxation	238,467	231,004	222,639	214,772	206,257
User Charges	116,141	112,073	108,934	103,155	99,027
Investment Income	11,385	10,567	10,381	12,243	11,083
Fines and Penalties	5,802	6,226	5,190	5,133	5,243
Other	25,016	31,631	41,260	27,052	17,838
GBE net earnings	3,185	7,053	2,737	154	5,635
<b>TOTAL REVENUES</b>	<b>538,207</b>	<b>538,921</b>	<b>531,804</b>	<b>516,552</b>	<b>592,103</b>
Expenses by Object					
Salaries wages & employee benefits	229,598	225,886	216,915	209,415	199,162
Materials	82,332	76,280	78,631	86,570	70,944
Contract Services	88,895	89,604	78,192	77,211	78,989
Grants and Transfer Payments	40,760	42,972	42,654	42,129	113,328
Amortization	66,228	65,178	66,707	66,911	67,587
Other	2,360	2,066	2,234	2,832	3,327
<b>TOTAL EXPENSES</b>	<b>510,173</b>	<b>501,987</b>	<b>485,333</b>	<b>485,068</b>	<b>533,337</b>
<b>ANNUAL SURPLUS</b>	<b>28,034</b>	<b>36,934</b>	<b>46,471</b>	<b>31,484</b>	<b>58,766</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>1,568,418</b>	<b>1,531,484</b>	<b>1,485,013</b>	<b>1,453,529</b>	<b>1,394,763</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>1,596,452</b>	<b>1,568,418</b>	<b>1,531,484</b>	<b>1,485,013</b>	<b>1,453,529</b>

### Analysis of Expenses by Function (in thousands of dollars)

	2014	2013	2012	2011	2010 (restated)
General Government	23,543	22,052	22,023	20,651	21,657
Protection Services	87,293	85,142	81,273	79,541	76,801
Transportation Services	101,352	98,467	94,621	92,577	86,116
Environmental Services	84,165	79,814	70,798	68,967	73,487
Health Services	27,566	27,113	25,992	25,345	24,732
Social and Family Services	97,347	95,877	93,839	93,621	153,980
Social Housing	34,793	38,680	41,340	41,118	44,858
Recreation and Cultural Services	41,103	40,226	39,490	47,938	38,896
Planning and Development	13,011	14,616	15,957	15,310	12,810
<b>TOTAL EXPENSES</b>	<b>510,173</b>	<b>501,987</b>	<b>485,333</b>	<b>485,068</b>	<b>533,337</b>



## Statistical Information (continued)

### Reserves and Reserve Funds (In thousands of dollars)

RESERVES	2014	2013	2012	2011	2010
Working funds	1,726	1,813	2,056	2,168	2,542
General levy stabilization	2,661	4,165	4,619	4,051	3,303
Health and social services	875	641	1,694	1,421	1,510
Other reserves	1,360	1,726	2,597	3,531	3,536
<b>TOTAL RESERVES</b>	<b>6,622</b>	<b>8,345</b>	<b>10,966</b>	<b>11,171</b>	<b>10,891</b>
RESERVE FUNDS	2014	2013	2012	2011	2010
Equipment Replacement	5,708	5,968	9,986	10,104	8,692
Sick leave	5,492	5,308	5,055	4,728	4,750
Insurance	1,791	1,663	1,502	1,270	1,043
Workers' compensation	7,223	6,490	4,584	3,253	1,942
Protection services	5,865	5,321	7,900	5,311	3,178
Roads and transportation	38,974	31,793	27,241	14,953	9,709
Wastewater system	12,963	15,929	18,502	7,141	2,520
Stormwater system	-	-	1,050	836	519
Waterworks system	15,102	15,901	14,451	8,670	5,248
Solid waste disposal	2,020	2,292	3,576	2,674	2,608
Health and social services	11,590	11,507	11,222	9,794	9,515
Planning and development	10,589	9,709	6,447	5,605	6,403
Other	33,357	36,315	34,316	28,773	24,621
<b>TOTAL RESERVE FUNDS</b>	<b>150,674</b>	<b>148,196</b>	<b>145,832</b>	<b>103,112</b>	<b>80,748</b>

### Additional Information (in thousands of dollars)

	2014	2013	2012	2011	2010
<b>NET FINANCIAL ASSETS</b>	<b>150,215</b>	<b>186,092</b>	<b>188,320</b>	<b>146,134</b>	<b>127,465</b>
<b>NET DEBT PER CAPITA</b>	<b>201</b>	<b>231</b>	<b>269</b>	<b>288</b>	<b>243</b>
<b>LONG-TERM LIABILITIES</b>					
Supported by					
Property taxation	29,401	34,054	40,087	42,483	34,825
Water/wastewater user fees	3,118	3,291	3,455	3,610	3,758
	<b>32,519</b>	<b>37,345</b>	<b>43,542</b>	<b>46,093</b>	<b>38,583</b>

## Statistical Information (continued)

### Additional Information (continued)

<b>Municipal Statistics</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Population	161,900	161,900	161,900	160,300	158,900
Households	74,851	74,405	74,069	73,312	72,536
<b>Employees</b>					
Full time employees	2,011	2,019	2,008	2,006	1,944
<b>Service Information</b>					
Building Permit Values (in 1000's)	344,303	287,333	247,525	324,755	285,664
Average monthly social assistance case load	3,703	3,548	3,407	3,438	3,466
Lane Kilometers of roads	3,619	3,617	3,613	3,609	3,592
Annual volume of treated waste water*	36,715	32,847	27,727	29,071	25,602
Annual volume of treated drinking water*	20,804	20,877	19,791	20,691	20,341
Annual disposal of solid waste (tonnes)	102,725	105,509	100,753	99,545	96,435
Annual diversion of solid waste (tonnes)	35,345	36,424	34,482	34,090	34,898
Regular service passenger Transit trips	4,458,000	4,362,000	4,444,719	4,468,760	4,265,928
Tax collection rate	2.3%	2.8%	2.7%	2.6%	4.3%
Property Tax Collection (in 1000's)	278,246	266,939	256,624	251,792	238,312
*(megalitres)					
<b>TAXABLE ASSESSMENT (\$ millions)</b>					
Residential assessment	12,863	12,009	11,174	10,021	8,890
Commercial assessment	1,737	1,634	1,540	1,441	1,340
Industrial assessment	473	446	425	409	363
<b>BENCHMARK INFORMATION</b>					
% of paved lane km where condition is rated good to very good	51.0%	51.0%	51.0%	51.3%	51.3%
# of conventional transit passenger trips per person in service area per year	32.3	31.6	32.2	32.4	31.2
# of waste water main backups per 100 km of waste water main per year	6.7	8.9	6.0	3.9	3.8
% of waste water estimated to have bypassed treatment	2.1%	1.4%	0.5%	1.1%	0.6%
# of water main breaks per 100 km of water distribution pipe per year	14.7	11.1	8.4	13.9	9.8
% of residential solid waste diverted for recycling	45.0%	37.8%	45.0%	44.5%	45.0%

## For Information Only

### Audit Report on Building Services, Building Permits and Committee of Adjustment

Presented To:	Audit Committee
Presented:	Tuesday, Jun 16, 2015
Report Date	Wednesday, Jun 03, 2015
Type:	Presentations

### Recommendation

For Information Only

#### Signed By

**Report Prepared By**

Vasu Balakrishnan  
Interim Auditor General  
*Digitally Signed Jun 3, 15*

**Division Review**

Vasu Balakrishnan  
Interim Auditor General  
*Digitally Signed Jun 3, 15*

**Auditor General**

Vasu Balakrishnan  
Interim Auditor General  
*Digitally Signed Jun 3, 15*

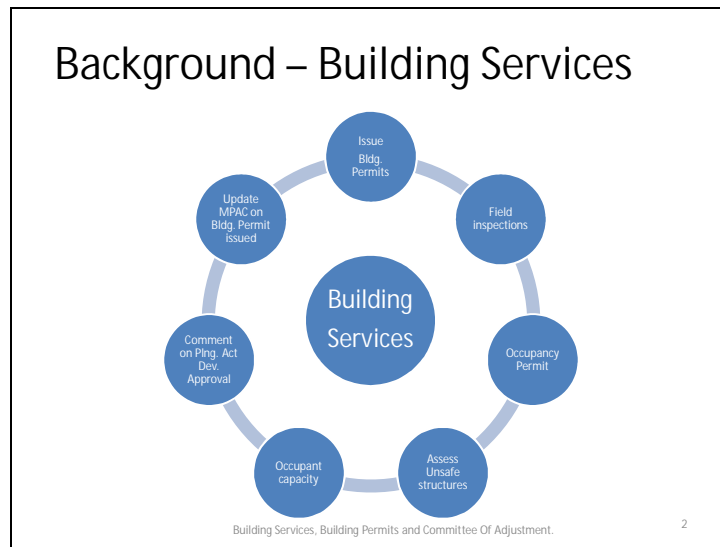


## Building Services, Committee of Adjustment and Building Permits

By: Vasu Balakrishnan, Interim Auditor General  
To: Audit Committee  
June 16, 2015.

This audit forms part of a list of eight audits identified in a work plan by the AG's Office in 2014.

Field work on this audit commenced in late December, 2014 under the new Council.





Building services provide the following services:

1. Issue Building permits,
2. Perform field inspections,
3. Issue Occupancy permits,
4. Assess unsafe structures,
5. Determine occupant capacity restrictions for restaurants and public buildings,
6. Review and comment on various Planning Act Development approvals,
7. Update MPAC, CMHC, Revenue Canada and Statistics Canada on the monthly number and value of Building permits issued.
8. Commenting on legal searches for establishing clear title for land transactions.

Background – Committee Of Adjustment

Grants relief.....



Building Services, Building Permits and  
Committee Of Adjustment.

3

Committee Of Adjustment grants relief from zoning and sign By-laws for all land and structures in CGS.

Relief is granted subject to rules and procedures specified in the Planning Act, 1990.

The members of COA are appointed by the City Council.

## Audit objective

- Assess adequacy of controls to manage key risks of COA and Building Permits,
- Assess efficiency and effectiveness of service delivery of Building and Planning Services operations and
- Identify other areas for improvement.

Building Services, Building Permits and Committee Of Adjustment.

4

The objectives of the audit were to:

- Assess the adequacy of controls to manage key risks of Committee of Adjustment and Ontario Building Code permit functions,
- Review efficiency and effectiveness of operations in delivering these functions and
- Identify areas for improvement based on review of current operational practices and customer feedback received.

## Observations and Findings - Summary

1. Process improvements need to be introduced to include revised assessed value of properties on a timely basis in tax rolls for new constructions and upgrades with identified responsibility for their accuracy.
2. Information could be shared timely and meaningfully between CGS departments.
3. Multiple stand alone Information Technology (IT) systems are being used by Building services.

Building Services, Building Permits and  
Committee Of Adjustment.

5

1. The existing processes, checks and controls need improvement to ensure timely inclusion and revision of assessed value of all categories of properties in tax rolls,
2. Information relating to building permits issued and constructions/upgrades identified by MPAC could be meaningfully shared between Tax department, Building services at CGS and MPAC,
3. Multiple information systems are being used by Building services. These systems are not integrated and need to be updated.



### Observations and Findings – Summary (Cont.)

4. Complaints, concerns and issues reported and recorded in Active Citizens Request (ACRs) could be managed consistently and promptly.
5. A balanced system of equitable distribution of inspection work load needs to be developed and
6. Terms Of Reference (ToR) for Committee Of Adjustment need to be developed.

Building Services, Building Permits and  
Committee Of Adjustment.

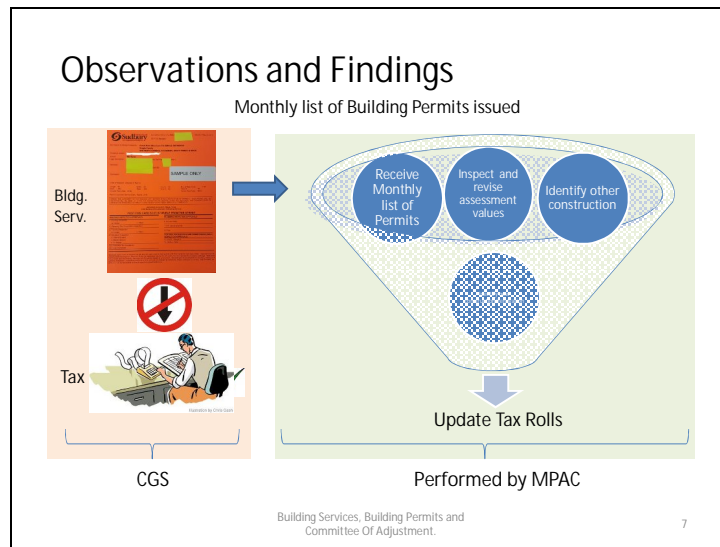
6

4. Complaints, concerns and issues reported in Active Citizens Request (ACR) could be managed consistently and promptly.

5. A balanced system of equitable distribution of residential property inspection work load needs to be developed.

6. Terms of Reference for Committee of Adjustment need to be developed.

## Slide 7



A monthly list of Building permits issued is provided to MPAC by Building services.

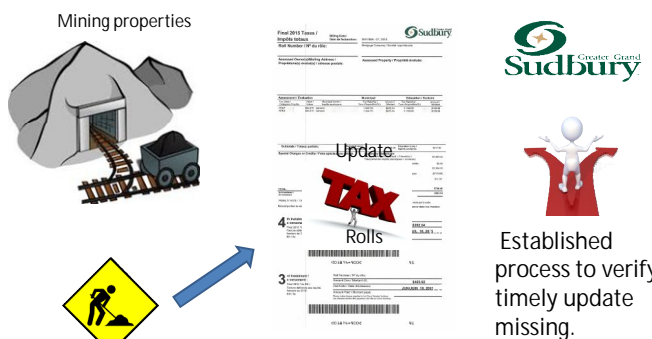
This list could be shared with CGS Tax department to verify MPAC's update to assessment rolls.

MPAC updates assessment rolls based on information from monthly list of building permits, site visits/inspection of properties and monitoring construction activities.

Constructions and upgrades to properties identified by MPAC could be shared with Building services at CGS to confirm, if the activities are in accordance with Building permit.

## Observations and Findings

Mining properties



Update  
**TAX**  
Rolls

3

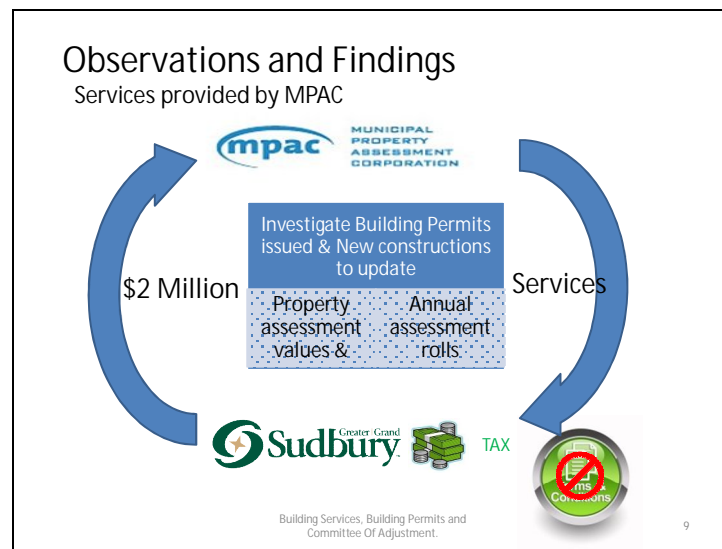
Established process to verify timely update missing.

Building Services, Building Permits and Committee Of Adjustment.

8

Constructions and additions to mining properties need to be monitored by Tax department to ensure timely updates to tax rolls.

An established process to verify additions has not been established.

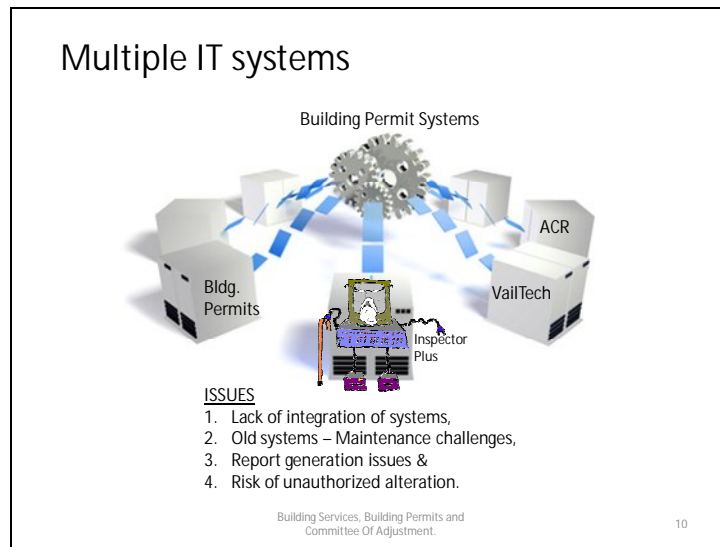


MPAC provides a range of services to CGS for fees of \$ 2 million (Appx).

These services include:

- Investigating construction activity for building permits issued and other constructions
- Determining assessment values of individual properties &
- Providing annual and supplement tax rolls.

A formal service level agreement between CGS and MPAC with defined responsibilities and time lines has not been established.




Building services relies on multiple systems for information relating to permits, inspection, customer complaints, tax payments etc.

These systems could be integrated meaningfully for easy access and reference.

Some of these systems are old with limitations on their maintenance, generation of reliable reports and common passwords used by all users.

## Active Citizens Request (ACR)



ISSUES

1. Old orders (some pertaining to 1999) input for administrative reasons.
2. All inspectors not adopting a uniform and consistent approach for closure and disposal of assigned cases.

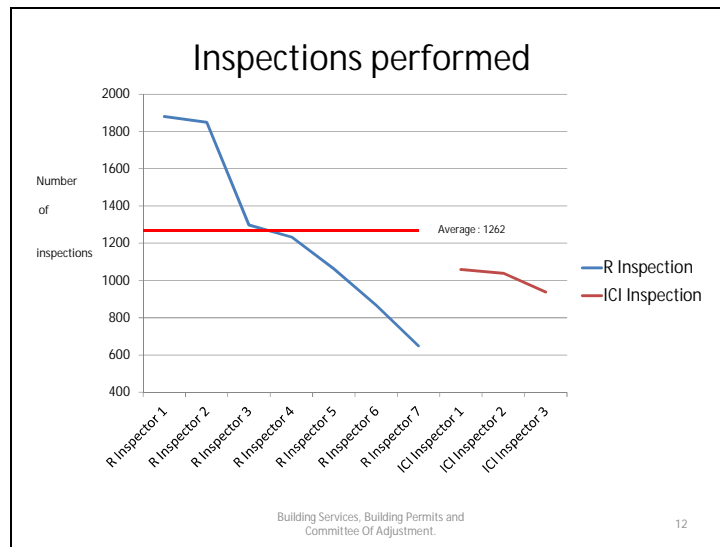
Building Services, Building Permits and  
Committee Of Adjustment.

11

Old orders (some of which, pertaining to 1999) input for administrative reasons.

All inspectors are not adopting a uniform and consistent approach for closure and disposal of assigned cases.

Slide 12



Two inspectors were performing a higher number of residential inspections in comparison to the annual average number (1262) of inspections.



Terms of Reference could be established for the "Committee Of Adjustment".



## Building Services, Permits and COA

Questions?



# Building Services, Building Permits and Committee of Adjustment

By: Vasu Balakrishnan, Interim Auditor General

To: Audit Committee

June 16, 2015.

# Background – Building Services



Building Services, Building Permits and Committee Of Adjustment.

# Background – Committee Of Adjustment

Grants relief.....



In compliance  
with rules and  
procedures  
specified in  
Planning Act,  
1990.

Building Services, Building Permits and  
Committee Of Adjustment.

# Audit objective

- Assess adequacy of controls to manage key risks of COA and Building Permits,
- Assess efficiency and effectiveness of service delivery of Building and Planning Services operations and
- Identify other areas for improvement.

# Observations and Findings - Summary

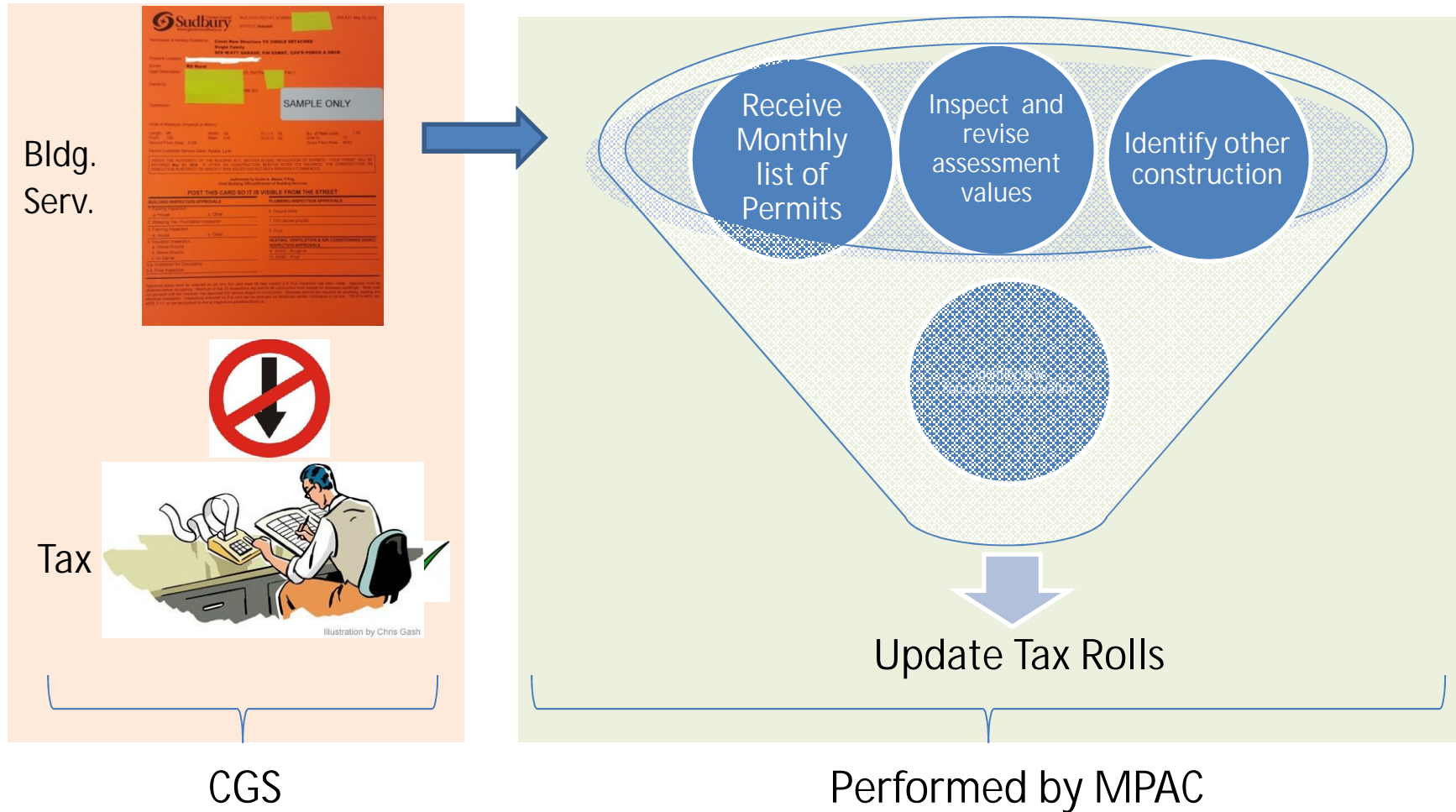
1. Process improvements need to be introduced to include revised assessed value of properties on a timely basis in tax rolls for new constructions and upgrades with identified responsibility for their accuracy.
2. Information could be shared timely and meaningfully between CGS departments.
3. Multiple standalone Information Technology (IT) systems are being used by Building services.

# Observations and Findings – Summary (Cont.)

4. Complaints, concerns and issues reported and recorded in Active Citizens Request (ACRs) could be managed consistently and promptly.
5. A balanced system of equitable distribution of inspection work load needs to be developed and
6. Terms Of Reference (ToR) for Committee Of Adjustment need to be developed.

# Observations and Findings

Monthly list of Building Permits issued



Building Services, Building Permits and  
Committee Of Adjustment.



## Mining properties



**Subtotals / Totaux partiels:**

**Special Charges or Credits / Frais spéciaux**

**TOTAL**  
Total (montant) / De versement

**PENALTY RATE / T**  
Recipient portion to be

**4<sup>th</sup> Installment version**  
Final 2015  
Facture 068  
Rembourse (de)  
400 / 400

**Update**

Education Levy / Impôts scolaires	\$217.50
Total period des impôts (scolaires + éducation) /	\$1,364.00
Total period des impôts (municipaux + scolaires)	\$4,016.00
value	\$11,364.00
	\$279.00
	\$796.00
	\$392.54

**Rolls**

UUL 10.20 '5 -

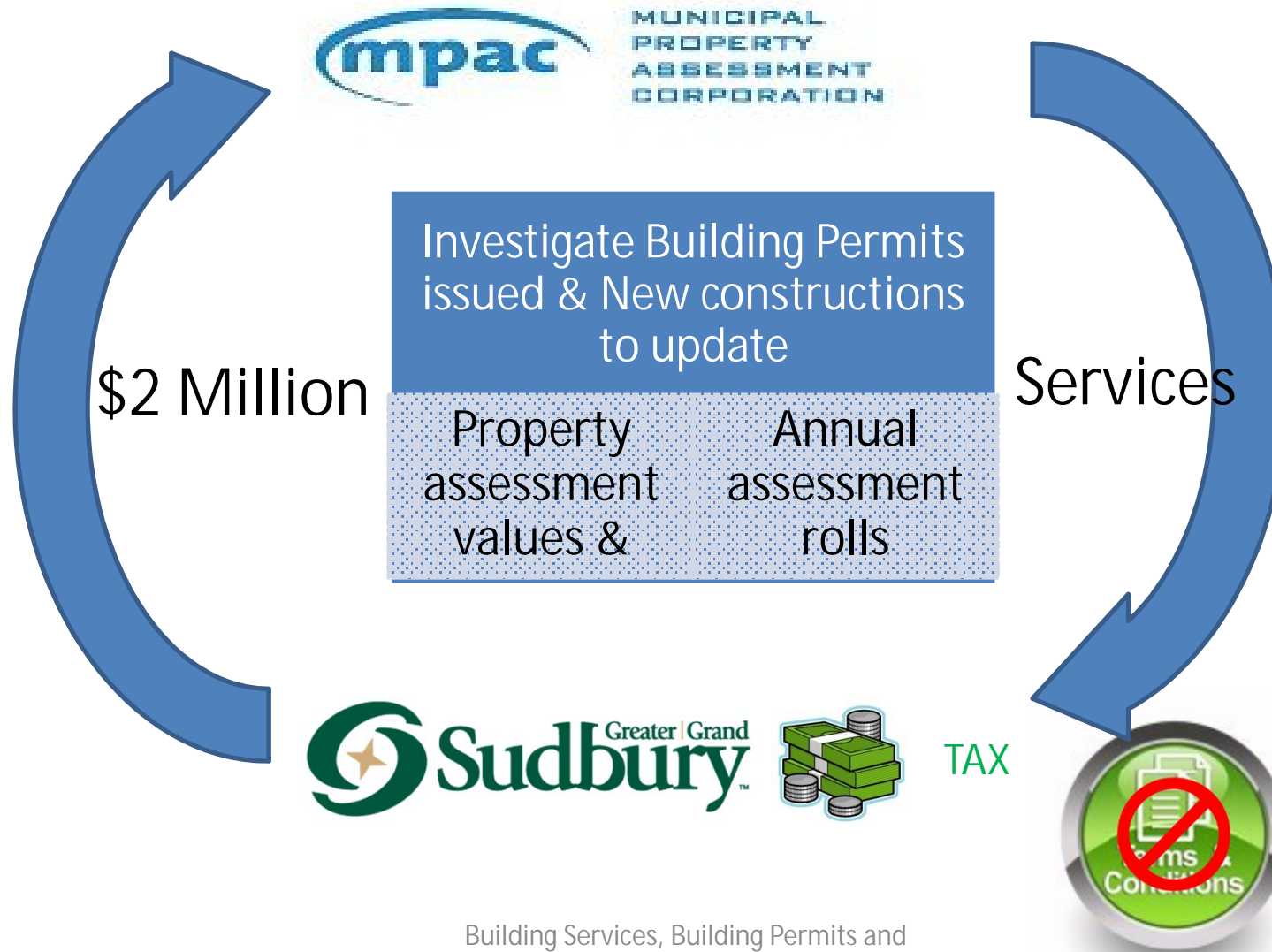




Building Services, Building Permits and  
Committee Of Adjustment.

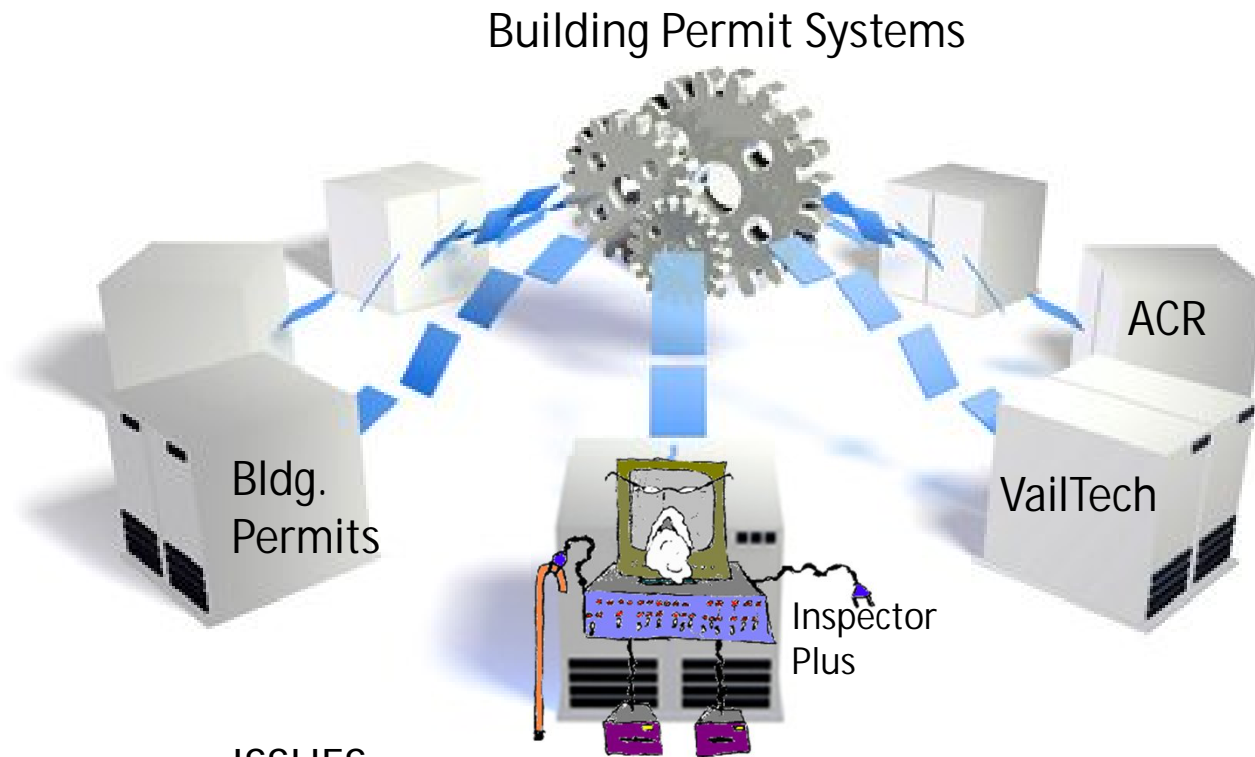
# Observations and Findings

Services provided by MPAC



Building Services, Building Permits and  
Committee Of Adjustment.

# Multiple IT systems



## ISSUES

1. Lack of integration of systems,
2. Old systems – Maintenance challenges,
3. Report generation issues &
4. Risk of unauthorized alteration.

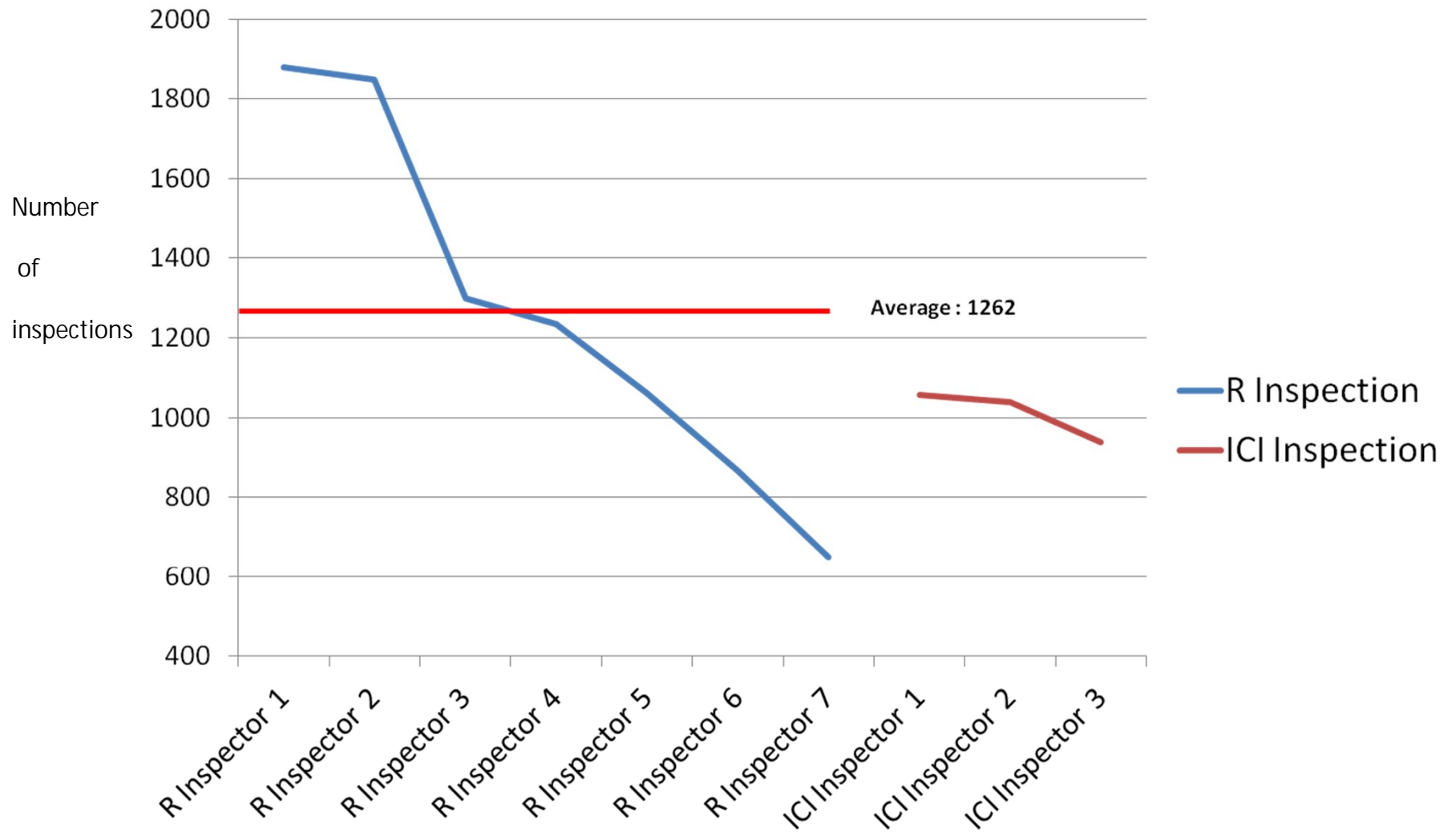
# Active Citizens Request (ACR)



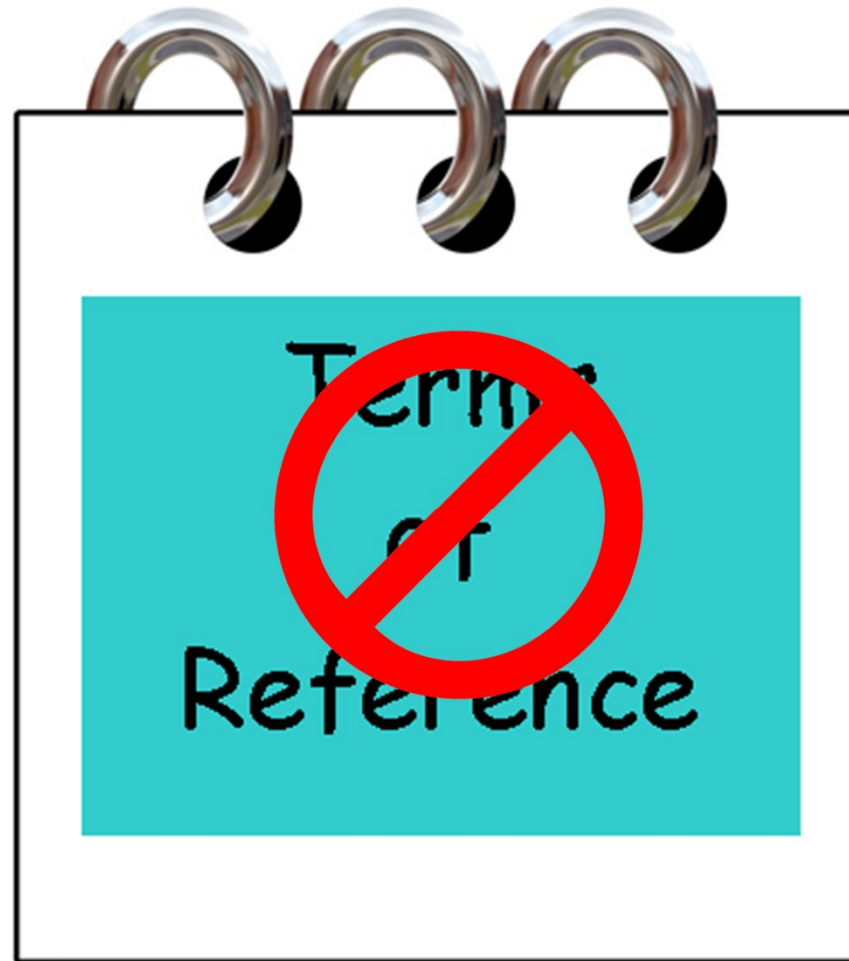
## ISSUES

1. Old orders (some pertaining to 1999) input for administrative reasons.
2. All inspectors not adopting a uniform and consistent approach for closure and disposal of assigned cases.

# Inspections performed



# Committee Of Adjustment



Building Services, Building Permits and  
Committee Of Adjustment.

# Building Services, Permits and COA

Questions?

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# Building Services, Building Permits and Committee of Adjustment

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June 03, 2015  
Audit Report

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## SUMMARY

### Objectives

The objectives of the audit were to:

- Assess the adequacy of controls to manage key risks of Committee of Adjustment, a Planning Act function and Ontario Building Code permit functions;
- Review the efficiency and effectiveness of Building and Planning Services operations in delivering these functions; and
- Identify areas for improvement based on a review of current operational practices and customer feedback.

### Background

At the time of the audit, Growth and Development (GD) Department was responsible for the planning, administration and management of the following services for the City of Greater Sudbury (CGS):

1. GD Administration
2. Airport Services
3. Environmental Services
4. Economic Development
5. Building Services, Compliance and Enforcement\*
6. Asset Services &
7. Planning Services. \*

Of the above, this audit focuses on the activities of Building Services which includes Inspections, Planning Act services and Enforcement activities relating to the Ontario Building Code. The activities of By-law Enforcement relating to areas other than Building Services as Parking, Animal control etc. are excluded from the scope of this audit. The Planning Act services provided by the Committee of Adjustment were also audited.

The following activities were audited:

1. Processes and controls related to the issue, inspection and closure of Building permits and collection of permit fees,
2. The reliability, effectiveness and adequacy of controls over Information Technology systems used in the above processes,
3. The timely inclusion and updating of tax rolls to reflect revised value of properties that impact CGS tax revenues and

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\* Covered by this audit

4. The Committee of Adjustment/Sign Variance Committee that is empowered to grant relief from all zoning and sign By-laws in respect to all land situated in the City of Greater Sudbury.

At the time of the audit, Growth and Development Department was headed by Acting General Manager. The Chief Building Official/Director of Building Services is statutorily responsible for all provincially mandated Ontario Building Code regulatory services with budget responsibility to ensure financial self-sufficiency of resources for management of Building Services. The Planning Services Division that supports Committee of Adjustment/Sign Variance was headed by the Acting Director of Planning Services.

## Building Services

Building Services provides a system for:

- Enforcing Building Code violations by issuing orders under the Ontario Building Code and if required prosecuting through the Court;
- Issuing building permits for construction, alteration, conversion and/or demolition of building for a fee after review of compliance with the Ontario Building Code standards as well as zoning and other “Applicable Laws” as defined in Ontario Building Code;
- Performing mandated field inspections during construction to review if construction conforms to permit drawings and Ontario Building Code;
- Issuing Occupancy Permits;
- Assessing unsafe structures;
- Commenting on legal searches for establishing clear title for land transactions;
- Determining occupant capacity restrictions for restaurants and public buildings, for special events and for liquor license applications with the Alcohol and Gaming Commission of Ontario;
- Reviewing and providing comments on various Planning Act Development approvals such as Committee of Adjustment, Site Plan Control, Rezoning, Consents and Draft Plan of Subdivision/Condominiums.
- Updating Municipal Property Assessment Corporation (MPAC), Canada Mortgage and Housing Corporation (CMHC), Revenue Canada and Statistics Canada on a monthly basis of the number and value of Building Permits issued.

A Building permit is a legal authorization to start work in accordance with approved drawings and specifications, generally valid for a year. Building permits are reviewed for compliance with the Ontario Building Code, applicable zoning By-law and other National, Provincial and Municipal regulation for protection of fire, life safety and structural adequacy. This section of Building services issues building, plumbing, demolition, occupancy and other permits governed

by the Ontario Building Code. In certain situations, additional approvals and permits may be required before issue of a building permit as per the “Applicable Law” provisions of the Ontario Building Code Act.

A majority of the building permits issued (84%) and inspections (67%) were performed during the months of April to October in 2014.

The current delivery of services by Building Services at CGS compares favorably with provincial standards Ontario Municipal Benchmarking Initiative (OMBI) for benchmarked services.

The key statistics relating to Building Services department are included in Appendix A attached.

#### Self-sufficient funding model:

Building services department operates on a financial self-sufficient basis in accordance with the provisions of the Ontario Building Code Act, i.e., maintaining a balance between revenues earned and expenditures incurred based on a provincially mandated service level. Such a financial model provides options to create service capacities on a ‘need bases. The department’s budget for 2014 was \$ 3.9 Million for a staff of 32 (30 FTE and 2 seasonal) that processed 2053 permits with an approximate construction value of \$ 344.3 Million.

#### Tax impact:

With some exceptions, the value of Building permits issued translates into increased tax revenues to the extent they relate to new construction and/or upgrades to existing properties. Among these exceptions are repair/renewal work that does not result in an upgrade and exempt properties. The tracking of new construction, their completion, estimating the value of upgrades to the extent they impact assessment values are performed by Municipal Property Assessment Corporation (MPAC). MPAC plays a critical role in accurately assessing, classifying and updating assessed values of properties in compliance with the Assessment Act and regulations set by the Government of Ontario.

#### Planning Services – Committee of Adjustments (COA):

The Committee of Adjustment/Sign Variance Committee (COA) is empowered to grant relief from all zoning and sign By-laws, in respect of all land and structures situated in the City of Greater Sudbury. The members of COA for the City of Greater Sudbury are appointed by the City Council.

Municipalities in Ontario establish standards to achieve orderly and safe development in their communities. These standards are set out in zoning by-laws. A zoning by-law governs the types of use permitted on a property and lists minimum development requirements. The minor variance application process is a method to seek relief through a Committee of Adjustment when minor exceptions from by-law regulations are desired by a development proponent. This exception is subject to compliance with certain rules and procedures specified in the Planning Act, 1990.

## Scope

The scope of this audit covered processes, activities, transactions and customer feedback received during the period January 1, 2012, to December 31, 2014 relating to Committee of Adjustment applications, Building Permit services provided, inspections performed, and reports produced for control and decision-making through the Development Liaison Advisory Committee (DLAC) and Council. Transactions beyond this three year period were reviewed to gain a better insight and assess the impact of control weakness noted relating to certain areas during the audit.

We performed inquiry, analytical testing and other auditing procedures considered necessary in the circumstances.

## Report Highlights

1. The existing processes, checks and controls need improvement to ensure timely inclusion and revision of assessed values in tax rolls of commercial, industrial (ICI) and residential category properties built since 2008;
2. Checks and controls need to be established to ensure timely inclusion by MPAC of all constructed and upgraded mining/residential property values in tax rolls;
3. The processes performed on tax rolls by Municipal Property Assessment Corporation (MPAC) have not been identified, defined and documented with assigned responsibility for their accuracy;
4. Multiple information systems are being used for various activities performed by Building Services. These independent systems need to be integrated with effective controls to enhance productivity as they do not provide a single view of all relevant information about a property;
5. The current process to monitor, follow up and close complaints reported and recorded in the Active Citizen Requests (ACRs) needs improvement;

6. There are over 400 applications for Building permits that are open as the applications were found to be incomplete when they were initially submitted during the last ten years.
7. A monthly report listing particulars of Building Permits issued sent to MPAC by Building Services is not being copied to the Tax department at CGS for verification and control and
8. Building permit jurisdictions and associated work load could be reviewed and revised resulting in a proportionate and balanced distribution of work load.

This audit was conducted with cooperation and support from staff at all levels of Building, Planning Services and Tax departments.

#### Auditor General's Opinion

This audit identified significant opportunities to improve controls, efficiency and effectiveness of operational and administrative processes at Building Services and Tax department. Some of these improvements, if implemented could result in increased tax collections, operational cost savings and service improvements to Building Services clientele.

Vasu Balakrishnan  
Interim Auditor General

For further information regarding this report, please contact Vasu Balakrishnan at extension 4409 or via email at [vasu.balakrishnan@greatersudbury.ca](mailto:vasu.balakrishnan@greatersudbury.ca)

## 1. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE - MPAC

This audit identified weak controls over monitoring of updates to tax rolls by MPAC and absence of meaningful information exchange between MPAC, Building services and the Tax department at CGS.

MPAC maintains and updates the assessed value of properties for tax rolls based on information collected from various sources including a list of Building Permits issued during a month from Building Services.

The following table highlights the impact, issues and areas for improvement in the current system of information exchanges:

CURRENT ACTIVITY/PROCESS	ISSUE	IMPACT	REF. Note
Provision of a monthly list of Building Permits issued to MPAC by Building services.	Tax department in CGS is not provided a copy of this list for verification.	The tax department cannot check or confirm accuracy of updates to tax rolls performed by MPAC.	1.1
Construction and additions to mining properties.	Mining properties and associated structures are not exempt from the provisions of the Ontario Building Code, other than head frames and hoist room structures. Despite that many are being constructed without a building permit.	Absence of a formal system to track construction and additions of mining properties increases the risk of omission in tax rolls for assessment.	1.2
Service Level Agreement (SLA) with MPAC.	There is no formal agreement between MPAC and CGS outlining the roles, responsibilities and defined time lines for services provided by MPAC.	Errors and omissions in tax rolls would impact tax collections. In the absence of a Service Level Agreement with MPAC and lack of internal controls at CGS to verify accuracy of tax rolls, the responsibility for maintaining accuracy of tax rolls has not been identified.	1.3

CURRENT ACTIVITY/PROCESS	ISSUE	IMPACT	REF. Note
Constructions, renovations and upgrades resulting in increased assessed values identified by MPAC.	The list of such properties identified by MPAC (based on their work and information) resulting in increased assessed values is not being provided to Building services to confirm, if the construction, renovation and upgrade is in accordance with a Building Permit.	Building services are not made aware of properties that have been upgraded and renovated without obtaining a building permit; possibly resulting in unsafe and illegal use of property and loss of building permit fees.	1.4

#### 1.1 MPAC's procedures for updating Building Permit issued:

MPAC maintains the assessment rolls and updates assessment values for new constructions and additions based on a monthly list of building permits provided by the Building services department. 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.

In 2009 the Tax department at CGS performed a selective analysis of Building permits valued over \$100,000 issued for commercial/industrial properties between 2001 and 2007. Ninety eight permits issued were identified for follow-up with MPAC.

An analysis of those ninety eight permits issued from 2001 to 2007 is indicated in the following table:

Year Building permit issued	List of permits identified by CGS for follow- up with MPAC		Comprising of Properties						
			Identified originally in 2009					Rework in 2015	
			(Represents properties where arrears of tax could be collected as Permit issued is within 2 years of 2009)	Properties that had permits issued in 2005/06 but have not had any supplemental/Omit assessment issued against them. (Per CGS letter 21- May-2009) (Potential tax loss as tax arrears could only be recovered for years 2008 & 2007 in 2009)	MPAC's response (Per letter dtd.29 <sup>th</sup> September, 2009)  (MPAC's response classified 98 the properties into the following categories and did not include number of permits under each category an corresponding permit values)	Potential properties where no supplemental/Omit assessment issued <sup>1</sup> in comparison to permit value.  (Per CGS Property Assessment Representative, the rework in 2015 indicated tax revenues were recovered in 96 of the 98 properties)			
	No. of Permits	Permit value in \$(000)	No. of Prop.	Permit value in \$(000)	No. of Permits	Permit value in \$(000)	Explanation (Unrelated to year of permit issue)	No. of Prop	Permit value in \$(000)
2001	3	1,224	None	None	29	35,581	Require inspection. Inspections will be completed by year end and supplementary/omitted assessments will be issued if applicable. ( 15 Permits)  Permit work was completed and Supp./Omit. Assessment was issued in either the August or September extract or will be in the Oct. extract. (No. of permits not identified)  Permit work is not yet completed. (No. of permits not identified)  The assessment attributable to the permit work was already included in the Current Value Assessment for the 2009 tax year. (No. of permits not identified)  The permit work did not add any additional assessment to the Assessment Roll. . (No. of permits not identified)	2	1,113
2002	1	250						-	-
2004	3	884						-	-
2005	14	8,127						-	-
2006	26	27,454						-	-
Sub-Total	47	37,939	None		29	35,581		2	1,113
2007	51	50,606	51	50,606	None			-	-
Total	98	88,545	51	50,606	29	35,581		2	1,113
Percent:	100%	100%	52%	57%	30%			4% <sup>2</sup>	3%

<sup>1</sup>A sample check based on rework of these properties in 2015 indicated that available information is not adequate to conclude loss of tax revenue.

<sup>2</sup>Percentage comparison based on 47 properties identified where no supplemental/omit assessment issued.



#### Findings:

1. No analysis has been attempted on a similar basis for Building permits issued from 2008 for Industrial and Commercial segments. At this point in 2015, no arrears of tax can be recovered for taxes relating to the period from 2008 to 2012 due to limitations stipulated by Assessment Act. This period was characterized by growth in residential and commercial/ industrial property constructions by Wal-Mart, Costco, Canadian Tire, Rio-Can, and Home Depot etc. During the audit the Chief Financial Officer agreed with the benefits from such an analysis and indicated plans to verify work performed by MPAC.
2. No analysis appears to have been completed, on a similar basis for Building permits issued for residential properties.

#### 1.2 Mining properties:

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. MPAC updates the assessment values based on information received and market intelligence.

In 2009 the Tax department at CGS compiled a list of such properties based on available information and market intelligence. The list comprised of thirteen properties was provided to MPAC for confirmation and revision of tax rolls. While this list facilitated a revision of tax rolls in 2009, no similar list of mining properties has been compiled since 2009 for analysis and revision of tax rolls. Any estimation of values of such properties is difficult, as this is an intensive and extended process based on site visits, market intelligence, other evidence in the form of supporting photographs and discussions.

#### Findings:

1. The Tax department has no formal process to track and monitor additions and changes to mining properties for inclusion in tax rolls and
2. Work to identify possible additions to tax rolls from 2008 has not been performed for mining properties. Tax recovery (if any) may be subject to the limitations of the Assessment Act.

#### 1.3 MPAC Service Agreement:

The relations between CGS and MPAC are governed by the provisions of various legislations such as MPAC Act and Assessment Act. These Acts do not define service level agreements and responsibilities for errors and omissions that may result in loss of tax revenues for CGS. This background is compounded by the fact that operational practices and procedures are periodically revised and updated by MPAC. In light of this, CGS needs to reinforce and maintain adequate controls, checks and balances to prevent revenue loss and effectively manage the risk arising from operational changes at MPAC. 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.

#### Findings:

1. 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.

#### 1.4 Renovations and upgrades identified by MPAC:

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. This analysis indicated a loss of building permit revenues besides the likelihood of the constructed structure not being in compliance with the Building Code.

#### Findings:

1. There is no system to share information relating to such properties identified by MPAC with Building services.
2. There is no attempt to ascertain the time when construction might have occurred for such properties and
3. No system exists to verify if Building Permits have been issued for properties (included in supplementary lists) where the permitted maximum arrears of tax are levied.

#### Management Response

Finance staff appreciates the opportunity to participate in the Building Services, Committee of Adjustment and Building Permits Audit.

The City of Greater Sudbury is a key stakeholder to ensure that the Municipal Property Assessment Corporation (MPAC) can produce accurate and timely property assessments. As the CGS issues building permits and monitors construction activity, MPAC is accountable to ensure that such activity translates into accurate assessment growth in a timely fashion and in accordance with the Assessment Act of Ontario. City staff that includes Building Services and Finance will continue our partnership with the Municipal Property Assessment Corporation to review and enhance existing processes and procedures to ensure that new assessment is valued and submitted to the City for tax billing within legislated timelines. More specifically, CGS has volunteered to participate in a pilot project with MPAC, in the development of a service level agreement for the municipal sector. In addition, Tax will develop an assessment base management policy, to document existing procedures and implement process improvements to monitor and audit the production of the assessment roll by MPAC. The manager of taxation and the property assessment representative will develop the policy and this will be completed by December 15, 2015.

From 2005 to 2012, the City experienced significant growth in the residential, commercial and industrial sectors. In spring 2009, the Property Assessment Representative (since has retired) for the City of Greater Sudbury identified a concern with the MPAC's timelines on assessing residential, commercial and industrial properties, and the related risk of potential lost revenues due to the time restriction in

the Assessment Act. On a regular basis, the property assessment representative and the Manager of Financial Planning and Policy monitored building construction statistics, supplementary/omitted assessments and assessment growth using various tools, such as Municipal Connect, building permit data, media reports. In addition, in 2009 the Property Assessment Representative reviewed in excess of 800 building permits of which 98 (from 2001 to 2007) required further investigation by MPAC. This concern was expressed in writing to MPAC and a detailed review and the resulting status of each 98 permits was provided to the City. This review and the excellent turnaround time provided assurance that priority was assigned by MPAC to ensure assessments were added to the roll within legislated timelines. In fiscal years 2010 and 2011, the City experienced high levels of supplementary taxation revenue and assessment growth, and a report to the Finance Committee was presented in February 2011 to highlight this, and the partnership that existed between Finance, Building Services and MPAC. Over the past 6 years, management is pleased to report that CGS has noticed considerable improvements in the timeliness of supplementary/omitted assessments and the overall service delivery.

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.

In addition, the Property Assessment Representative reviewed a sample of 326 building permits from the 2008 to 2012. The majority of this sample were found to either have resulted in assessment growth on the permits or in the opinion of MPAC, did not add value to CGS's assessment base. A follow up is being conducted on a minority of permits where further information is required from MPAC staff.

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.

## Supplementary Comments

### Mining Properties

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.

### Action Plan Lead

Therefore 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.

## Building Occupancy Permits

Building occupancy permit information is currently available to Building Services in its report resources.

### Action Plan Lead

Building Services will share occupancy permit information with MPAC and the Tax Department simultaneously so that supplementary assessment can be identified and processed when appropriate. The manager of taxation and the property assessment representative will be responsible for monitoring this information, following-up with MPAC and reconciling the data to supplementary assessment rolls.

## Municipal Property Assessment Corporation

MPAC is a non profit, non share capital, Independent corporation responsible for property valuation and classification of all properties in the province of Ontario. The City pays MPAC approximately \$2 million for assessment related services. MPAC utilizes a comprehensive set of procedures and processes to receive, record, assign and value building permits resulting in new construction. This information is returned to the municipality in the annual assessment roll and subsequent omitted and supplementary assessment rolls. The Municipal Property Assessment Corporation has its own key performance indicators to ensure that assessment growth is captured in a timely fashion in accordance with the Assessment Act.

### Action Plan Lead

In order to ensure CGS interests are protected, regular and frequent monitoring of MPAC's progress will take place. The City's property assessment representative will be responsible for this action and the timing of these checks will take into account the legislated timelines set out in the Assessment Act so that issues can legally be addressed. In addition, CGS will be monitoring MPAC's adherence to their key performance indicators.

## Service Level Agreement

The CGS has volunteered to participate in a pilot project in conjunction with the proposed service level agreement between MPAC and the municipal sector. By participating in this pilot project, CGS will have a voice in the adoption of a service level agreement to the mutual benefit of MPAC and to 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.

### Action Plan Lead

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.

## 2. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE – IT SYSTEMS

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.

It was noted during the audit, that plans have been initiated to upgrade systems by exploring alternative options, the associated costs with features that may be suitable for CGS operations and workflow.

The following is a list of systems currently used by Building service with issues/constraints in their use. The most actively used systems by the majority of staff are Buildingpermit.net and InspectorsPlus.

### Findings:

System	Purpose	Major issue/Constraint	Impact
Building Permits.Net	Track individual permits from the time of receipt of application.	Old system developed in-house, lacks system manuals and reliable report generation. Requires periodic shut down for maintenance and has slow response times.	1. Inability to maintain and improve system performance.  2. Requires work around for certain reports generation.
Inspectors Plus (PEN system)	Data base of inspector's notes relating to inspections.	Common password, remote access and updates resulting in a need to maintain a parallel manual inspection note system. In use since 1999, this system is no longer supported for maintenance.	1. Risk of unauthorized alterations and lack of audit trail.  2. Need for completion of manual forms for inspection.

System	Purpose	Major issue/Constraint	Impact
VailTech	Comprises 'Tax System' and 'Payment' system. Tax system stores assessed values of properties and payments received at CGS locations are processed in the 'Payment' system.	Not integrated with Building Permits system.	Does not contain information relating to Building permits issued.
GIS system (Geocortex)	Store, manage data in multiple layers on the basis of geographical locations.	Not integrated with other systems used.	No single view of all information relating to a property.
Active Citizen Request (ACR)	Record of issues, complaints and concerns from citizens.	Complaints about properties received are individually tracked as received over time.	A record of all complaints made for a property is not easily available.

## Management Response

The Building Services Department's building permit issuance is the clearing house for all municipal, provincial and national legislative requirements typically referenced as "Applicable Law".

Ontario Building Code Act states:

### Section 8.(1)

"No person shall construct or cause a building to be constructed or demolished unless a permit has been issued therefore by the Chief Building Official.

### 8.(2)

The Chief Building Official shall issue a permit referred to in subsection (1) unless,

- (a) The proposed construction or demolition will contravene this Act, the Building Code or any other "Applicable Law"

Applicable Law includes among other legislation the Planning Act which in turn entails Zoning, Site Plan Control, Subdivision plans, Condominium plans and Minor Variances on the zoning by-law requirements issued by the Committee of Adjustment, all easement, grading plans, soils cautions, etc. registered on title are dealt with during the permitting process.

Further, the permit issuance process has provincially mandated turnaround times for issuing permits from time of receiving a complete permit application.

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 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 the following key functions:

- Front and back office application (permit, license, approval) processing
- Real time mobile tools for field based inspections staff
- Applicant access to on-line tools to submit, track and interact with applications on-line
- Public access, via the City's website to tools to query the City's LPMS database

Action Plan Lead

Director of Building Services/Chief Building Official,

Manager of Software & Business Applications,

Manager of Development Approvals Planning and Financial Services.

### 3. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE – ACRs

The number of complaints, concerns, and other issues received relating to Building Services and recorded in Active Citizens Request (ACRs) indicate a high number is not being followed up and closed on a timely basis.

On inquiry with Building services, it was clarified that most of the ACRs opened form part of an administratively initiated creation of a database of manually issued “Orders to Comply” (some issued in 1999) under the Building Code. This program was initiated by the Chief Building Official in concert with the Upper Canada Law Society (LAW Pro) to facilitate an electronic search of CGS Building Services property database as a pilot program to facilitate searches on property transactions by local lawyers. However, statistics relating to the number of orders complied with for these old orders were not available to assess the extent of compliance.

#### Active Citizen Requests (ACR):

An analysis of the complaints and issues related to Building services reported in 2014 indicates the following:

Category	Number of cases	Percent (As of Jan., 2015)	Notes
Cases recorded in 2014	<u>873</u>	<u>100 %</u>	Represents total number of cases recorded in 2014.
Inactive Orders (manually recorded) for administrative purpose - initiated with Upper Canada Law	687	79%	Extent of compliance/completion of these orders unknown. Questions from lawyers are dealt with on a case by case basis.
Actual Citizen request initiated	186	21%	Represents actual number of citizen requests/complaints.

As old inactive orders issued were input into ACR along with active citizen requests received in 2014, a trend analysis of issues relating to 2014 could not be performed. Further, it was noted that all inspectors were not adopting a uniform and consistent approach to update and close assigned cases.

An analysis of the 186 requests received in 2014 (excluding the inactive orders) indicated the following pattern of issues reported and the extent of their resolution:



Category	Number of cases	Percent	As of Jan., 2015		As of Apr, 2015		Notes
			Cases completed	Percent	Cases completed	Percent	
Total Citizen requests	<u>186</u>	<u>100%</u>	<u>77</u>	<u>41%</u>	<u>134</u>	<u>72%</u>	Represents number of citizen
Build – No permit complaints	130	70%	57	44%	90	69%	A system to streamline and record completion of a case needs to be refined in consultation with IT and Citizen Service Centers. Inspector training needs
Building unsafe cases	28	15%	10	36%	24	86%	
Grading/Drainage	17	9%	5	29%	12	71%	
General Inquiry Contractor complaint, building contrary to plans, title insurance, pool complaints	11	6%	5	45%	8	73%	
Total cases completed	<u>186</u>	<u>100%</u>	77	<u>41%</u>	134	<u>72%</u>	

#### Findings:

1. An analysis and type of issues relating to building services recorded in ACRs for 2014 could not be performed due to an administrative initiative to input old orders.
2. It was explained that all inspectors were not adopting a uniform and consistent approach to update and close cases assigned to them. For certain assigned cases, inspectors missed updating ACRs after inspection and resolution. Further, it appears no stipulated time frame has been defined for an initial inspection, resolution, closure and/or escalation of a recorded case.
3. Audit investigated an instance of suspected construction of garage without a Building Permit reported in December, 2014. The assigned inspector visited the site in December, 2014 and determined that no permit was required as the garage was proposed to be used as a hangar for aircraft, based on explanations provided by owner. A visit in January, 2015 indicated that trailers and vehicle was stored in this garage resulting in loss of Permit fee and an increase in taxes for the associated property. The annual tax for this garage is estimated to be approximately \$ 1400.

#### Management Response

Although a cursory examination of the Active Citizen Request (ACR) records appears to show a number of them not being followed up and closed in a timely manner, the majority of these form a part of an

administratively initiated database record for flagging inactive manually created orders under the Building Code.

This program was initiated by the Chief Building Official in concert with the Upper Canada Law Society (LAW Pro) to facilitate an electronic search of Building Services' property database as a pilot program to facilitate property searches on land transactions by local lawyers. Next phase of the program will further rationalize these manual Orders.

All ACR's initiated by citizens in 2014 had been addressed by at least one site inspection and had de facto a 72% completion rate but not properly reported through the ACR system by Building Services staff.

All reported instances of unsafe buildings not reported to be completed in the ACR system were safely boarded up and shored. These four (4) sites are awaiting further work by the owners and are being monitored continuously by inspector/manager involved.

The Unsafe Building ACR's have an assigned stipulated time frame for completion of five (5) working days.

At the present time the Information Technology group, Building Services staff and the Citizen Services Centre group are investigating how the ACR system, introduced to the Building Inspectors' group in 2011, can be integrated with the Permit Services group and Development Engineering to provide a more complete process of addressing ACR's received.

The Construction of garage noted by the Interim Auditor General continues to be monitored. We currently have a similar case working through the court system. Regardless of the hanger's applicability to the Ontario Building Code, it will be assessed by MPAC as residential or commercial.

However, in providing the above clarification to the Auditor's observations, Building Services acknowledges the requirement for refining ACR use with I.T. and Citizen Service Centers including additional training of field inspectors on the system and extending the system to other areas currently not subscribed to the ACR system. This work is currently underway.

#### Action Plan Lead

Manager of Building Inspection Services, Supervisor Tom Davies Square Citizens' Service Centre/Call Centre, Citizen Service Information Technology Group and Coordinator of Permits & Approvals Integration.

#### 4. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE – OTHER AREAS

##### Findings:

##### Inspections

An analysis of number of inspections performed by each inspector during 2014 indicates a disproportionate work load for residential inspections performed. Certain inspectors were performing a higher number of inspections during the year in comparison to the annual average number of inspections for each category. After providing for allowances due to possible factors such as commuting times, available infrastructure, individual efficiency; the variation ranges from a high of 149% to a low of 51% in comparison to annual average number of residential inspections. The inspections under the Industrial and Commercial categories performed by the three inspectors are consistent around the average number of inspections.

The distribution of work load for residential may impact the quality of inspections performed as two inspectors performed a higher number of inspections in comparison to the annual average.

##### Open Building Permit applications

Over 200 applications for Building permit made between 2012-14 with an estimated construction value in excess of \$ 60 Million are appearing as 'open' with no permit issued or fees collected. It is likely that some of these applications might have been withdrawn or construction might have been completed under another application.

We were advised during the audit that these operational issues would be addressed when manpower resources are available for such maintenance of applications received.

##### Recording result of inspections

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.

### Policy and procedure manual

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.

### Management Response

#### Inspections:

Inspectors who are assigned solely to residential inspections based on work experience and provincial qualifications often undertake more inspections than those doing Industrial, Commercial and Institutional (ICI) inspections based on the size and complexity of the construction. The larger projects require longer timelines per individual inspection than their residential counterparts. Therefore, the number of inspections undertaken is not a direct correlation to a disproportionate workload.

However, we acknowledge that a pilot program for residential Inspectors last year, which assigned zone areas to Inspectors, needed some adjustment to be made both geographic areas wise and administratively to equalize the call counts. These were being manually adjusted last year by the Manager of Building Inspection Services and modifications to these assigned area as well, the assignment procedures should provide for more equity in workload this year.

It is hoped through the data currently being collected by the Automated Vehicle Locator (AVL) System within inspectors' vehicles and an algorithm with the LMPS software, the inspectors' call counts will be distributed electronically with a view to equity of workload and efficiency of service.

#### Open Building Permit Applications:

The report indicates that there are over 200 open incomplete building permit applications submitted over the last 2 years (less than 1% of the average 2000 building permits issued yearly). These building permit applications result from a customer centric policy which allows for incomplete applications to be submitted while provincial regulations would prevent them from being accepted.

The majority are one-time applicants for decks, sheds, pools and garages and are reviewed when field staff resource allows during winter months. Field verification and follow-up letters to owners cancelling applications are again done when staff resource allows.

In addition a number of VALE – AER projects that were put on hold will be migrating off this list now that VALE has established their revised AER program.

The Auditor General's Office Review done in January of 2015 was provided with a database of over 200 open applications similar sampling done by staff in April, 2015 shows a 11% reduction in open permit applications after our winter program initiative noted above.

We affirm the Auditor's statement that a program is in place to address these applications as manpower resources presents itself in "off peak" times.

#### Recording Results of Inspections:

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 with the Auditor that this would be useful and will be built into our Request for Proposal (RFP) for new Land Management Property (LMPS) software previously discussed in Observation #2.

#### Policy & Procedure Manual:

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.

Action Plan Lead

#### Inspections:

Manager of Building Inspection Services.

#### Open Building Permit Applications:

Manager of Building Inspection Services, Manager of Plans Examination and Coordinator of Permits & Approvals Integration.

#### Recording Results of Inspections:

Director of Building Services/Chief Building Official.

#### Policy & Procedure Manual:

Director of Building Services/Chief Building Official, Manager of Building Inspection Services, Manager of Plans Examination and Coordinator of Permits & Approvals Integration.

## 5. OBSERVATIONS, FINDINGS AND MANAGEMENT RESPONSE – CoA

### Terms of Reference - Committee of Adjustment (CoA):

#### Findings:

No formal Terms of Reference (ToR) has been defined for The Committee of Adjustment.

By-Law 2003-01 outlines the authority and procedures for the Committee of Adjustment (CoA). However, this is not codified in a formal Terms of Reference outlining the parameters against which the work of CoA may be assessed. Certain Municipalities such as Burlington, Niagara-on-the Lake and Chatham-Kent have a defined CoA Terms of Reference.

#### Management Response

We accept your recommendation to develop a Terms of reference for the Committee of Adjustment. We agree that formal terms of Reference can be used as a valuable tool to assess the operations of the Committee. We also agree that it will provide an important opportunity to educate other parties regarding the work of the Committee. With this in mind we commit to developing a formal terms of Reference within a 6 month time frame.

## Appendix A

### Building Services - Key Statistics

	Item	As at Dec 31, 2014
1	Building Services budget	\$3.9 million
2	Staff members	30 FTE & 2 Seasonal
3	Building Permit Fees	\$3.6 million
4	Applications received for building permits	2,147
5	Building permits issued - Houses-----1,550 - Small buildings----- 257 - Large buildings----- 193 - Complex buildings---- 3 - Demolitions-----92 - Cancelled -----(42)	2,053
6	Construction value Houses-----\$ 81.1 million Small buildings-----\$ 44.5 million Large buildings-----\$ 214 million Complex buildings.....\$ 1.7 million Demolitions-----\$ 3 million	\$344.3 million
7	Building inspections done	11,883
8	Active Orders to Comply	144
9	Rectified Orders to Comply	46
10	Active Citizen Requests (ACRs) assigned to Building Inspections	186
11	Active Citizen Requests (ACRs) closed	134
12	Properties on tax roll for assessment Commercial----- 1,672 Farm----- 680 Industrial----- 908 Multi-Residential----- 421 Residential-----59,240 Special/Exempt----- 81	63,002
13	Assessment value of properties	\$16,422,841,823
14	# of IT systems used by Building Services staff	9
15	Applications received for Committee of Adjustment decision	477

## For Information Only

### Consolidated Reserves and Reserve Funds Balances as of December 31, 2014

Presented To:	Audit Committee
Presented:	Tuesday, Jun 16, 2015
Report Date	Wednesday, May 27, 2015
Type:	Correspondence for Information Only

### Recommendation

For information only.

### EXECUTIVE SUMMARY:

The purpose of this report is to provide Council with a snapshot of the balances in the reserve and reserve funds at December 31, 2014.

Overall, the consolidated reserve and reserve funds have increased \$0.8 Million from \$156.5 Million to \$157.3 Million during 2014.

In summary, the following are the highlights:

(in millions)	2014
Balance: January 1, 2014 ( non consolidated)	\$155.6
Add: Interest	3.4
Less: Net transfers to Operating	(0.1)
Net transfers to Capital	(2.7)
Balance: December 31, 2014	156.2
Add: Reserves of Consolidated Entities	1.1
<b>Balance: December 31, 2014</b>	<b>\$157.3</b>

### Signed By

#### Report Prepared By

Apryl Lukezic  
Co-ordinator of Budgets  
*Digitally Signed May 27, 15*

#### Division Review

Ed Stankiewicz  
Manager of Financial Planning & Budgeting  
*Digitally Signed May 27, 15*

#### Recommended by the Department

Lorella Hayes  
General Manager of Assets and Finance/Chief Financial Officer  
*Digitally Signed May 28, 15*

#### Recommended by the C.A.O.

Bob Johnston  
Interim Chief Administrative Officer  
*Digitally Signed Jun 3, 15*

The non consolidated balances consist of:

(in millions)	2013	2014
Reserves	7.4	5.6
General Reserve Funds	47.9	46.7
Capital Financing and other Capital Reserve Funds	100.3	103.9



<b>Total Reserve and Reserve Funds</b>	<b>\$155.6</b>	<b>\$156.2</b>
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## **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 2014.

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 2014 BMA municipal study which is based on statistics for 2013. The ratio used is total reserve and reserves funds (excluding water/wastewater) as a percentage of taxation revenues. In 2013, thirty-four of ninety-eight participants in the study have a lower percentage than Sudbury. The results across the survey range from a low of 4% to a high of 217% in 2013. For 2013, there has been a decrease at the CGS from 55% to 54%.

### **2014 Reserves and Reserve Fund Balances**

The reserve balance as of December 31, 2014 of \$156.2 million includes \$5.5 million in reserves, \$46.7 million in general reserve funds and \$104 million in capital financing reserve funds. The 2014 forecasted reserve and reserve fund balances presented to Finance and Administration Committee on March 4, 2015 included \$5.2 million in reserves, \$45.4 million in general reserve funds and \$104.2 million in capital financing reserve funds. The primary difference between the 2014 forecast and actual yearend results are the decrease in the draw from the City's reserve and reserve funds required to fund the yearend deficit.

Of the total balance of \$156.2 million, there are reserves and reserve funds which are included in a "committed"

reserve funds for a specific project or program which accounts for approximately \$72 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. The balance as at December 31, 2014 was \$38 million, down from \$38.8 million in 2013. 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 decrease mainly relates to spending on capital projects partially funded with Federal Gas Tax Revenues which has been offset by an increase in Provincial Gas Tax Revenues due to timing of capital expenditures which will occur in 2015. 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.

### ***Long Term Financial Plan***

The Long Term Financial Plan, adopted by Council, references reserves in a number of its recommendations:

- 1.6 Plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves.
- 5.2 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.
- 8.1 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), as determined in point 5.2

8.2 Establish a Stabilization Reserve for programs that are susceptible to significant annual expenditure fluctuations (eg. 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.

8.3 Establish reserves to provide funding for future liabilities (eg. sick leave). 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 recommendations through the establishment of and continuation of increased funding for reserves.

#### **CONCLUSION:**

It is recommended that the City continue to implement and foster prudent reserve and reserve fund policies, especially in light of the intense capital financing pressures which it faces over the next five to ten years.

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 Reserves Funds (000's)**

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

	2010	2011	2012	2013	2014
CGS Reserves	\$9,481	\$9,884	\$9,533	\$7,402	\$5,551
CGS Reserve Funds	80,749	103,112	145,833	148,196	150,674
Total CGS Reserves & Reserve Funds	90,230	112,996	155,366	155,598	156,225

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

	2010	2011	2012	2013	2014
Reserves and Reserve Funds as a % of Taxation	41.0%	46.0%	55.0%	53.6%	55.5%
BMA Study – Median	60.0%	60.0%	62.0%	64.0%	TBD
BMA Study – Low	4.0%	9.0%	11.0%	4.0%	TBD
BMA Study – High	220.0%	200.0%	256.0%	217.0%	TBD

**Appendix B - Reserves (non interest-bearing)**  
**As at December 31, 2013 and December 31, 2014**

<b>Account Name</b>	<b>Purpose</b>	<b>Dec 31, 2013 Audited</b>	<b>Dec 31, 2014 Audited</b>
Land Reclamation Reserve	This reserve has been created from surpluses due to net under expenditures in Land Reclamation over the years. Surpluses from grants from corporations and there is a commitment to use these funds for this purpose in the future.	(711,850)	(700,606)
Reserve for Various Expenses	Created at year-end, 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.	(870,290)	(654,759)
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 for 2014 and has been included in the 2015 Operating Budget to be spent.	(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.	(473,567)	(341,012)
Future Development Charges Study Reserve	Set aside to partially fund the Development Charges background study which was completed in 2014.	(6,334)	-
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.  \$1.6 Million of these funds were approved after yearend to be committed as a source of funding for the 2015 budget.	(3,393,384)	(621,435)  (1,654,314)
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, 2014. Committed projects at the end of 2014 includes funding set aside for Pandemic, AMRIC and Rainbow Routes.	(771,386)	(385,662)
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 \$125,000 based on the Health Unit's 2015 Budget.	(107,000)	(125,000)
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)	(264,030)
Accessibility Reserve	This Reserve is used in consultation with the Accessibility Advisory Panel for transformative projects which change how the community perceives accessibility. \$225,000 of this reserve has been committed for an accessible beach and water access project for persons who use mobility devices at Bell Park, as approved by Council during 2014.	(269,927)	(269,927)
<b>Total Reserves</b>		<b>(7,401,917)</b>	<b>(5,550,896)</b>

Appendix C - Reserve Funds (Interest Bearing) As at December 31, 2013 and December 31, 2014			
Account Name General Reserve Funds		Dec 31, 2013 Audited	Dec 31, 2014 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 2014 is \$3.9 million.	(3,078,650)	(3,137,751)
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 2014 is \$5.7 million.	(2,230,184)	(2,354,211)
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. In 2014, there was a transfer from HR Management Reserve Fund to fund the retiring allowances liability.	(132,654)	(1,535,797)
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.	(451,240)	(486,932)
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 \$30.3 million at the end of 2014 relating to post-employment benefits exists.  \$753,926 of these funds were approved after yearend to be committed as a source of funding for the 2015 budget.	(5,952,019)	(2,841,209)  (753,926)
H.R. Committed - Succession Planning	Approved by Council for succession planning.	(1,796,119)	(1,563,993)
H.R. Committed	Approved by Council for claims stabilization, other potential liabilities and the employee rewards and recognition program.	(5,389,421)	(5,035,720)
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.	(3,776,280)	(4,060,311)
WSIB Committed	Amount set aside as a contingency for catastrophic events.	(2,713,844)	(3,162,557)
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.	(1,159,740)	(892,359)
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.  After yearend, \$183K has been committed for vehicle replacement as included in 2015 Capital Budget for Fleet.	(1,662,955)	(1,607,438)  (183,248)

Account Name		Dec 31, 2013	Dec 31, 2014
General Reserve Funds		Audited	Audited
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.	(1,088,019)	(558,621)
Land Acquisition - Committed	Funds are committed for the purchase of land on Ramsey Lake Road as approved by Council.	(410,000)	(272,500)
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. After yearend, \$2.2 million was committed as part of the 2015 Capital Budget.	(1,954,672)	(413,541) (2,180,000)
Parking Improvements - Committed	Approved by Council for parking improvements from the annual capital budget.	(260,323)	(612)
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.	(46,162)	(50,361)
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.	(7,213,341)	(7,388,995)
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. After yearend, \$800,000 was committed as part of the 2015 Capital Budget.	(1,833,134)	(1,426,897) (800,000)
Industrial - Committed	Committed by Council primarily for Industrial Land Improvements (ie. Walden Industrial Park).	(1,497,821)	(712,750)
Community Initiatives Reserve Fund	Funds available for one-time grant requests from Community Consultation.	(33,264)	(30,329)
Community Initiatives - Committed	Funds committed for AMRIC as per Council approved 2014 Budget option.	(100,000)	(200,000)
Business Centre Reserve Fund	Originally established by the former Regional Municipality of Sudbury from the Industrial 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.	(564,012)	(577,375)
Communications Infrastructure Reserve Fund	Annual budgeted amounts are contributed to this Reserve Fund for the replacement of Communication Infrastructure/Public Safety. After yearend, this balance (along with a contribution from operating in 2015) for a total of \$1.3 million was committed as part of 2015 Capital Budget.	(394,504)	(0) (429,830)
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.	(2,990,835)	(3,061,700)
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.	(4,765)	(4,878)
Police Services Donations Reserve Fund	Under control of the Police Services Board and to be used for crime prevention initiatives.	(118,544)	(105,051)
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.	(43,509)	(36,375)
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. After yearend, \$60,000 was committed as part of the 2015 Capital Budget.	(88,222)	(45,699) (60,000)
Cemeteries - Committed	Funds approved in 2013 and 2014 Capital Budgets for various projects such as Civic Cemetery Road Realignment and Columbrina Niche Walls. It also includes annual loan repayment for the Phase 5 of the Civic Cemetery Mausoleum.	(276,631)	(182,998)
Economic Development Reserve Fund	Authorization of Council is required to contribute to or expend from this reserve fund for economic development projects.	(54,152)	(64,086)
Economic Development - Committed	Committed funds for various projects as approved by Council including AMRIC and the Town Centre Community Improvement Plan.	(367,417)	(297,132)
<b>Subtotal General Reserve Funds</b>		<b>(47,882,431)</b>	<b>(46,715,181)</b>

<b>Appendix C - Reserve Funds (Interest Bearing)</b> <b>As at December 31, 2013 and December 31, 2014</b>			
<b>Account Name</b>		<b>Dec 31, 2013</b>	<b>Dec 31, 2014</b>
<b>Capital Financing Reserve Funds (CFRF)</b>		<b>Audited</b>	<b>Audited</b>
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.  After yearend, \$15,000 has been committed for capital projects within the 2015 Capital Budget.	(3,062,306)	(3,479,152)  (15,000)
CFRF - Information Technology - Committed	Approved funds from previously approved Capital Budgets including Business Applications, GIS and Audit Logging Software.	(899,576)	(497,603)
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.  After yearend, this balance (along with a contribution from operating in 2015) for a total of \$2.5 million has been committed for capital projects within the 2015 Capital Budget.	(159,011)	(0)  (1,801,925)
Equipment & Vehicle Replacement - Committed	Committed funds are to be used to purchase fleet equipment and vehicles as authorized by Council mainly from the 2014 Capital Budget.	(2,692,553)	(906,951)
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.  After yearend, \$1.1 million has been committed as part of the 2015 Capital Budget.	(131,458)	(301,222)  (1,124,975)
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.	(1,848,626)	(470,560)
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.  After yearend, \$58K has been committed as part of the 2015 Capital Budget.	(171,512)	(144,783)  (57,787)
CFRF - Transit - Committed	Committed funds from previous Capital Budgets for transit buildings/bus shelters and bus rebuilds.	(370,552)	(38,326)
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.	(845,441)	(744,317)
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.  After yearend, \$100,000 has been committed as part of the 2015 Capital Budget.	(22,620)	(36,083)  (100,000)
Parks Vehicle & Equipment Replacement - Committed	Funds committed for the purchase of new Parks equipment and vehicles as approved in 2013 and 2014 Capital Budgets.	(268,621)	(222,446)
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 \$13.3 million at the end of 2014. In addition, there is a capital funding gap.  After yearend, \$1.2 million has been committed as part of the 2015 Capital Budget.	(1,049,038)	(15,937)  (1,187,448)
CFRF - Environmental Services - Committed	Represents funds approved in 2011, 2013 and 2014 Capital Budget for various projects including cell closures at Hammer and Sudbury Landfill Sites as well as the Construction & Demolition Recycling Site at the Sudbury Landfill Site.	(1,243,370)	(816,435)
CFRF - CLELC	Funded through excess capital funds in Lionel E. Lalonde Centre Capital Projects. This fund will be used for future capital projects.	(269,643)	(374,499)



Account Name		Dec 31, 2013	Dec 31, 2014
Capital Financing Reserve Funds (CFRF)		Audited	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.  After yeared \$1.5 Million of these funds were approved to be committed as a source of funding for the solar panel project.	(1,750,245)	(309,421)  (1,500,000)
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, 2014 including Farmer's Market renovations/improvements, elevator upgrades at TDS, Northern Water Sports Centre, Fire records management system, purchase of land on Ramsey Lake Road and Asbestos audits for Community Development facilities.	(7,881,025)	(4,921,532)
CFRF - Peoplesoft / ERP	Funded from excess funds in related capital projects. To be used only for Peoplesoft / ERP capital projects.  \$200,000 set aside for Enterprise Resource Planning was cancelled and used as a source of funding in the 2015 budget.	(920,470)	(907,273)  (200,000)
CFRF - Peoplesoft / ERP - Committed	Funds committed from annual capital budgets for future Peoplesoft / ERP capital projects.	-	(339,905)
CFRF - Planning	Funded from excess funds in related capital projects. To be used only for Planning related capital projects.	(250,377)	(220,333)
CFRF - Planning - Committed	Funds committed for the Official Plan as well as future Growth Related Projects.	-	(725,564)
CFRF - Administrative Services	Funded from any under expenditures in related capital projects. To be used only for corporate infrastructure (i.e. telephone systems, docutech equipment, etc.).	(13,208)	(26,777)
CFRF - Administrative - Committed	Represents funds committed by Council for various projects from the earlier Capital Budgets. This includes the \$500,000 set aside for the Records Management System which were cancelled and used as a funding source in the 2015 Operating Budget.	(559,854)	(559,267)
CFRF - Public Works Buildings	Funded from excess funds in related capital projects. To be used only for assets (buildings) projects excluding Community Development buildings.  After yearend, \$357K has been committed as part of the 2015 Capital Budget.	(15,558)	(16,947)  (356,603)
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. Also, includes funds set aside from the annual operating budget for replacement of public works related equipment (ie. survey/engineering equipment and dispatch/communication system equipment).	(799,235)	(541,365)
199 Larch Street Reserve Fund	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 2012 - 2014 Capital Budgets.	(456,852)	(722,855)
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.  After yearend, \$2.1 million has been committed as part of the 2015 Capital Budget.	(2,417,989)	(497,706)  (2,092,147)
CFRF - Police Services - Committed	Committed funds for various projects from previous Capital Budgets.	(1,785,623)	(2,143,719)
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.  After year end, \$10.1 million has been committed as part of the 2015 Capital Budget and LED Streetlight project.	(6,700,616)	(146,958)  (10,100,000)
CFRF - Roads - Committed	Balance contains funds committed from previous Capital budgets and for approved capital projects which are currently deferred to a later date. Funding for capital projects include Maley Drive, MR 15/MR 80 Intersection Improvements, Crean Hill Road, Barry Downe Extension, Whitson Paquette and Horizon Drains and several bridges. Also, includes \$2 million set aside for the Industrial Park Strategy which was approved to be cancelled and used as source of funding for the 2015 Operating Budget.	(19,344,783)	(22,829,844)
Drainage and Stormwater Management Reserve Fund	Funded from the operating budget and from excess capital funds from drains and stormwater management capital projects. These funds are used to fund the municipal share of the construction costs of new drains or drainage and stormwater management capital projects. This reserve fund may be used to fund any net overexpenditures in the Drains operating budget.  After yearend, \$850,000 has been committed as part of the 2015 Capital Budget.	(945,162)	(90,392)  (850,000)

Account Name		Dec 31, 2013	Dec 31, 2014
Capital Financing Reserve Funds (CFRF)		Audited	Audited
Drainage and Stormwater Management - Committed	Funds set aside for capital projects to be completed in future years, as previously approved by Council. The projects include Paquette Whitson and Horizon stormwater management projects. There is also an annual contribution from the Capital Budget for Subwatershed Planning.	(4,058,732)	(4,589,360)
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.  After yearend, \$400K was committed as part of the 2015 Capital Budget.	(4,226,892)	(5,827,946)  (400,000)
CFRF - Wastewater - Committed	Balance contains funds committed from previous Capital Budgets including Industrial Park Strategy, Preventative Plumbing Subsidy, Sanitary Rock Tunnel Inspections and Upgrade Primary Lagoons. Also, includes the wastewater stabilization which is based on 10% of revenues as per the Reserve Fund by-law.	(11,701,673)	(6,734,975)
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.  After yearend, \$1.585 million was committed as part of the 2015 Capital Budget.	(6,717,162)	(4,672,760)  (1,585,000)
CFRF - Water - Committed	The balance contains funds committed from previous Capital budgets including the Wanapitei Water Treatment Plant Upgrades, Regent / Bouchard / Southview project, Automatic Meter Reading Water Meters and Industrial Park Strategy. Also, includes the water stabilization amount which is based on 10% of revenues as per the Reserve Fund by-law.	(9,184,175)	(8,843,826)
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.  After yearend, \$244K was committed as part of the 2015 Capital Budget.	(218,791)	(61,637)  (244,169)
CFRF - Health and Social Services - Committed	This amount represents previously approved funds for ceiling lifts from the 2013 Capital Budget.	(301,935)	(101,873)
CFRF - Fire	Funded from excess funds in related capital projects. To be used only for Fire Services capital projects.	(210,337)	(33,893)
CFRF - Fire - Committed	Committed funds for pagers and incident management from earlier Capital Budgets as well as pumper equipment approved by Council during 2014.	(80,523)	(151,892)
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.  After yearend, \$1 million was committed as part of the 2015 Capital Budget.	(1,278,246)	(1,133,510)  (998,159)
CFRF - Emergency Medical Services - Committed	Funds approved in previous years Capital Budgets for various projects including power stretchers, personal response units (PRU's) and a vehicle wash system.	(1,883,601)	(1,462,133)
Library & Citizen Service Centre 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.	(91,799)	(252,802)
Library & Citizen Service Centre - Committed	Committed balance is for the Valley East Archives project as previously set aside by the Valley East Archives Committee.	(14,910)	(14,910)
CFRF - Leisure Services - Committed	Committed funds previously approved by Council for Chelmsford Arena upgrades, Bell Park Special Events Site Development, ski lift upgrades and purchase of property on Ramsey Lake Road. Also, includes funds of \$1M set aside for Grace Hartman roof and hard seats which were approved as a funding source in the 2015 Operating Budget. Also, includes funds recieved from cold drink supplier contract for municipal arenas for arena scoreboard replacement.	(2,633,774)	(3,233,631)
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.  After yearend, \$595K was committed as part of the 2015 Capital Budget.	(836,007)	(587,068)  (595,000)
<b>Subtotal Capital Financing Reserve Funds</b>		<b>(100,313,880)</b>	<b>(103,958,599)</b>
<b>Total Reserve Funds</b>		<b>(148,196,311)</b>	<b>(150,673,781)</b>
<b>Total Reserves and Reserve Funds</b>		<b>(155,598,229)</b>	<b>(156,224,677)</b>

Presented To:	Audit Committee
Presented:	Tuesday, Jun 16, 2015
Report Date	Friday, May 22, 2015
Type:	Managers' Reports

## Request for Decision

### 2014 Water Wastewater Variance Report

#### Recommendation

THAT the City of Greater Sudbury accepts the December 31, 2014 Water Wastewater Variance Report dated May 22, 2015 from the General Manager of Assets and Finance/Chief Financial Officer and the General Manager of Infrastructure Services outlining the audited year end position.

#### YEAR END VARIANCE

The yearend net over expenditure for Water and Wastewater Services is \$1,581,509 as outlined in Schedule A. Water is recording an over expenditure of \$1,878,672 while Wastewater is in an under expenditure of \$297,163. In accordance with the By-law, the water over expenditure was funded by a contribution from 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 over expenditure are:

Category	Favourable/(Unfavourable)
User Fees	\$(900,628)
Salaries and Benefits	\$1,247,074
Materials	\$976,518
Purchased Services	\$(3,169,317)
Other net variances	\$264,844
Total 2014 Over Expenditure	\$(1,581,509)

#### Signed By

##### Report Prepared By

Dion Dumontelle  
Co-ordinator of Finance, Water  
Wastewater  
*Digitally Signed May 22, 15*

##### Division Review

Shawn Turner  
Manager of Financial & Support  
Services  
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##### Recommended by the Department

Lorella Hayes  
General Manager of Assets and  
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##### Recommended by the C.A.O.

Bob Johnston  
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#### VARIANCE EXPLANATIONS

##### User Fees

Actual user fee revenues are below budgeted amounts. For 2013 the estimated consumption was budgeted

at 14.3 million cubic metres while the actual consumption for 2014 was \$14.1 million cubic metres. For 2015 the budgeted consumption has been set at 14.2 million cubic metres.

## **Salaries and Benefits**

Salaries and benefits are under budget by approximately \$1,247,000. 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.

At its March 4, 2015 meeting, the Finance and Administration Committee received a 2014 Budget to Actual Comparison of Staffing Levels report which provided Council with data to support this under expenditure.

## **Materials**

Materials were under budget by \$976,000. This is a combination of savings in chemicals, break down repair related materials and other plant related maintenance savings.

## **Purchased Services**

Purchased service costs were over budget by \$3,169,000 and the contributing factors to this budget overrun are:

1. Due to staff vacancies, certain repair work was directed to contractors.
2. The increased repair rate related to the age of the infrastructure
3. The 2014 winter was unusually cold and there were large amounts of snowfall that increased the number and cost of repairs. As well, the wet fall left the ground saturated when the frost came creating conditions conducive to breaks.

The budget overages occurred as follows:

1. There were 141 watermain breaks to the end of December, compared to 103 breaks for the 2013 calendar year. In addition, the average cost per watermain break repair was \$21,500 which was more than \$3,000 higher than the previous 3 year average. This resulted in this line item being over budget by \$1,523,000.
2. Frozen water services thawing repairs performed by contractors numbered approximately 400 compared to less than 15 in 2013. This additional expense amounted to approximately \$280,000 in unanticipated expenditures over budgeted amounts.
3. All other repair work to water related infrastructure (hydrants, curb boxes, valves etc) was over budget by \$920,000.
4. Sewer main and manhole repairs were over budget by \$440,000.

The cumulative effect of the above four items is an overage of \$3,163,000 which accounts for the variance in this category.

Given the high demand on City staff time for regularly scheduled operations and maintenance activities, which in most cases have regulatory implications, more than half of the emergency watermain and sanitary sewer repairs are being performed by contractors. To minimize the disruption to citizens affected by the lack of water these are most frequently performed after hours when City crews are unavailable.

Consequently purchased services are higher but are partially offset by savings in salaries and materials.

## **Conclusion**

In accordance with the By-law, the water over expenditure has been funded by a contribution from 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, 2014 (based on December 31 audited operating results)



Schedule A

	Annual Budget	Audited Actual at December 31	Variance Favourable/ (Unfavourable)	Projected % of Budget
Frontage Charges	522,034	521,986	(48)	100
Provincial Grants & Subsidies	-	-	-	-
User Fees	61,455,385	60,554,757	(900,628)	99
From Reserve and Reserve Funds	264,437	344,996	80,559	130
Other Revenues	79,600	101,481	21,881	127
Municipal Levy (fire protection)	3,262,136	3,262,136	-	100
<b>Total Revenues</b>	<b>65,583,592</b>	<b>64,785,356</b>	<b>(798,236)</b>	<b>99</b>
Salaries & Benefits	13,398,078	12,151,004	1,247,074	91
Materials Expenses	4,672,662	3,696,144	976,518	79
Equipment Expenses	-	-	-	-
Energy Costs	4,110,128	4,086,957	23,171	99
Purchased/Contract Services	6,945,199	10,114,516	(3,169,317)	146
Debenture & Insurance Costs	1,293,723	1,264,776	28,947	98
Prof Development & Training	75,198	55,284	19,914	74
Grants - Transfer Payments	25,500	3,400	22,100	13
Prov to Reserves & Capital	28,354,528	28,354,528	-	100
Internal Recoveries	6,708,576	6,640,256	68,320	99
<b>Total Expenses</b>	<b>65,583,592</b>	<b>66,366,865</b>	<b>(783,273)</b>	<b>101</b>
Excess (Deficiency) of Revenue Over Expenses (before contribution to Reserve Funds)	-	(1,581,509)	(1,581,509)	
Contribution from (to) Water Reserve Fund	-	1,878,672		
Contribution from (to) Waste Water Reserve Fund	-	(297,163)		
Excess (Deficiency) of Revenue Over Expenses (after contribution to Reserve Funds)	-	-		

## Request for Decision

### 2014 Committed Capital and Completed Capital Projects

Presented To:	Audit Committee
Presented:	Tuesday, Jun 16, 2015
Report Date	Wednesday, May 27, 2015
Type:	Managers' Reports

### Recommendation

THAT the City of Greater Sudbury accepts the report dated May 27, 2015 from the General Manager of Assets and Finance/Chief Financial Officer regarding 2014 Committed Capital Year End Position and Completed Capital Projects from October 2014 to March 2015.

### 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. Committed Capital Year End Balance as of December 31, 2014
2. Completed Capital Projects from October 2014 to March 2015

#### 1. Committed Capital Year End Balance

The Committed Capital balance as at December 31, 2014 was \$86.8 million which is an increase of \$7.3 million from the previous year and represents funds approved but not yet spent as projects have not commenced and/or are in progress. There are internal borrowings of \$83 million resulting in a capital fund balance of \$3.8 million.

Appendix A is a summary which shows the breakdown of the Fund, by major category as at December 31,

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##### Division Review

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##### Recommended by the Department

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##### Recommended by the C.A.O.

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Interim Chief Administrative Officer  
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2014, with comparative figures for 2013. Also attached in Appendix B are explanatory notes which include a brief description of the approved capital projects underway at the end of 2014.

The internally debt financed expenditures of \$83 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: BioSolids Facility, 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.

The amount of internal debt financing in 2014 of \$83 million increased by \$48.9 million from \$34.1 million in 2013 mainly due to additional costs accrued in 2014 for the BioSolids Facility. The City has acquired external debt financing for the BioSolids Facility and 1160 Lorne Street Garage in May 2015.

## **2. Closed Capital Projects**

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 2014 to March 2015 including explanations for variances greater than \$50,000.



<b>Appendix A - Committed Capital - as of December 31, 2014</b>					
Dept	Capital Fund (Non-Interest Bearing)	Future Financing (Spent)	Total Committed Capital - 2014	Total Committed Capital - 2013	
<b>Healthy Community Initiatives</b>	629,742	-	629,742	598,805	
<b>Administrative Services</b>					
Administration	996,214	-	996,214	773,967	
Information Technology	486,589	-	486,589	728,927	
ERP	1,911,536	-	1,911,536	1,960,430	
	3,394,339	-	3,394,339	3,463,324	
<b>Human Resources</b>	297	-	297	25,316	
<b>Growth &amp; Development</b>					
Facility Rationalization	191,706	-	191,706	-	
Planning	198,108	-	198,108	343,154	
Facilities	1,031,231	-	1,031,231	705,795	
Environmental Services	1,316,467	-	1,316,467	719,789	
Parking	1,295	-	1,295	252,695	
	2,738,808	-	2,738,808	2,021,433	
<b>Community Development</b>					
Health & Social Services	299,577	-	299,577	227,693	
Healthy Communities	732,323	-	732,323	775,145	
Leisure Services	(2,698,775)	5,260,481	2,561,706	3,247,801	
Library & Citizen Services	(2,504,795)	3,144,460	639,665	628,525	
Cemetery Services	(284,842)	309,842	25,000	24,607	
	(4,456,511)	8,714,783	4,258,272	4,903,771	
<b>Infrastructure Services</b>					
Water	20,124,786	2,065,312	22,190,098	20,095,017	
Wastewater	17,457,217	2,138,643	19,595,860	17,173,338	
Biosolids	(46,907,174)	46,907,174	-	-	
Roads	24,334,541	822,643	25,157,184	24,420,763	
Fleet	-	-	-	-	
Transit	(13,659,535)	13,719,562	60,027	9,619	
Drains & Stormwater Management	4,546,402	-	4,546,402	3,178,035	
	5,896,237	65,653,333	71,549,570	64,876,772	
<b>Emergency Services</b>					
EMS	705,368	-	705,368	1,153,596	
Emergency Management	(2,452,519)	2,541,129	88,611	213,725	
Fire Services	2,051,972	350,000	2,401,972	1,655,767	
	304,821	2,891,129	3,195,951	3,023,088	
<b>Police Services</b>					
Police Services	236,758	-	236,758	538,772	
Communication Infrastructure	(4,936,717)	5,769,572	832,855	-	
	(4,699,958)	5,769,572	1,069,614	538,772	
<b>Total Committed Capital - 2014</b>	<b>3,807,774</b>	<b>83,028,817</b>	<b>86,836,591</b>	<b>79,451,281</b>	
Total Committed Capital - 2013	45,352,238	34,099,043	79,451,281		

## **Appendix B - Explanatory Notes on Committed Capital as of December 31, 2014**

### **(1) Healthy Community Initiatives (HCI) Fund**

Approximately \$118,892 is committed for projects in progress (as outlined in the Council report dated January 27, 2015) and the remaining portion of \$510,850 has been transferred to reduce the 2015 municipal tax levy as approved during the 2015 Budget.

### **(2) Administration Services**

#### *Administration*

There is a total of approximately \$1 million of committed capital funds for projects such as Print Shop Equipment, Corporate Infrastructure for security and related equipment and furniture, and Central Mailing Equipment.

#### *Information Technology*

There is committed capital of \$487,000 for information technology capital projects that are to be completed including Business Applications, Microsoft Office Software, GIS and Audit Logging Software.

#### *ERP Projects*

The committed capital for Peoplesoft/ERP related capital projects of \$1.9 million is for the replacement of the existing CMMS System currently underway, as well as on-going ERP Training and other technology enhancements.

### **(3) Human Resources**

This committed capital balance of \$297 relates to furniture and equipment needs identified through ergonomic assessments.

### **(4) Growth & Development**

#### *Facility Rationalization Study*

The unspent capital funds of \$192,000 mainly relates to the Facility Rationalization Study that is currently in progress for planned completion during 2015.

#### *Planning*

The committed capital balance of \$198,000 includes the completion of the Official Plan, funds set aside for Levack and Capreol Community Improvement Plan. In addition, the balance includes \$95,000 set aside for the Rock of Fame which has been cancelled to reduce the property tax levy in the 2015 Operating Budget.

#### *Facilities (excluding Community Development Facilities)*

There is a committed capital balance of \$1 million for projects in progress or which will commence in 2015 including Window Pane Replacements, Skylight Replacements and Structural Repairs all at TDS, as well as Mechanical and HVAC Upgrades at LEL, Energy Conservation, Building Condition Assessments and Municipal Park Garage Shoring. In addition, there are several building related projects that have unspent capital funds under \$50K each.

#### *Environmental Services*

There are unspent capital funds of approximately \$1.3 million which includes the Stormwater Pond at the Azilda Landfill which is in progress as well as a Cell Closure at the Hanmer Landfill Site and Hauled Sewage Site Closure which are expected to commence during 2015.

#### *Parking*

The balance of \$1,300 is for various parking improvements.

### **(5) Community Development**

#### *Health and Social Services*

The committed capital balance of \$300,000 is for projects at Pioneer Manor including Exterior Insulation Finishing System & Window Replacement, Electrical/Lighting Upgrades, Telephone System replacement and the Resident Information Software.

#### *Healthy Community*

This committed capital balance of \$732,000 is set aside for renovations for the Chelmsford Family Health Team site pending Ministry of Health and Long Term Care funding.

#### *Leisure Services (including Facilities)*

There is a committed capital balance of \$2.6 million for leisure related assets including facilities.

Majority of unspent capital relates to projects for leisure facilities which are planned or in progress, including Accessibility upgrades, major renovations Chelmsford Arena and upgrades at the Capreol Arena, Safety/Security Upgrades at various facilities, building renovations or relocation for the Valley East Youth Centre, roof replacement at Edgar LeClair Arena, structural repairs at the Onaping Falls Community Centre and Centennial Arena, and studies including Life Cycle Analysis and Leisure Assets Study.

Other Leisure related capital projects include the Junction Creek Waterway Park, Park Signage, upgrades at the Queen's Athletic Field, Capreol Park and Ash Street Water Tank Park, as well as upgrades at various Playground Buildings, and security/safety upgrades at various parks. There are also funds set aside for Special Events as well as Park & Playground Audits.

The future financing amount of \$5.3 million is the internal borrowing from the capital fund for the construction of the second ice pad at Gerry McCrory Countryside Arena. This balance will be

repaid over the next 21 years and will be funded from future capital envelopes, a contribution from operating as well as development charge revenues.

#### *Library & Citizen Services*

The committed capital balance of \$640,000 includes funds unspent for the Civic Cemetery Road Realignment (which will be completed when road improvements are completed on Second Avenue), Library Archives, roof repairs at the Civic Cemetery, Voice Recording Software, Electronic Resources (e-books), Library Automated System and Library Shelving.

The future financing amount of \$3.1 million is the internal borrowing from the capital fund for the construction of the South End Library. This balance will be repaid over the next 17 years and will be funded from future capital envelopes, a contribution from operating as well as development charge revenues.

#### *Cemetery Services*

The committed capital balance of \$25,000 was transferred from the Cemetery Services Reserve Fund and is set aside for Data Management Equipment.

The future financing balance of \$310,000 is the internal borrowing from the capital fund for the Phase 5 construction at the Civic Cemetery Mausoleum. This will be repaid over the next 8 years from the Cemetery Reserve Fund. The Cemetery Reserve Fund is funded from net under expenditures from cemetery operations.

### **(6) Infrastructure**

#### *Water*

There is a committed capital balance of approximately \$22.2 million which includes several capital projects will be completed over numerous years.

The plant related projects amount to \$13.7 million and include upgrades at the Wanapitae and the David Street Water Treatment Plants, Hanmer Water Storage Tank, repairs/upgrades at Linden Well and other well buildings, Well Inspection Rehabilitation, upgrades to the Val Caron Booster Station and various booster stations as well as improvements planned for the Ramsey Lake Outfall. In addition, there are funds set aside for Security Improvements, Energy Optimization Study, Water Filling Station, SCADA/Communications, Plant Process Storage Tank Inspection and ESA Inspection Upgrades.

There are also linear projects in progress or to commence and be completed within the next couple of years in the amount of \$8.5 million. Linear projects include Jean Street, Valley Water System Looping, Loach's Road/Windle Drive/Algonquin Road, Elgin Street, Second Avenue (Sudbury), Dollard Street, MR 80 Watermain Crossings and Watermain Service Replacements and Rehabilitations. In addition, there are unspent capital funds for the Whitefish

Rechlorination Station, system improvements, Wanapitei Trunk Watermain Design, As Built Drawing Updates, Water Air Release Valve Assessment and Distribution Support (for emergency projects and equipment that come up unexpectedly every year).

The future financing amount of \$2 million is the internal borrowing from the capital fund for the construction of the Levack Water Supply project and New Valley East Wells. This will be repaid in future years from the annual capital envelopes, which are funded from WWW user fees.

### *Wastewater*

Similar to water above, there is a committed capital balance of \$19.6 million for projects that will be completed over several years.

There are plant related projects amounting to \$11.7 Million mainly in progress or to commence and be completed in the next few years such as upgrades at the Valley East, Sudbury, Walden, Azilda and Lively Wastewater Treatment Plants as well as upgrades to the St. Charles Street, Belanger, Jacob and various Lift Stations. Other projects include the Infrastructure Master Plan, Operating Manuals, Various Plant Repairs, SCADA Upgrades and Pump Replacements, as well as improvements to the Garson Lagoon.

Uncompleted linear related projects amount to \$7.9 million and include Regent/Bouchard/Southview, Dollard Avenue, Kingsway (sewer lining), Elgin Street, Jean Street, Second Avenue (Sudbury), Gatchell Outfall Sewer and Lively Sewer System Upgrades. Other projects include the Sewer Inspection Program, Collection Support (for multiple emergency projects and equipment that come up unexpectedly every year) and I&I Annual Assessment.

The future financing of \$2.1 million is the internal borrowing from the capital fund for the construction of water and wastewater services on the east section of the Kingsway. These costs will be recovered from Section 391 Charges, collected at the building permit stage, when new industrial and commercial development occurs in that area.

### *Biosolids*

At December 31<sup>st</sup>, the City was in the final constructions stages of the Biosolids Project which was procured using a public private partnership (PPP) model: design, build, finance, operate and maintain contract.

The future financing balance of \$46.9 million is the internal borrowing from the capital fund for the portion of the construction costs accrued as of December 31, 2014. The total amount owing has been paid at substantial completion, and the City has acquired external debt financing and PPP Canada grant during 2015. The external debt repayments have been included in the 2015 WWW budget.

### *Roads and Bridges*

There is a committed capital balance of \$25.1 million related to roads and bridges.

The outstanding road related projects include Second Avenue in Sudbury, MR89 from Skead Road to Rix Street, Regent/Bouchard/Southview, Maley Drive, Kingsway, Dollard Avenue, MR15 MR 80 Intersection Improvements and Jean Street. In addition, there are funds committed for property acquisition, upgrades to Frobisher Yard, contingency, consultant costs for future roads projects, and Railway Crossing Improvements.

Furthermore, there are capital funds committed for several bridge projects amounting to \$7.7 million to be completed over the next few years including the following locations: MR 55; Riverside Drive; Mikkola Road; Panache Lake Road; Frappier Road; MR 15; Douglas Street; Ironside Lake Road; Garson Coniston Road; Black Lake Road, Walter Street, Allan Street and various Bridge Repairs.

The future financing balance of \$823,000 is the internal borrowing from the capital fund for costs incurred on Frood Road which will be funded from the 2015 Capital Budget as approved by Council during 2014.

### *Transit (including 1160 Lorne Street)*

The future financing balance of \$13.7 million is the internal borrowing from the capital fund for the Transit/Fleet Garage at 1160 Lorne Street and represents the estimated amount for external debt financing which has been obtained in May 2015.

### *Drains & Stormwater Management*

There is a committed capital balance of \$4.5 million which includes the following projects: Junction Creek Stormwater Management; Val Caron Drain; Capreol Storm Drainage; Capreol Storm Drainage Improvements; Main Storm Sewer Upgrade; Minnow Lake Treatment Station; Countryside Stormwater Pond; and the Mountain Street Storm Outlet.

## **(7) Emergency Services**

### *EMS (Emergency Medical Services)*

The committed capital balance of approximately \$705,000 represents funds transferred from the EMS Reserve Fund which have not been spent yet. Outstanding projects include Station Development, Penless Technology, Medical Equipment/Supplies and Generators. Since 2010, funds are transferred from the EMS Reserve Fund after expenses have been incurred.

### *Emergency Management*

The committed capital balance of \$89,000 includes funds set aside for Emergency Operations Centre (EOC) and equipment for the LEL Centre.

The future financing balance of \$2.5 million is the internal borrowing from the capital fund for the renovations completed at the LEL Centre in 2005. This debt will be repaid by contributions from future year's operating budgets.

### *Fire Services*

The committed capital balance of \$2.4 million includes various light rescue/support vehicles/equipment, Pumpers and a Prevention System.

The future financing balance of \$350,000 is the internal borrowing from the capital fund for bunker gear that will be funded from the 2015 and 2016 Capital Budgets as previously approved by Council during 2014.

## **(8) Police Services**

### *Police Services*

The committed capital balance of \$237,000 is for Communication Equipment and Automation.

### *Communication Infrastructure/Public Safety*

The committed capital balance of \$833,000 is for the Communication Infrastructure project which is nearing completion (ie. replacement of tower equipment and radios).

The future financing balance of \$5.8 million is the internal borrowing from the capital fund for the Communication Infrastructure project which will be repaid over the next 7 years from the Communication Infrastructure Reserve Fund which has annual contributions from the Police Services Operating Budget.

Appendix C  
City of Greater Sudbury  
Completed Capital Projects over \$200,000  
Completed between October 2014 and March 2015

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.

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Community Development	Pioneer Manor	Ventilation & Sprinkler System	2014				
		2014 Capital Budget		230,000	232,661	(2,661)	
Emergency Services	EMS	Panasonic Toughbooks	2014				
		2014 Capital Budget		194,296	205,339	(11,043)	
Fire		Self Contained Breathing Apparatus Equipment	2013				
		2012 Capital Budget		198,845			
		2013 Capital Budget		1,788,384			
				1,987,230	1,991,624	(4,394)	
Growth and Development		Bunker Gear	2013				
		2013 Capital Budget		125,279			
		2014 Capital Budget		125,484			
		Resolution CC2014-77		350,000			
				600,763	648,892	(48,129)	
	Assets	LEL Centre - HVAC Upgrades	2012				
		2012 Capital Budget		150,000			
		2013 Capital Budget		150,000			
				300,000	344,088	(44,088)	
		Walden Landfill Small Vehicle Transfer Station	2010				
		2010 Capital Budget		473,000	66,492	406,508	1
Parking		Parking Improvements	2012				
		2012 Capital Budget (Lot Improvements)		50,000			
		2009 Capital Budget (2009 Pay & Display Machines)		76,000			
				126,000	195,520	(73,520)	2
		Tom Davies Square Equipment Upgrade	2013				
		2013 Capital Budget (Lot Improvements - TDS Equipment Upgrade)		90,000			
		2008 Capital Budget (Pay & Display Machines)		95,000			
		2015 Capital Budget (Misc Parking Improvements - partial for TDS Automation Upgrades)		16,239			
				201,239	257,620	(56,381)	3



Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Growth and Development	Planning	Mapping/Ortho Photography	2012				
		2012 Capital Budget		87,200			
		2013 Capital Budget		119,548			
				206,748	222,726	(15,978)	
Infrastructure Services	Fleet	3/4 Ton 4x4 Pickup/Crew Cabs	2014				
		2014 Capital Budget		180,000	212,139	(32,139)	
		Tandem Multi-Function - Winter Control	2014				
		2014 Capital Budget		900,000	898,827	1,173	
		Rebuilds - Equipment	2014				
		2014 Capital Budget		100,000	278,908	(178,908)	4
		Brady and Douglas Street	2012				
		2012 Capital Budget - Brady Street		1,300,000			
		2012 Capital Budget - Douglas Street		600,000			
				1,900,000	1,518,993	381,007	5
		Pavement Management	2013				
		2013 Capital Budget		200,000	247,788	(47,788)	
		Various Bridge Repairs	2013				
		2013 Capital Budget		1,400,000	1,400,000	(0)	
		Various Subdivisions - Asphalt	2013				
		2013 Capital Budget		1,000,000	800,481	199,519	6
		John Street	2013				
		2013 Capital Budget		425,000	484,311	(59,311)	7
		Ontario Street	2013				
		2013 Capital Budget		275,000	199,827	75,173	8
		Streetlighting Upgrades	2014				
		2014 Capital Budget		750,000			
		GS Hydro Incentive		17,387			
				767,387	806,600	(39,213)	
		Sidewalk/Curb	2014				
		2014 Capital Budget		745,000	829,720	(84,720)	9
		Surface Treatment	2014				
		2014 Capital Budget		1,200,000	1,149,207	50,793	10
		Maple Street	2014				
		2014 Capital Budget		390,000	270,731	119,269	11

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Infrastructure Services	Roads	Ferguson Avenue 2014 Capital Budget	2014	365,000	632,188	(267,188)	12
		Elysee Crescent 2014 Capital Budget	2014	305,000	224,067	80,933	13
		Eva Street 2014 Capital Budget	2014	255,000	260,529	(5,529)	
		Edna Street 2014 Capital Budget	2014	230,000	196,556	33,444	
		Medora Street 2014 Capital Budget	2014	160,000	203,737	(43,737)	
	Wastewater	Sewer Annual Rehabilitation 2012 Capital Budget	2012	244,591	313,655	(69,064)	14
		Lasalle Notre Dame Improvements 2013 Capital Budget Contribution from Others	2013	300,000 25,201			
				325,201	179,030	146,171	15
		Sewer System Annual Repairs (Field St @ Culver St) 2013 Capital Budget	2013	200,000	174,889	25,111	
		System Improvements (Field St @ Culver St) 2013 Capital Budget	2013	250,000	218,611	31,389	
		Meatbird Transfer Station 2012 Capital Budget Council Resolution CC2013-194	2013	40,000 690,000			
				730,000	446,622	283,378	16
		Lift Station Upgrades 2012 Capital Budget	2012	1,500,000	583,369	916,631	17
		Sewer Use By-law 2010 Capital Budget	2010	200,000	68,634	131,366	18
		Ramsay South Shore Servicing 2009 Capital Budget 2011 Capital Budget	2012	190,000 135,000			
				325,000	63,753	261,247	19

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Infrastructure Services	Wastewater	Contingency - Sewer Priority Projects 2012 Capital Budget	2012	200,000	86,699	113,301	20
		Sewer Inspection Program 2013 Capital Budget	2013	500,000	498,242	1,758	
		Watermain Rehabilitation 2008 Capital Budget	2010	300,000	300,000	-	21
		Lasalle Notre Dame Improvements 2011 Capital Budget 2013 Capital Budget Contribution from Landowners	2013	550,000 1,000,000 41,041			
				1,591,041	1,291,282	299,759	22
Infrastructure Services	Water	Kelly Lake Road 2013 Capital Budget	2013	1,465,000	909,358	555,642	23
		Ramsay South Shore Servicing 2009 Capital Budget 2011 Capital Budget	2012	190,000 135,000			
		Distribution Support 2013 Capital Budget	2013	325,000 200,000	94,037 78,514	230,963 121,486	24 25
		Contingency - Watermain Priority Projects 2014 Capital Budget	2014	239,402	20,227	219,175	26
Cancelled Projects Infrastructure Services	Water	MR80 - Watermain Crossings (Trenchless Methods) 2012 Capital Budget		150,000			27
		Bulk Water Fill Stations Retrofits 2012 Capital Budget		25,000			27
		Data Management Initiatives 2012 Capital Budget		50,000			27
		David Street Treatment Study 2012 Capital Budget		50,000			27
		Garson Wells - Tetrachloroethylene Monitoring 2013 Capital Budget		5,000			27

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Infrastructure Services	Wastewater	Depot Remediation Design 2014 Capital Budget		10,000			27
		Rock Tunnel Odour Control 2011 Capital Budget		25,000			27
		Rock Tunnel Odour Control 2013 Capital Budget		25,000			27
	Roads	Industrial Land Strategy 2012 Capital Budget		1,000,000			28
		2013 Capital Budget		1,000,000			28
	EMS	CBRN Team 2004 Capital Budget		20,000			29
		Records Management 2006 Capital Budget-New Document Mgmt System		50,000			
	Administration Services	2007 Capital Budget-Documents Management		200,000			
		2007 Capital Budget-Central Records Storage		100,000			
		2009 Capital Budget-Records Management		50,000			
Community Development	CD Facilities	20010 Capital Budget-Records Management		100,000			
				500,000	92	499,908	28
		Grace Hartman Amphitheatre Roof 2010 Council Report		200,000			28
	Fleet	Grace Hartman Amphitheatre - Additional Hard Seating 2013 Capital Budget		807,070			28
		Litter Collector 2014 Capital Budget		50,000			30
	Planning	Rock of Fame 2013 Budget Option		100,000	4,633	95,367	28

Notes:

1	Actual expenditures were lower than budgeted due to the decrease in project scope following receipt of a revised engineer's estimate. The surplus was used to fund deficits in the Hamner/Azilda Landfill Site (\$355,290) and the Rayside Balfour Roadwork & Pond (\$29,461). The remaining \$32,757 was transferred to the Capital Financing Reserve Fund - Environmental Services.
2	Actual work completed included paving costs at Farmer's Market parking lot (costs shared between Parking and Farmer's Market), upgrade to YMCA parking lot equipment as well as a parking study for impact on spaces in relation to the Elgin Greenway project. The over expenditures were funded from surplus in 2010 Pay & Display Machines (\$73,520).
3	Project involved upgrades to automate the parking system at Tom Davies Square underground parking lot. The project included purchase of the automated equipment/gates, and other related costs to complete the installation of the automated parking system such as electrical wiring/cabling, electronic outdoor signs, underground directional signage, site work including removal of booth/concrete and software for automated system. The over expenditures were funded from 2010 Pay & Display Machines budget (\$4,580), surplus in 2012 Equipment (\$43,301) and 2013 Equipment (\$8,500).
4	The over expenditures in Fleet equipment rebuilds in 2014 is directly related to the increase in the number of major rebuilds (particularly equipment engines) than expected, compared to previous years. The over expenditures were funded from surpluses in 3/4 Ton Dump (\$24,010), Contingency (\$11,488), 1 Ton Dump (\$27,933), Boilers/Steamers (\$14,000), Litter Collector (\$50,000), Roller Equipment (\$20,616) and Sweeper(\$30,861)
5	Actual expenditures were lower than expected due to favourable unit prices tendered lower than estimated during budgeting. The surplus was used to fund Traffic Calming (\$16,391), Foundry Rd (\$25,000), LaSalle Notre Dame (\$155,000), Big Nickel Road (\$95,000), Pavement Management (\$62,653), Streetlighting (\$17,921) and Crack Sealing (\$9,042).
6	Actual expenditures were lower than budgeted due to fewer subdivisions being ready for the final coat of asphalt than expected. Of the total remaining funds, \$85,959 was transferred back to Capital Financing Reserve Fund - Roads and the remainder was not required from the Subdivision Deposits Obligatory Reserve Fund.
7	Actual expenditures were higher than budgeted due to storm sewer replacement that was required in the field that was not included in the budget. The over expenditures were funded from surplus in Ontario Street (\$59,311).
8	Actual expenditures were lower than expected due to favourable unit prices tendered lower than estimated during budgeting. The surplus was used to fund John Street (\$59,311), Norfolk Street (\$719) and Crack Sealing (\$15,143).
9	Actual expenditures were higher than budgeted due to additional sidewalk replacement required that was not included in the budget estimate. The over expenditures were funded from surplus in 2013 Sidewalk and Curb (\$84,920).
10	Actual expenditures were lower than expected due to favourable unit prices tendered lower than estimated during budgeting. The surplus was transferred to Capital Financing Reserve Fund - Roads.
11	Actual expenditures were lower than expected due to the culvert replacements that were included in the budget estimate not being required after a detailed inspection was completed. The surplus was used to fund a deficit in Ferguson Avenue.
12	Actual expenditures were higher than budgeted due to the correction of a drainage/safety issues identified during detailed design that required the installation of 80 m of storm sewer and curbs that were not included in the original estimate for resurfacing. The over expenditures were funded from surplus in Maple Street (\$119,269), Elysee Crescent (\$80,933), Edna Street (\$25,723) and Errington Avenue (\$41,263).
13	Actual expenditures were lower than expected due to favourable unit prices tendered lower than estimated during budget preparation. The surplus was used to fund Ferguson Ave.
14	Actual expenditures were higher than budgeted due to additional locations being added due to operational priorities and to prepare for upcoming roads projects. The over expenditures were funded from surpluses in Ramsay View Court (\$13,275), Bancroft Dr (\$24,454), King St (\$26,956), and Sewer System Repairs (\$4,379)

15	Actual expenditures were lower than expected due to field conditions being more favourable than anticipated. The surplus was used to fund a deficit in Elgin Street (\$45,000) and Barbara Street (\$15,000). The remainder has been transferred to the Capital Financing Reserve Fund - Wastewater.
16	This work included removal and relocation of the sludge foremain at the Vale tailings pond. Actual costs were lower than budgeted due to results of tendered contract. The unused funds were transferred back to Capital Financing Reserve Fund - Wastewater.
17	The unspent budget was used to fund a deficit in Jacob Street Lift Station (\$107,771) and various other deficits (\$15,856). The remainder was transferred to the Capital Financing Reserve Fund - Wastewater (\$793,005) which was then used as funding for the Sudbury Wastewater Treatment Plant Upgrades for the Headhouse & Odour Control in the 2013 Capital Budget. This is in accordance with the Capital Budget Policy where staff reviewed existing projects to identify funding in order to reallocate for another priority project already in progress.
18	Majority of costs relating to the Sewer Use By-Law were charged to Operating. This by-law is complete and the surplus has been transferred to the Capital Financing Reserve Fund - Wastewater.
19	Actual costs incurred was less than budget which was intended for project design and public relations with respective home owners. Remaining funds have been transferred to the Capital Financing Reserve Fund - Wastewater. If project proceeds to construction, then a future Council report will be presented along with funding sources identified.
20	There were surpluses from other projects to fund most of the deficits so not as much contingency funds were required as anticipated. The contingency was used for Creighton Rd Bridge (\$45,000), Errington Avenue (\$22,000), flushing and inspection (\$12,097), misc expenditures (\$7,602). The surplus (\$113,301) has been transferred to the Capital Financing Reserve Fund - Wastewater.
21	Watermain Rehabilitation funds were used for Arthur Street (\$242,581) and Millwood Crescent (\$57,419).
22	Actual expenditures were lower than expected due to field conditions being more favourable than anticipated. The surplus was used to fund Elgin Street (\$195,000) and Barbara Street (\$104,759).
23	Actual expenditures were lower than expected due to revised design and construction due to improvement in the water system. We went from 400mm to 300mm pipe diameter. The surplus was used to fund deficit in Second Ave (\$430,946). The remaining surplus will be transferred to the Capital Financing Reserve Fund - Water.
24	Actual costs incurred was less than budget which was intended for project design and public relations with respective home owners. Remaining funds have been transferred to the Capital Financing Reserve Fund - Water. If project proceeds to construction, then a future Council report will be presented along with funding sources identified.
25	There were fewer deficits to be funded than anticipated. Distribution support was used to fund a deficit in 2012 Distribution Support (\$26,755), Pressure Monitoring (\$29,480) and Watermain Rehabilitation (\$12,038) and for various expenditures for water distribution (\$10,581). The remainder was transferred to Capital Financing Reserve Fund - Water (\$121,146).
26	There were surpluses from other projects to fund most of the deficits so not as much contingency funds were required as anticipated. Contingency funds were used for deficits in Robinson Dr (\$2,849), Main St (\$1,538), Vine Ave (\$793) and for expenditures on Plumtree Crescent (\$11,511), legal expenses (\$2,473) and hydro excavation on Marcel St (\$1,063). The surplus has been transferred to the Capital Financing Reserve Fund - Water (\$219,175).
27	All of the Water and Wastewater capital projects were cancelled as no longer required and funds were transferred to the Capital Financing Reserve Fund for Water and Wastewater.
28	As part of the approval of the 2015 Budget, funding for these projects were cancelled and reallocated to fund the 2015 municipal tax levy. In addition, a portion of the cancellation of the Grace Hartman projects were reallocated for the Solar Project (\$500,000) at Gerry McCrory Countryside Complex as identified in the 2015 Budget.
29	Project was cancelled and funds reallocated to the Driver Simulator project. Note CBRN stands for Chemical Biological Radiological Nuclear team.
30	Project was cancelled and funds reallocated to rebuilds for the replacement of sweeper for the Transit/Fleet Garage.

Presented To:	Audit Committee
Presented:	Tuesday, Jun 16, 2015
Report Date	Tuesday, May 26, 2015
Type:	Managers' Reports

## Request for Decision

### 2014 Operating Budget Variance Report - December

#### Recommendation

THAT the City of Greater Sudbury accepts the report dated May 26, 2015 from the General Manager of Assets and Finance/Chief Financial Officer regarding the Year End Operating Budget Variance Report.

#### Executive Summary

This report provides Council with an analysis of the City's year-end position. The 2014 deficit of approximately \$2.5 Million will be funded equally from the Tax Rate Stabilization Reserve and the Capital Financing Reserve Fund – General in accordance with the Reserves and Reserve Fund by-law.

#### Background

The purpose of this report is to provide Council with an overview of year-end variances. The monitoring and reporting of variances has been conducted in accordance with the Operating Budget Policy and bylaw. Council is provided with a variance report after each quarter end. This report is an update from the year-end forecast provided to Council in November 2014 and the projections included in the 2015 budget binder.

In accordance with the Reserves and Reserve Funds by-law, certain service areas within the City that experienced a net under expenditure may retain this under expenditure if it does not put the City in a deficit position or increase the deficit; these areas include Professional Development, Information Technology, Pensioners, Land Reclamation Services, Social Housing Services, Library Services and Police Services. The total net under expenditures for these areas was approximately \$750,000, however these areas did not retain their respective surpluses for 2014 as a result of the municipal deficit.

In accordance with the by-law, any net over expenditure related to winter roads maintenance may be funded from the Roads Winter Control Reserve Fund, and any other deficit shall be funded equally from the Tax Rate Stabilization Reserve and the Capital Financing Reserve Fund- General. Given the potential volatility of winter weather conditions, management felt it was prudent to not access the Roads Winter Control Reserve Fund as it only has a balance of \$3 Million. Therefore, the deficit will be funded from the two other sources.

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

#### Signed By

##### Report Prepared By

Barbara Dubois  
Co-ordinator of Budgets  
*Digitally Signed May 26, 15*

##### Division Review

Ed Stankiewicz  
Manager of Financial Planning & Budgeting  
*Digitally Signed May 26, 15*

##### Recommended by the Department

Lorella Hayes  
General Manager of Assets and Finance/Chief Financial Officer  
*Digitally Signed May 27, 15*

##### Recommended by the C.A.O.

Bob Johnston  
Interim Chief Administrative Officer  
*Digitally Signed Jun 3, 15*

### **1) Taxation Levy**

There is a negative variance in this cost centre of \$340,000 as follows:

- Supplementary taxation revenue less than budgeted \$230,000
- Provincial payments in lieu of taxation revenue less than budgeted \$260,000
- Under expenditure for tax write offs \$70,000
- Net under expenditure for vacancy rebates, charity rebates and senior tax grants total \$80,000

### **2) Other Revenues and Expenses**

This area is reflecting a net positive variance of \$780,000 as follows:

- Increased investment income primarily from capital gains realized on sale of bonds, due to favorable market conditions in the 4th quarter \$720,000
- Increased interest revenue on property tax arrears of \$190,000
- Miscellaneous net revenue exceeded budget by \$100,000
- Reduction in OLG slot revenue of \$230,000

### **3) Information Technology**

There is a net under expenditure of approximately \$395,000 primarily due to:

- reduced costs to maintain our telephone systems \$200,000
- the delay of some purchases as a result of staff being committed to other projects and a conscious effort to reduce discretionary spending \$195,000

The net under expenditure would have been contributed to the Capital Reserve Fund Information Technology in accordance with the Reserves and Reserve Fund by-law had the City not been in a deficit position.

### **4) Financial Services**

There is a net under expenditure in Finance of \$290,000 as follows:

- revenue from tax administration user fees exceeding budgeted estimates of the volume of transactions \$240,000
- the turnover of staff as a result of retirements and a conscious effort to reduce discretionary expenditures generated a \$50,000 net positive variance

### **5) Human Resources**

The net under expenditure of \$230,000 in this division is comprised of:

- Under expenditure in early retirement benefit costs \$140,000
- Reduction in human resources legal and purchased service costs through increased use of grievance mediation and a conscious effort to reduce expenditures \$90,000

The net under expenditure in Pensioners benefits would have been contributed to the Post Employment Benefit Reserve Fund in accordance with the Reserves and Reserve Fund by-law had the City not been in a deficit position.

### **6) Asset Services**

The net under expenditure of \$230,000 for this section is as follows:

- Approximately \$180,000 was received as a result of an audit conducted in accordance with the provisions of the Thermal Energy Service Agreement for Tom Davies Square
- Unbudgeted net lease revenue received from Fielding Road property prior to sale \$70,000
- Offsetting other net over expenditures \$20,000

### **7) Environmental Services**

The net over expenditure of \$1.5M is a result of the following items:

- Reduction in tipping fee revenues as less industrial, commercial and building related waste has been disposed of at the landfill sites \$460,000
- Increased landfill cover material costs \$590,000; additional cover was required as a result of moving the tipping face to the north side of the site in attempt to alleviate odour concerns, and the rainy season and slope of the tipping face made it difficult to maintain required quantities of cover material on the landfill
- Over expenditure in leaf and yard processing as a result of increased contract costs and higher than estimated quantities \$650,000
- Offsetting under expenditures for Walden landfill costs and household hazardous waste processing costs \$200,000



## 8) Housing Services

A number of factors contributed to the net under spending of \$210,000 for this Division:

- Non-Profit mortgage renewals came in at lower than expected rates reducing the amount of mortgage subsidy required \$80,000
- The amount of rent-geared-to-income subsidy required by providers was less than expected due to slightly higher tenant incomes and work being deferred to next year \$130,000

The net under expenditure in Housing Services would have been contributed to the Social Housing Capital Reserve Fund in accordance with the Reserves and Reserve Fund by-law had the City not been in a deficit position.

## 9) Pioneer Manor

There is a net over expenditure of \$330,000 as follows:

- Increased new hire orientation and training costs as a result of staff turnover \$180,000
- Modified work costs exceeding budget \$120,000
- Natural gas costs exceeding budget \$30,000

## 10) Social Services

There is a net positive variance of \$1,670,000 as follows:

- A positive variance of \$435,000 as a result of the conscious effort to reduce discretionary spending coupled with the turnover of staff as a result of retirements, short term disabilities, long term disabilities as well as the recovery from Union representatives
- Strategically utilizing both Federal and Provincial funding in the homelessness programs, including the one-time funding received from the Ministry of Community and Social Services this generated a net positive variance of \$180,000
- in accordance with new reporting requirements and the completion of prior years reconciliations, net transition funding of \$1,055,000 for the 2012 and 2013 years received from the Ministry of Community and Social Services has been recognized in revenue in the current year

## 11) Leisure Services

The net over expenditure of \$400,000 in this division is as follows:

- Over expenditure for utilities of \$220,000; Hydro One billing issues resulted in some 2013 hydro invoices not being received until mid 2014, and natural gas as a result of commodity prices exceeding budget and a colder than average winter
- Extended ski season by 1 month due to favorable winter weather conditions which generated limited revenues and additional expenses as increased usage primarily came from season pass holders resulting in \$180,000 deficit
- Other over expenditures (excluding utilities) in Parks \$70,000, Fitness Centres \$30,000, Pools \$80,000 and Arenas \$20,000 were offset by under spending in leisure administration, leisure programs and community partnerships \$200,000

## 12) Roads Maintenance

The net over expenditure for Roads maintenance is \$2.5 Million as follows:

- The snowfall in 2014 was 22% higher than average and resulted in an over expenditure in salting, sanding, plowing, winter ditching and spring cleanup activities of \$2.65 Million
- Reduction in discretionary spending including summer roads maintenance to offset over expenditure in winter \$150,000

In accordance with the Reserves and Reserve Fund bylaw, any Roads Winter Control over expenditure may be funded from the Roads Winter Control Reserve Fund, however no withdrawal from the Roads Winter Control Reserve Fund was made.

## 13) Transit and Fleet

The year-end deficit of about \$1.96 million consists of \$1.3 million in Transit and \$660,000 in Fleet.

The Transit net over expenditure of \$1.3 Million is comprised of the following items:

- Higher than budgeted transit bus parts and maintenance costs due to a combination of increased frequency of repairs and the rising costs for parts \$380,000
- Increased Handi Transit demand and fare parity legislation \$340,000

- Market prices for Transit diesel fuel exceeding budget \$170,000
- Decrease in Transit fare box revenues, despite overall ridership growth as ridership increases were primarily from university and monthly pass users \$160,000
- Unbudgeted modified work program costs and new hire training for bus operators \$150,000
- Increased snow removal costs at downtown terminal and bus shelter due to heavier than normal winter conditions \$100,000

The Fleet net over expenditure of \$660,000 is a result of:

- Higher than budgeted vehicle and equipment parts and repair costs due to extreme weather conditions, above average snowfall and the age of vehicles beyond their expected useful life. In addition, the increased winter control vehicle usage resulted in increased regular scheduled and unplanned maintenance activity.

#### **14) Fire Services**

The 2014 year end net over expenditure for Fire Services is \$285,000 as follows:

- Cost overruns related to fire facilities for snow removal and energy costs \$95,000 and vehicle maintenance \$90,000
- Additional wage and benefit costs related to the retirement of Fire Chief and Deputy Fire Chief and unbudgeted overtime for Platoon Chiefs \$100,000
- Overtime for full time firefighters is over budget \$200,000 which is offset by under spending in Volunteer firefighter section \$200,000.

#### **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	\$637,699	\$582,809	(\$54,890)
Building Services	(\$184,367)	\$8,157	\$192,524
Cemetery Services	\$251,552	\$56,556	(\$194,996)
RBC Business Centre	(\$122,944)	0	\$122,944

#### **Summary**

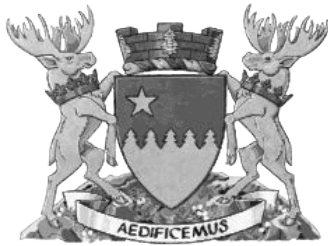
As per the attached chart, the City's net year end deficit of \$2.5 Million is funded in accordance with the Reserve and Reserve Fund By-law by a draw from the Tax Rate Stabilization Reserve and the Capital Financing Reserve Fund – General of \$1.26 Million each.

City of Greater Sudbury  
Corporate Net Revenue and Expenditure Summary  
For the Year ended December 31, 2014



	Annual Net Budget	Y-T-D Actuals	Net (Over) Under Expenditure	Notes*
Taxation Levy	(238,282,038)	(237,944,962)	(337,076)	1
Grants and Subsidies	(31,456,400)	(31,456,400)	0	
Other Revenues	(10,709,768)	(11,488,330)	778,562	2
United Way	25,144	16,144	9,000	
Other Revenues and Expenses	(10,684,624)	(11,472,186)	787,562	
<b>TOTAL CORPORATE NET REVENUES</b>	<b>(280,423,062)</b>	<b>(280,873,547)</b>	<b>450,485</b>	
<b>Executive and Legislative</b>				
Office of the Mayor	619,578	562,155	57,423	
Council Memberships & Travel	71,479	73,286	(1,807)	
Council Expenses	1,026,897	941,819	85,078	
Healthy Community Initiatives	600,000	600,000	0	
Auditor General	367,130	289,414	77,716	
Office of the C.A.O. Summary	1,556,194	1,455,983	100,211	
<b>Executive and Legislative</b>	<b>4,241,278</b>	<b>3,922,657</b>	<b>318,621</b>	
<b>Administrative Services</b>				
Ex Director Admin Services	440,527	342,574	97,953	
Clerks Administrative Services	609,977	497,030	112,947	
Election Services	228,000	228,000	0	
Information Technology	0	(395,032)	395,032	3
Debt -Contribution to Capital	467,110	467,110	0	
Legal Services	1,523,877	1,411,420	112,457	
Corp Security & Court Services	(1,458,830)	(1,501,773)	42,943	
<b>Administrative Services</b>	<b>1,810,661</b>	<b>1,049,329</b>	<b>761,332</b>	
<b>Financial Services</b>	<b>7,395,087</b>	<b>7,100,994</b>	<b>294,093</b>	<b>4</b>
<b>Human Resources and O.D.</b>	<b>0</b>	<b>(230,528)</b>	<b>230,528</b>	<b>5</b>
<b>Growth and Development Dept.</b>				
Growth and Development Other	292,741	286,512	6,229	
Economic Development	4,778,422	4,684,819	93,603	
Planning and Development	4,595,689	4,504,282	91,407	
Sudbury Airport Personnel	0	0	0	
Building & Compliance Summary	446,208	497,833	(51,625)	
Asset Services Summary	4,614,649	4,382,918	231,731	6
Environmental Services Summary	10,797,560	12,296,009	(1,498,449)	7
<b>Growth and Development Dept.</b>	<b>25,525,269</b>	<b>26,652,373</b>	<b>(1,127,104)</b>	
<b>Community Development Dept.</b>				
Community Development - GM	4,608,773	4,568,460	40,313	
Administrative-Financial Serv.	399,001	318,449	80,552	
Housing Services Summary	20,349,545	20,140,547	208,998	8
Long Term Care-Senior Services	3,523,107	3,851,788	(328,681)	9
Social Services Summary	8,687,922	7,017,839	1,670,083	10
Citizen Services Summary	11,385,063	11,290,986	94,077	
Leisure-Recreation Summary	18,029,956	18,428,495	(398,538)	11
<b>Community Development Dept.</b>	<b>66,983,367</b>	<b>65,616,563</b>	<b>1,366,804</b>	
<b>Infrastructure Services Dept.</b>				
Infrastructure Services Other	213,356	210,642	2,714	
Public Works Depots	1,181,676	1,241,450	(59,774)	
Engineering Services	0	0	0	
Water - Wastewater Summary	3,262,136	3,262,136	0	
Roads Maintenance Summary	65,591,468	68,047,398	(2,455,930)	12
Transit and Fleet Summary	13,180,290	15,141,237	(1,960,947)	13
<b>Infrastructure Services Dept.</b>	<b>83,428,926</b>	<b>87,902,863</b>	<b>(4,473,937)</b>	
<b>Emergency Services Summary</b>				
Chief Office	0	0	(0)	
Emergency Management	670,488	553,950	116,538	
CLELC Section	261,609	414,726	(153,117)	
Emergency Medical Service	9,673,631	9,696,869	(23,239)	
Fire Services	22,925,255	23,210,538	(285,283)	14
<b>Emergency Services Summary</b>	<b>33,530,982</b>	<b>33,876,084</b>	<b>(345,102)</b>	
<b>Outside Boards</b>	<b>57,507,491</b>	<b>57,507,491</b>	<b>0</b>	
<b>TOTAL NET EXPENDITURES</b>	<b>280,423,061</b>	<b>283,397,825</b>	<b>(2,974,764)</b>	
<b>DEFICIT</b>	<b>(\$0)</b>	<b>\$2,524,278</b>	<b>(2,524,278)</b>	

To be funded from:  
Tax Rate Stabilization Reserve 1,262,139  
Capital Financing Reserve Fund - General 1,262,139  
Total Deficit funded from reserve 2,524,278



# 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;

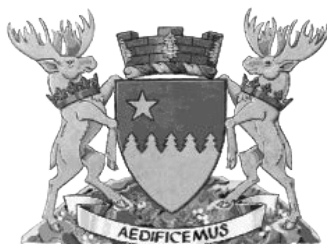
**AND WHEREAS** the City of Greater Sudbury official motto is "Come, Let Us Build Together," and was chosen to celebrate our city's diversity and inspire collective effort and inclusion;

**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.