

## Request for Decision

### 2015 Annual Financial Statements

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Wednesday, Jun 01, 2016
Type:	Presentations

### Resolution

THAT the City of Greater Sudbury accepts the Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2015 as presented.

### **Background**

Find attached the City of Greater Sudbury Annual Financial Report for the year ended December 31, 2015. 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, 2015. These financial statements have been audited and the Independent Auditor's Report expresses an unqualified audit opinion.

At a later date, you will receive a comprehensive package that includes the following financial reports for the year ended December 31, 2015:

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

### Signed By

#### **Report Prepared By**

Christina Dempsey  
Co-ordinator of Accounting  
*Digitally Signed Jun 1, 16*

#### **Division Review**

Lorraine Laplante  
Manager of Accounting  
*Digitally Signed Jun 1, 16*

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

Ed Stankiewicz  
Acting Chief Financial Officer/City  
Treasurer  
*Digitally Signed Jun 2, 16*

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

Ed Archer  
Chief Administrative Officer  
*Digitally Signed Jun 7, 16*

Prepared by  
Financial Services,  
City of Greater Sudbury



# 2015

## City of Greater Sudbury Annual Financial Report

For the year ended December 31, 2015





# Table of Contents

## INTRODUCTORY INFORMATION

About Greater Sudbury .....	1
Greater Sudbury at a Glance .....	2
Message from Mayor .....	3
Message from Interim CAO .....	4
City Council .....	5
Senior Management Team .....	6
Vision, Mission, Values .....	7
Strategic Goals and Strategies .....	7
Message from Interim Chief Financial Officer / Treasurer .....	8
Financial Reporting .....	8
Financial Management .....	10
2015 Budget .....	12
Municipal Services received for \$1,000 in 2015 .....	13
2016 Outlook .....	14
2015 Financial Results .....	15
Awards .....	18

## FINANCIAL INFORMATION

Consolidated Financial Statements .....	19
Management's Responsibility for the Consolidated Financial Statements .....	20
Independent Auditor's Report .....	21
Consolidated Statement of Financial Position .....	23
Consolidated Statement of Operations and Accumulated Surplus .....	24
Consolidated Statement of Change in Net Financial Assets .....	25
Consolidated Statement of Cash Flows .....	26
Notes to Consolidated Financial Statements .....	27
Trust Funds .....	59
Independent Auditor's Report .....	60
Statement of Financial Position .....	62
Statement of Changes in Fund Balance .....	63
Notes to Financial Statements .....	64

## STATISTICAL INFORMATION

Consolidated Statement of Financial Position .....	65
Consolidated Statement of Operations and Accumulated Surplus .....	66
Analysis of Expenses by Function .....	66
Reserves and Reserve Funds .....	67
Additional Information .....	67



Prepared by the Financial Services,  
City of Greater Sudbury

# 2015

City of Greater Sudbury  
Annual  
Financial Report

For the year ended December 31, 2015

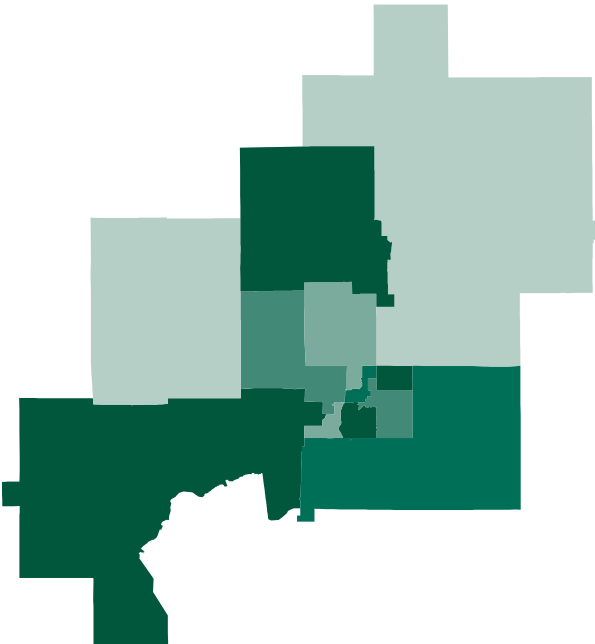
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# About Greater Sudbury



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 2015, 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  
**75,158**

## EMPLOYEES

Full time employees  
**2,021**

## SERVICE INFORMATION

Building Permit Values (in 1000's)  
**\$237,362**

Average monthly social assistance case load  
**3,706**

Kilometers of roads  
**3,623**

Annual volume of treated waste water (megalitres)  
**32,506**

Annual volume of treated drinking water (megalitres)  
**21,553**

Annual disposal of solid waste (tonnes)  
**100,723**

Annual diversion of solid waste (tonnes)  
**33,740**

Regular service passenger transit trips  
**4,262,000**

## TAXABLE ASSESSMENT (\$ millions)

Residential, multi-residential, and miscellaneous assessment  
**\$13,695**

Commercial assessment  
**\$1,833**

Industrial and large industrial assessment  
**\$490**

## BENCHMARK INFORMATION

% of paved lane km where condition is rated good to very good  
**51.0%**

# of conventional transit passenger trips per person in service area per year  
**30.9**

# of waste water main backups per 100 km of waste water main per year  
**5.1**

% of waste water estimated to have bypassed treatment  
**0.9%**

# of water main breaks per 100 km of water distribution pipe per year  
**19.4**

% of residential solid waste diverted for recycling  
**44.0%**

## Message from Mayor



Every day, City Council works to ensure your tax dollars are being spent in a fiscally responsible manner. But it's just as important for the future of our community, and for the quality of life of our residents, to invest, seize opportunity and embrace change.

The 2015 municipal budget was passed with a 0 per cent tax increase, partially achieved by an approximate \$6 million draw from reserves. As a result, City staff was directed to find \$6 million in permanent savings.

Project 6 Million was launched in May and over six months, staff received more than 800 ideas from citizens and employees. We focused on finding the \$6 million while maintaining service levels and customer service excellence, as well as improving business processes and identifying efficiencies and opportunities. Staff worked diligently to ensure the project was a resounding success, with a total of \$6,050,249 in savings identified.

Here's a look at some of our key successes in 2015:

### **Growth and Economic Development: Grow the economy and attract investment**

Large-scale initiatives are critical to the future of our city. In November 2015, Council hosted a public input session for organizations planning large projects with significant and lasting impacts on the future of our community. Sixteen bold, innovative projects were presented and four projects were chosen as a priority: Art Gallery of Sudbury/New Main Library, an Event Centre, Place des arts and the Synergy Centre.

### **Quality of Life and Place: Strengthen the high quality of life we already know and love**

In June, Greater Sudbury had the honour of being a stop on the PAN AM Torch Run. The Grace Hartman Amphitheatre was packed with proud community members as local hockey gold medalist, Tessa Bonhomme, accepted the flame at Bell Park. We are so proud of our many successful athletes who are critical to encouraging a healthy lifestyle for our youth.

### **Responsive, Fiscally Prudent, Open Governance: Lead in public service excellence**

Open Government is a concept endorsed by governments at all levels, and moves accountability and transparency to a higher and more comprehensive level. In 2015, Council adopted an Open Government model based on the principles of Open Information, Open Data, Open Dialogue and Open Doors. A big step in this initiative was the launch of the Open Data Portal, which provides residents access to our municipal government data and information to foster a transparent and open government. Open data is based on the idea that certain data should be freely available to everyone to use and republish, without restrictions from copyright, patents or other mechanisms of control.

### **Sustainable Infrastructure: Prioritize, build and rebuild our community's foundation**

As a resident of Greater Sudbury, I understand how important the quality of our roads is to your everyday life. There were countless road projects in 2015, including the completion of the improvements at the intersection at Lasalle and Notre Dame, a project which began in 2013. This is one of the busiest intersections in the city, with more than 50,000 vehicles travelling through per day.

We have taken some major steps forward in 2015 with key improvements to our infrastructure, investments in our recreational facilities, and efficiencies found in our operational procedures. I am looking forward to seizing many opportunities to ensure the growth of our community in the short term, but that will also have a lasting impact on our future.

Yours sincerely,

Brian Bigger  
Mayor

## Message from Interim CAO



It's been a year of accomplishments for the City of Greater Sudbury. These successes are reflective of our Vision, Mission and Values as an organization, and also support City Council's four strategic pillars of Growth and Economic Development; Quality of Life and Place; Sustainable Infrastructure; and Responsive, Fiscally Prudent, Open Governance.

The City's path is shaped by Greater Together, the 2015-2018 Corporate Strategic Plan, which outlines actions and goals based on these four pillars. It contributes to the future success and growth of our city, and to the improvement of services for our residents, and the community as a whole.

With more than 160,000 citizens spread out across 3,267 square kilometres, we are committed to managing our resources efficiently, and are always looking for ways to improve. We strive for excellence in service for residents across our great city, which just happens to be one of the largest geographic areas of any municipality in Ontario.

In 2015, the City managed an operating budget of \$514 million, dedicated to day-to-day operations, including programs and services in more than 30 diverse sectors. Within that amount, the City managed a capital budget of \$110 million, for one-time expenditures and projects such as road construction, recreational facilities, building upgrades, and equipment renewal and replacements. Approximately 24 per cent of the municipal tax levy was spent on roads. Public safety, including police, fire and emergency medical service amounted to 32 per cent and other services, such as health and social services, leisure and recreation, growth and development, libraries, transit, and garbage and recycling, accounted for the remaining 44 per cent.

The 2015 municipal budget was passed with a 0 per cent tax increase, partially achieved by an approximate \$6 million draw from reserves. As a result, City staff was directed by Council to find \$6 million in permanent savings.

Project 6 Million, dubbed P6M, was officially launched in May 2015. Over the course of six months, staff received, reviewed and responded to more than 800 ideas from citizens and employees. We focused on finding the \$6 million while maintaining service levels and customer service excellence, as well as improving business processes and identifying efficiencies and opportunities. P6M was an intense undertaking, involving an ambitious objective with a tight deadline. Staff worked diligently and the project was a resounding success, with a total of \$6,050,249 in savings achieved.

Also of note in 2015, was the commissioning of the City of Greater Sudbury Biosolids Management Facility. A huge milestone was met when the facility became operational in the summer of 2015, on time and on budget. This state-of-the-art, award-winning, facility is the first of its kind in northern Ontario and establishes our city as a leader in environmentally sound water/wastewater processing. Construction started in July 2013 and the project is the City's first public-private partnership. N-Viro, a Canadian-owned consortium, was hired to design, build, maintain and operate the facility for 20 years, however, full ownership of the facility remains with the City. The Government of Canada has contributed \$11 million through the P3 Canada Fund to support the project.

The improvement of our sports facilities was also on the agenda for 2015. In September, the Chelmsford Community Centre/Arena re-opened its doors after a \$2.6 million rehabilitation. The renovations included a new ice pad with sub-surface heating system to prevent future frost heave, new rink boards and safety glass, new bleacher seating, new LED lighting, protective netting, additional dressing and tournament rooms, renovations to the lobby, fresh paint, and health and safety upgrades, including improved accessibility. Greater Sudbury's families are now enjoying their refreshed arena, one of many city facilities that contribute to the health and well being, and quality of life of our residents.

These important projects are just the tip of the iceberg in a busy and exciting year for the City of Greater Sudbury. I am looking forward to the continued growth of our city and the improvement of services for our residents, as we continue to work together toward an even Greater Sudbury.

Kevin Fowke  
Interim Chief Administrative Officer

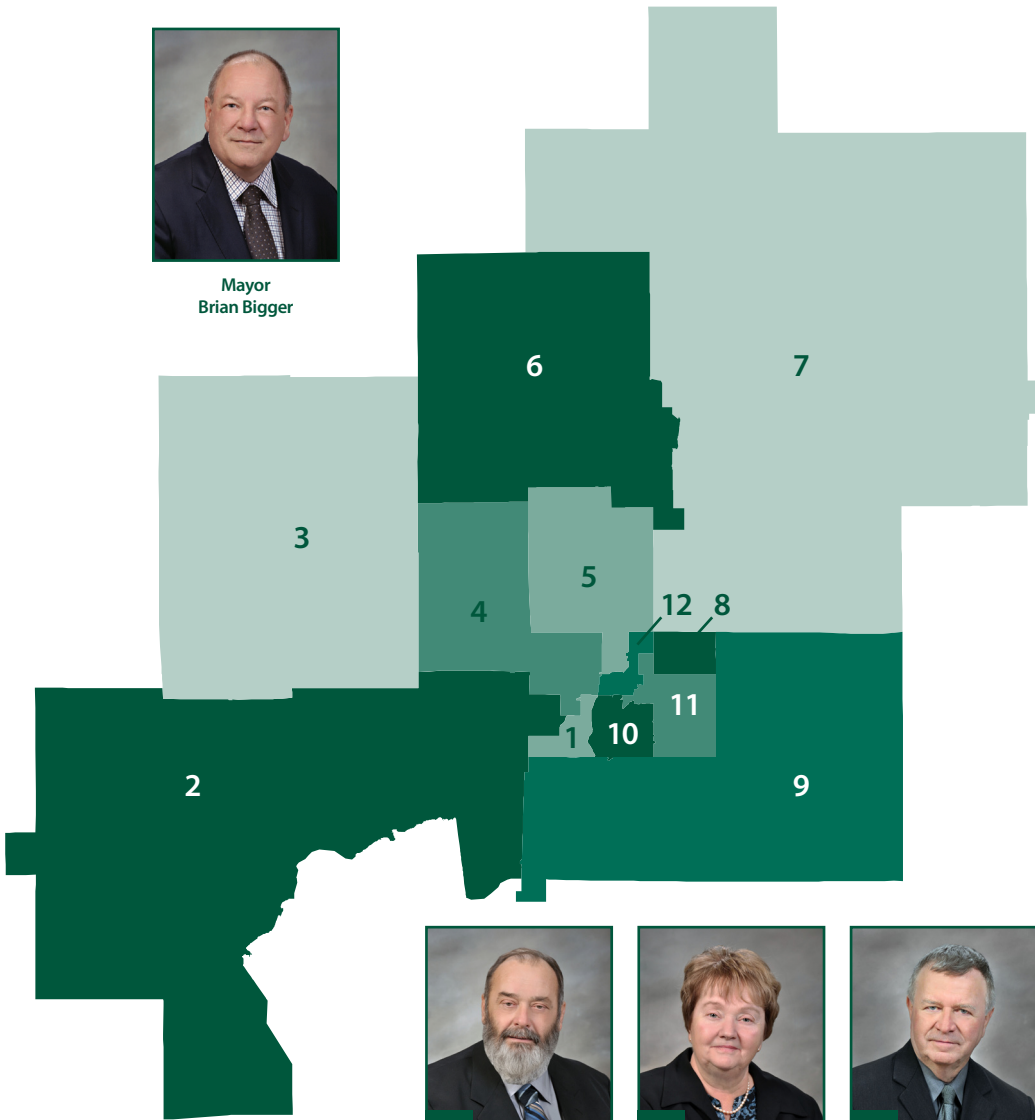
# City Council

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

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



Mayor  
Brian Bigger



1  
Mark Signoretti  
Ward 1



2  
Michael Vagnini  
Ward 2



3  
Gerry Montpellier  
Ward 3



4  
Evelyn Dutrisac  
Ward 4



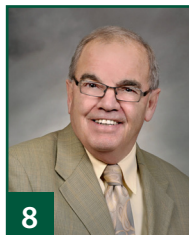
5  
Robert Kirwan  
Ward 5



6  
René Lapierre  
Ward 6



7  
Mike Jakubo  
Ward 7



8  
Al Sizer  
Ward 8



9  
Deb McIntosh  
Ward 9



10  
Fern Cormier  
Ward 10



11  
Lynne Reynolds  
Ward 11



12  
Joscelyne  
Landry-Altmann  
Ward 12

# Senior Management Team

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

Services. 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



**Interim Chief Administrative Officer**  
**Kevin Fowke**

- Economic Development
- Corporate Communications & 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
- By Law Enforcement



**Human Resources and Organizational Development**  
Interim Director  
**Joanne Kelly**

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



**Financial Services**  
Interim Chief Financial Officer / Treasurer  
**Ed Stankiewicz**

- Accounting
- Financial Planning and Budgeting
- Purchasing
- Taxation
- Financial Support



**Health, Social Services**  
Interim General Manager  
**Rob Blackwell**

- Housing Services
- Pioneer Manor
- Social Services



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

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



**Assets, Citizen and Leisure Services**  
General Manager  
**Ron Henderson**

- Citizen Services
- Leisure Services
- Transit/Fleet
- Assets



**Emergency Services**  
Chief of Fire and Emergency Services  
**Trevor Bain**

- Emergency Medical Services
- Emergency Management
- Fire Services



## Vision, Mission, Values

### Vision

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

### Mission

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

### Values

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

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



## Strategic Goals and Strategies

The 2015-2018 Corporate Strategic Plan 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 2015-2018 Priorities of Council are:

1. Sustainable Infrastructure
2. Quality of Life and Place
3. Responsive, Fiscally Prudent, Open Governance
4. Growth and Economic Development

These broad strategic key pillars help the City of Greater Sudbury in managing an annual operating budget of in excess of \$514 million.

## Message from Interim Chief Financial Officer/Treasurer



It is my pleasure to submit the 2015 Annual Financial Report for the City of Greater Sudbury. In addition to the consolidated financial results for the year ended December 31, 2015, this report highlights key financial policies, the annual budget

process and other information regarding financial performance of the City's programs and services.

## 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, 2015 prepared in accordance with legislation and 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 2015 consolidated 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 2015 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 Capital Budget Policy and adjusted for the items noted above.

## FINANCIAL ACCOUNTABILITY

### Performance Measurement and Benchmarking

The City participated in the BMA Municipal Study that is based upon well-developed methodologies. In 2015 Council approved the withdrawal of the City from the Ontario Municipal CAOs Benchmarking Initiative (OMBI). At that time, Council also reaffirmed its support for the continued use of locally relevant performance measurement at the City. Benchmarks, or key performance indicators (KPI), can enhance the presentation and explanation of outcomes achieved in the delivery of municipal services.

Developing a robust framework for assessing municipal services, which includes key performance indicators, requires several fundamental inputs, including clearly defined S.M.A.R.T. (Specific, Measurable, Achievable, Results-focused, Time-bound) goals for each major service the City delivers.

With the acceptance of Council's 4 strategic pillars, in 2016 an organization-wide implementation plan will be developed referencing the above-noted pillars. The plans should encompass each significant service within the departments and provide clearly defined S.M.A.R.T. goals for each that would be supported by meaningful key performance indicators.

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 processes 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 are not limited to the City's Delegation By-Law, Purchasing By-Law, Reserve and Reserve Fund By-Law, Operating Budget Policy, Capital Budget Policy, Purchasing Authority Policy and Investment Policy.

## TOWARD FISCAL SUSTAINABILITY PLAN

The Toward Fiscal Sustainability Plan (the 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 Long Term Financial Plan (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.

In 2016 the City will be going out with Request for Proposal to update the Long Term Financial Plan.

## LONG TERM DEBT

One of the principles in the LTFP, 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 for a total cost of \$95.8 million (Biosolids Management Facility \$69.9M and Fleet/Transit Garage 25.9M) the City approved debt financing, to partially fund these two significant projects.

The City financed a total of \$60.8M for the construction of the Biosolids Management Facility (\$46.8M) and the Fleet/Transit Garage (\$14M).



## 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 financial plan. The purpose of maintaining reserves and reserve funds 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 the replacement/acquisition of assets/infrastructure that are currently being consumed and depreciated
- Avoid spikes in funding requirements of the capital budget by reducing 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 and reserve funds 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, Financial Services, in consultation with Project Managers review the Capital Budget to determine if there are any growth related projects that are eligible for development charges. The City finances the growth related portion of capital projects and 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 the growth related portion of the project as identified in the current Development Charges Background Study.

In November of 2015 the City approved a by law authorize the Chief Financial Officer/Treasurer to approve the deferral of payment of development charges for residential buildings in certain circumstances, to execute agreements regarding the terms of the deferral and to authorize the issuance of a building permit upon such an agreement coming into effect. The program allows for development charges to be deferred to the earlier of six months after the date of issuance of the building permit, or the date on which an occupancy permit was issued. This program became effective December 1, 2015.

### EXTERNAL AUDITORS

The City's external auditor is 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 auditor expresses 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 auditor also advises management and Council of any control or operational issues identified during their audit.

For the year ended December 31, 2015, 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 audit reports including 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.

## 2015 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 for the acquisition and rehabilitation of tangible capital assets and includes a four year outlook.

The first stage of the budget process is prepared in accordance with the 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 Financial Services 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 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 Ontario Municipal Benchmarking Initiative (OMBI) methodology as required by the Ministry of Municipal Affairs and Housing (MMAH).

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 2015 base budget increase maintained existing service levels and standards, with a zero (0%) inflation based increase.

The final stage of budget review addresses 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 made in accordance with Operating Budget Policy and the Capital Budget Policy.

The Council approved budgets are monitored on a regular 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 reviews variance reports including a year-end projection of operating revenues and expenditures. The variance reports provide 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.

# Municipal Services received for \$1,000 in 2015 based on Budget

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



**Road Construction and Maintenance:** end-to-end, the 3,623 lane kilometres which make up the City of Greater Sudbury’s road network. (\$234)

**Police Services:** providing quality service and policing in partnership with the community. (\$185)

**Emergency Services:** includes Fire, Paramedics and dedicated staff for Emergency Preparedness. (\$134)

**Children, Housing, Social Services and Pioneer Manor:** includes 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. (\$126)

**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)

**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. (\$55)

**Transit and Fleet:** includes conventional transit, handi transit and fleet services. (\$49)

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

**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 (\$30)

**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)

## 2016 Outlook

### PROJECT 6 MILLION AND BUDGET 2016

The 2015 budget was passed with a zero percent tax increase, which was partially achieved by way of a draw from reserves of approximately \$6 million. Staff were then directed to implement a strategy to achieve a target of \$6 million in permanent savings through a combination of attrition, reductions in purchased contract services, and user fee revenues in 2016. Departments identified initiatives and responded to ideas associated with their respective areas.

The \$6 million in savings was achieved, \$3.9M of which was through attrition. Ideas that were identified as having potential future savings, efficiencies, or which present an opportunity for improved customer service or business process, but which require more time to review and/or implement will be pursued over the course of the next several years.

The City approved a 3.9% budget increase, after assessment growth for 2016.

### 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 internationally, federally and provincially 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).

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 was made available online at [www.greatersudbury.ca/opendata](http://www.greatersudbury.ca/opendata) in mid-2015 for download of data in machine-readable formats.

Source: 2015 Budget at a Glance

# 2015 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 6% from \$427 million to \$453 million.

The City's investments have increased from 2014 from \$263 million to \$290 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 slightly from \$277 million to \$279 million.

Accounts payable and accrued liabilities decreased by 70% or \$53 million (due to Biosolids Plant of \$50 million – now moved to long term debt) and amounts owing to suppliers, employees and other vendors.

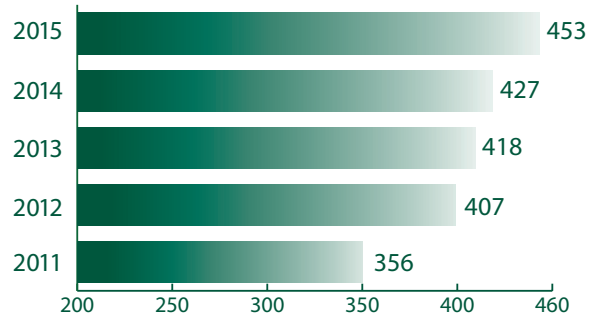
Employee benefit obligations have increased by 1% from 2014. These obligations are for post-employment benefits, vacation pay accrued, sick leave and WSIB.

Long term liabilities for 2015 are \$88 million, an increase of 60% from 2014 (due to Biosolids Plant and Transit/ Fleet Garage) and are comprised of long term debt to acquire tangible capital assets and accrued obligations for Health Sciences North and Laurentian University Ontario School of Architecture among others.

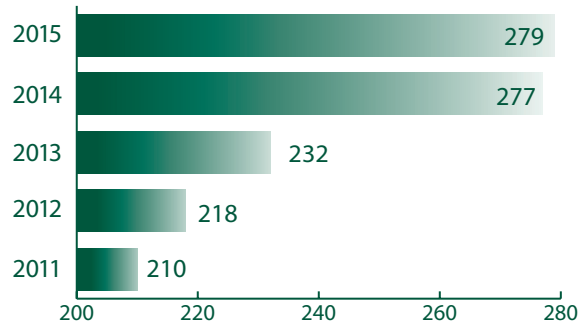
### Accumulated surplus breakdown

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

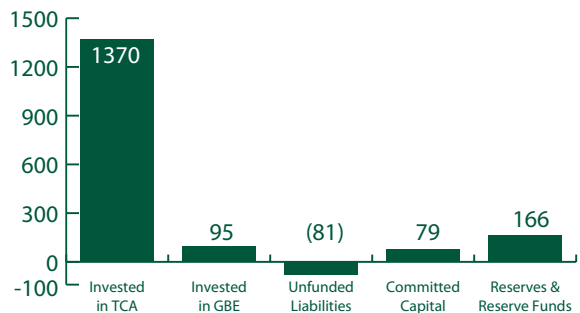
2015 Financial Assets (in millions \$)



2015 Financial Liabilities (in millions \$)



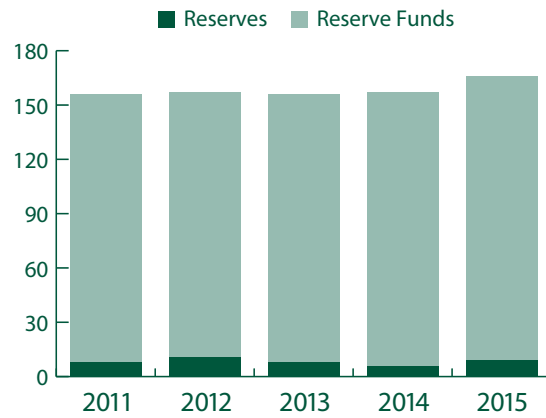
2015 Accumulated surplus (in millions \$)



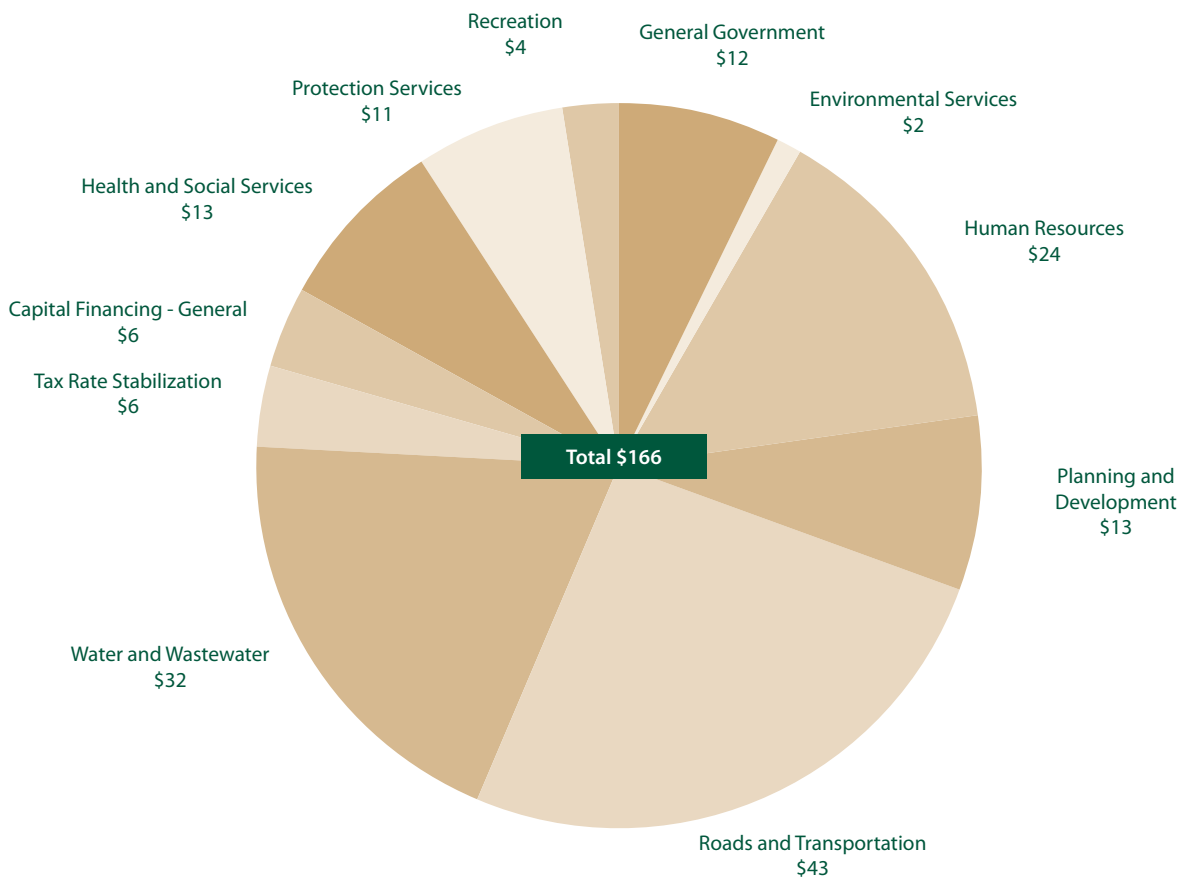
**Reserves and Reserve Funds**

Reserves and Reserve funds total \$166 million compared to 2014 balances of \$157.3 million. Approximately \$100 million of the total relates to reserve funds set aside for capital purchases either previously committed by Council or available for future capital projects.

2015 Reserves and Reserve Funds (in millions \$)



2015 Reserves and Reserve Funds (in millions \$)



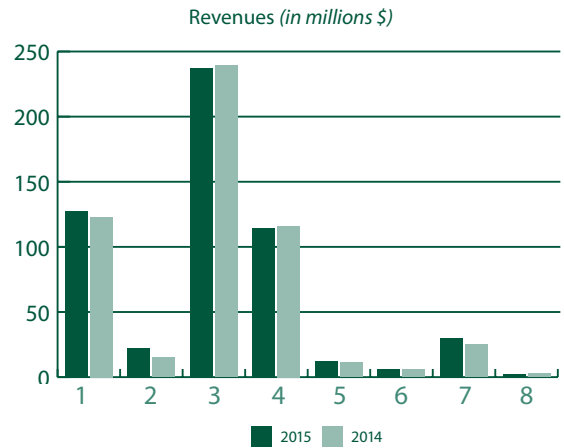
## CONSOLIDATED STATEMENT OF OPERATIONS

### Revenues

The City's Revenues increased by 2.2% from \$538 million in 2014 to \$550 million. Revenues financed operations and the acquisition of tangible capital assets. Revenues are comprised of government transfers, taxation, user charges, donated tangible capital assets and miscellaneous recoveries.

The main reason for the increase in revenues can be attributed to the Federal funding received for Capital projects in particular for the Biosolids Plant (\$11M).

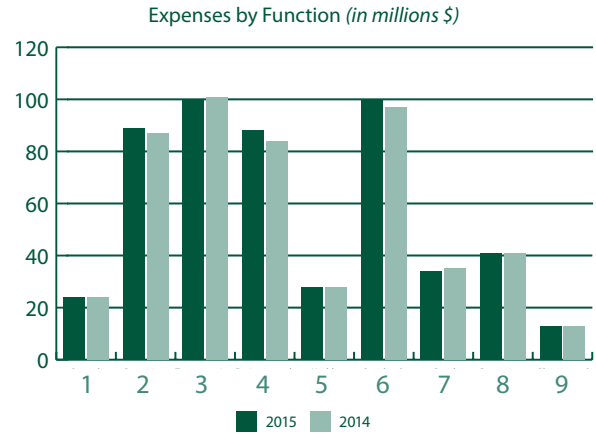
- |                                     |                        |
|-------------------------------------|------------------------|
| 1. Government Transfers, Provincial | 5. Investment Income   |
| 2. Government Transfers, Federal    | 6. Fines and Penalties |
| 3. Taxation                         |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



### Expenses by Function

Expenses increased in 2015 by 1.2% from \$510 in 2014 to \$517 million. Social services, roads, water/waste and police services 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         |                                     |

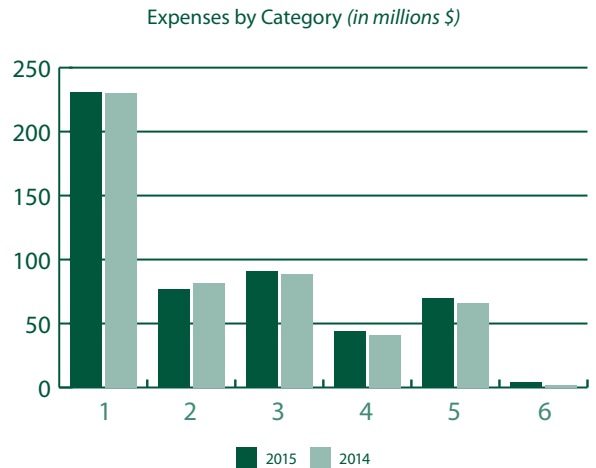


### Expenses by Category

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 \$1.7 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                        |

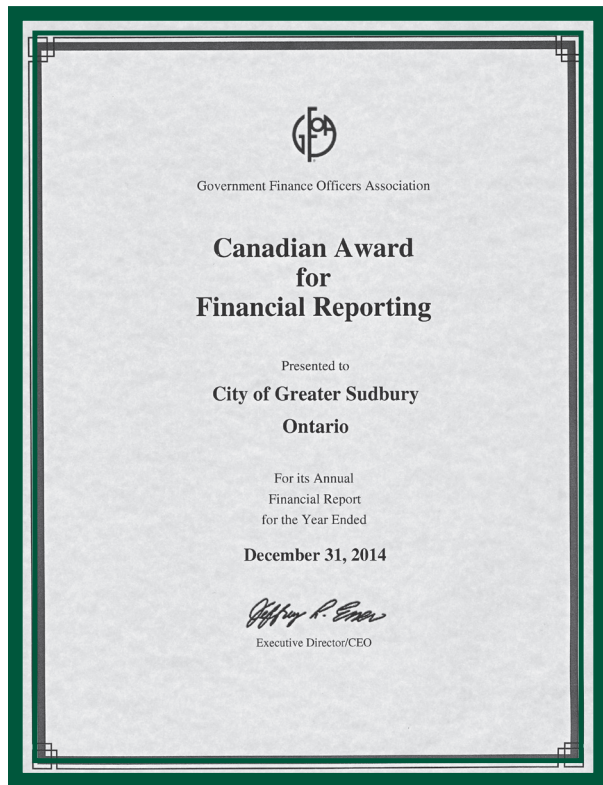




# Awards

## Government Finance Officers Association Award for Financial Reporting

The City of Greater Sudbury’s Annual Financial Report 2014 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.



## The Excellence in Municipal Risk Management Award

This national award recognizes excellence in municipal risk management.

The City of Greater Sudbury on a yearly basis receives claims where citizens reported damage as a result of work completed by contractors. These claims created by the contractors were being directed by the contractors to the City.

### Risk Management Section has managed to:

1. Streamline the process whereby a citizen can bring a claim forth directly to a contractor doing work on municipal property.
2. Reduce the number of claims being presented to the City that are a result of contractor’s work.
3. Reduce our expenses and costs in dealing with claims created by contractor’s work.
4. Reduce citizen complaints.

### Details

- Prior to 2015 the City experienced 55 to 65 claims with estimated expenses for handling costs at over \$12,000.
- After implementation of the program our 2015 claims received for contractors work were reduced to a total of 29 and related expenses were under \$1,500.

Our program has gained attention and we trust will be utilized by other municipalities across the country.

**Ed Stankiewicz**  
Interim Chief Financial  
Officer / Treasurer  
June 21, 2016



Consolidated Financial Statements of

# **CITY OF GREATER SUDBURY**

Year ended December 31, 2015

## Management's Responsibility for the Consolidated Financial Statements

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

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

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

The consolidated financial statements have been audited by 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.



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Ed Archer  
Chief Administrative Officer



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Ed Stankiewicz  
Interim Chief Financial Officer



June @@, 2016

## **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 statements of financial position as at December 31, 2015 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  
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2  
T: +1 416 863 1133, F: +1 416 365 8215, [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, 2015 and the results of its operations, changes in its net financial assets and its cash flows 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, 2015 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, 2015, with comparative figures for 2014

	2015	2014
<b>Financial assets</b>		
Cash	\$ 6,136	\$ 17,217
Taxes receivable (note 3)	7,355	6,569
Accounts receivable (note 4)	51,646	44,495
Inventory held for resale	1,335	3,182
Investment in Government Business Enterprises (note 5 (a))	95,217	92,940
Investments (note 6)	290,917	262,931
	452,606	427,334
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	80,631	133,618
Deferred revenue - obligatory reserve funds (note 8)	36,644	37,961
Deferred revenue - other (note 9)	2,802	4,000
Employee benefit obligations (note 10)	56,458	55,758
Solid waste management facility liability (note 11)	14,222	13,263
Long-term liabilities (note 12)	88,531	32,519
	279,288	277,119
<b>Net financial assets</b>	\$ 173,318	\$ 150,215
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	1,447,939	1,439,124
Inventory of supplies	4,205	2,740
Prepaid expenses	4,528	4,373
	1,456,672	1,446,237
Contractual obligations and commitments (note 15)		
<b>Accumulated Surplus</b> (note 16)	\$ 1,629,990	\$ 1,596,452

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, 2015, with comparative figures for 2014

	2015 Budget (note 17)	2015 Actual	2014 Actual
<b>Revenues</b>			
Government transfers - Provincial	\$ 126,050	127,324	\$ 123,459
- Federal	10,635	21,573	14,752
Taxation (note 18)	237,723	237,142	238,467
User charges	117,546	113,823	116,141
Investment income	11,708	12,454	11,385
Fines and penalties	5,897	6,099	5,802
Other revenues (note 19)	20,930	29,594	25,016
Government Business Enterprises net earnings (note 5 (b))	3,456	2,277	3,185
	533,945	550,286	538,207
<b>Expenses</b>			
General government	23,589	23,145	23,543
Protection services	90,079	89,388	87,293
Transportation services	94,766	99,526	101,352
Environmental services	93,676	88,107	84,165
Health services	28,354	29,242	27,566
Social and family services	100,108	99,894	97,347
Social housing	31,426	33,912	34,793
Recreation and cultural services	41,381	40,685	41,103
Planning and development	13,931	12,849	13,011
	517,310	516,748	510,173
<b>Annual Surplus</b>	16,635	33,538	28,034
<b>Accumulated surplus, beginning of the year</b>	1,596,452	1,596,452	1,568,418
<b>Accumulated surplus, end of the year</b>	\$ 1,613,087	\$ 1,629,990	\$ 1,596,452

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, 2015, with comparative figures for 2014

	2015 Budget (note 17)	2015 Actual	2014 Actual
<b>Annual Surplus</b>	\$ 16,635	33,538	\$ 28,034
Acquisition of tangible capital assets	(112,303)	(81,051)	(133,805)
Amortization of tangible capital assets	69,289	69,706	66,228
Loss on sale of tangible capital assets	-	1,959	3,556
Proceeds on sale of tangible capital assets	-	571	151
	(26,379)	24,723	(35,836)
Inventory of supplies	-	(1,465)	(424)
Prepaid expenses	-	(155)	383
<b>Change in net financial assets</b>	\$ (26,379)	\$ 23,103	\$ (35,877)
<b>Net financial assets, beginning of the year</b>	150,215	150,215	186,092
<b>Net financial assets, end of the year</b>	\$ 123,836	\$ 173,318	\$ 150,215

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, 2015, with comparative figures for 2014

	2015	2014
<b>Cash flows from operating activities</b>		
Annual Surplus	\$ 33,538	\$ 28,034
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	69,706	66,228
Loss on sale of tangible capital assets	1,959	3,556
Developer contributions of tangible capital assets	(3,936)	(5,718)
Change in employee benefit obligations	700	1,163
Change in solid waste management facility liability	959	1,904
Equity income in Government Business Enterprises	(2,277)	(3,185)
<b>Change in non-cash working capital:</b>		
Increase in accounts and taxes receivable	(7,937)	(3,164)
Decrease (Increase) in inventory held for resale	1,847	(1,566)
Increase in inventory of supplies	(1,465)	(424)
(Increase) Decrease in prepaid expenses	(155)	383
(Decrease) Increase in accounts payable and accrued liabilities	(52,987)	46,791
Decrease in deferred revenue obligatory reserve funds	(1,317)	(835)
(Decrease) Increase in deferred revenue other	(1,198)	1,104
	37,437	134,271
<b>Cash flows from financing activities</b>		
Debt issued	61,081	-
Debt principal repayments	(4,827)	(4,517)
Financial obligations	(60)	(137)
Capital lease obligations	(182)	(172)
	56,012	(4,826)
<b>Cash flows from capital activities</b>		
Proceeds on sale of tangible capital assets	571	151
Cash used to acquire tangible capital assets	(77,115)	(128,087)
	(76,544)	(127,936)
<b>Cash flows from investing activities</b>		
Purchase (Sale) of investments	(27,986)	4,911
<b>Net (decrease) increase in cash</b>	(11,081)	6,420
<b>Cash, beginning of the year</b>	17,217	10,797
<b>Cash, end of the year</b>	\$ 6,136	\$ 17,217
<b>Supplementary Information</b>		
Interest received	\$ 7,625	\$ 7,313
Interest paid	\$ 2,543	\$ 1,128

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, 2015

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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, 2015

## 1. Significant accounting policies (continued)

### (a) Reporting entity (continued)

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

The following contributions were made by the City to these entities

	2015	2014
Nickel District Conservation Authority	\$ 655	\$ 655
Sudbury & District Health Unit	5,773	5,659
City of Greater Sudbury Community Development Corporation	1,597	1,530
	\$ 8,025	\$ 7,844

#### (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, 2015

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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, 2015

---

## 1. Significant accounting policies (continued)

### (b) Revenue recognition (continued)

#### Taxation and related revenues (continued)

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

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

#### User Charges

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

#### Fines and Penalties

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

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

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

#### Other Revenue

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

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

---

## 1. Significant accounting policies (continued)

### (c) Investments and Investment Income

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

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

### (d) Inventory held for resale

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

### (e) Pensions and Employee Benefits

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

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

The amount contributed to OMERS and expensed in 2015 was \$16,227 (2014 - \$15,596). As of December 31, 2015 the OMERS plan, with approximately 461,000 members, has a funding deficit of \$5,259,000 (2014 - \$5,307,000).

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, 2015

## 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, 2015

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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, 2015

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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 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

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.

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

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

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

### 2. Accounting Standards issued but not yet adopted (continued)

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, 2019. 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.

### 3. Taxes receivable

	2015	2014
Current taxes and grants in lieu of taxes	\$ 7,126	\$ 6,807
Taxes in arrears	6,564	6,179
	13,690	12,986
Less: allowance for doubtful accounts	(6,335)	(6,417)
Net taxes receivable	\$ 7,355	\$ 6,569

### 4. Accounts receivable

Accounts receivable consists of the following:

	2015	2014
Government of Canada	\$ 5,154	\$ 5,745
Province of Ontario	3,922	4,186
Other municipalities	162	127
School boards	198	79
Other receivables	43,829	36,120
	\$ 53,265	\$ 46,257
Less: allowance for doubtful accounts	(1,619)	(1,762)
Net accounts receivable	\$ 51,646	\$ 44,495

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

### 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	2015 Total	2014 Total
Balance, beginning of year	\$ 11,409	\$ 81,531	\$ 92,940	\$ 89,755
City's share of operating income for the year	1,096	1,181	2,277	3,185
Balance, end of year	\$ 12,505	\$ 82,712	\$ 95,217	\$ 92,940

The investment of \$82,712 in GSU includes a promissory note receivable of \$52,340 (2014 - \$52,340) which is unsecured and bears interest at a rate of 7.25% per annum. The note is repayable in full upon six months written notice from the City.

(b) The following tables provide condensed supplementary financial information for the year ended December 31, 2015:

Financial Position				
	SACDC	GSU	2015 Total	2014 Total
Current assets	\$ 1,533	\$ 34,140	\$ 35,673	\$ 34,716
Capital assets	27,247	101,808	129,055	121,887
Other assets	-	12,915	12,915	12,786
Total assets	28,780	148,863	177,643	169,389
Current liabilities	1,254	21,394	22,648	22,661
Note payable to the City of Greater Sudbury	2,984	52,340	55,324	53,250
Long term liabilities	12,037	44,757	56,794	52,878
Total liabilities	16,275	118,491	134,766	128,789
Net assets	\$ 12,505	\$ 30,372	\$ 42,877	\$ 40,600

The \$2,984 (2014 -\$910) note payable to the City from SACDC is comprised of a payable of \$2,984 (2014 - \$3,541) from the City to SACDC net of a receivable amount of Nil (2014 - \$4,450) 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.

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

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

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. As at December 31, 2015, the City is in compliance with the requirements of By-Law 2014-215.

#### Results of Operations

			2015	2014
	SACDC	GSU	Total	Total
Revenue	\$ 7,262	\$ 145,218	\$ 152,480	\$ 146,897
Expenses	(6,166)	(139,651)	(145,817)	(140,278)
Gain on sale of assets	-	-	-	361
Interest paid to the City of Greater Sudbury	-	(3,795)	(3,795)	(3,795)
Other	-	(591)	(591)	-
Net income	\$ 1,096	\$ 1,181	\$ 2,277	\$ 3,185
Budgeted net income	\$ 1,400	\$ 2,056	\$ 3,456	3,193

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

(i) At December 31, 2015, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$943 (2014 - \$1,610) for water billings collected by GSU.

A payable of \$64 (2014 - \$56) 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:

	2015	2014
Property taxes	\$ 419	\$ 436
Interest on promissory note receivable	3,853	3,796
	\$ 4,272	\$ 4,232

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

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

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

	2015		2014	
Billing and collection services for water and wastewater	\$	1,329	\$	1,316
Streetlighting maintenance services		522		562
Streetlighting infrastructure		491		1,259
Electricity		6,355		6,471
Telecommunications		535		502
	\$	9,232	\$	10,110

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

### 6. Investments

	2015 Interest Rates	2015		2014	
		Market	Cost	Market	Cost
Short term investments (0.5% to 5.09%)	\$	174,025	172,721	\$	166,593
Long term investments (1.43% to 6.73%)		121,483	118,196		104,081
		\$	295,508	\$	270,674
			290,917		262,931

The investments consisting of term deposits, treasury bills, high interest savings accounts 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 2016 to 2035 (2014 – 2015 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, 2015, 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 (2014 - \$10,000) bearing interest at the bank's prime rate less 0.5% for Bankers' Acceptance and 0.9% on loans with an effective rate of 2.2 % (2014 – 2.5%) per annum. No amounts were drawn against the facility as at December 31, 2015 and 2014.

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

### 8. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2014	Externally restricted inflows	Revenue earned	December 31, 2015
Sub-divider contribution	\$ 8,806	917	(995)	\$ 8,728
Development Charges Act	1,154	4,926	(4,759)	1,321
Recreational Land (Planning Act)	945	112	(22)	1,035
Gasoline Tax - Provincial	2,485	2,606	(3,718)	1,373
Gasoline Tax - Federal	10,461	9,505	(9,169)	10,797
Building Permit Revenues (Bill 124)	7,644	140	(690)	7,094
Children's Services	6,466	67	(237)	6,296
OCIF Grant	-	2,259	(2,259)	-
	\$ 37,961	20,532	(21,849)	\$ 36,644

### 9. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31, 2014	Externally restricted inflows	Revenue earned	December 31, 2015
Federal government	\$ 23	10	(23)	\$ 10
Provincial government	2,509	626	(1,148)	1,987
Municipal government	11	4	(11)	4
Other	1,245	109	(758)	596
Consolidated entities	212	-	(7)	205
	\$ 4,000	749	(1,947)	\$ 2,802

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

### 10. Employee benefit obligations

Employee benefit obligations consist of the following:

	2015	2014
Future payments required for:		
WSIB obligations	\$ 2,504	\$ 2,223
Accumulated sick leave benefits	6,763	6,837
Other post-employment benefits	30,957	30,316
Liability for Stop Loss Insurance	1,435	1,520
Vacation pay	14,799	14,862
	<b>\$ 56,458</b>	<b>\$ 55,758</b>

The City has established reserve funds in the amount of \$15,496 (2014 - \$14,738) to mitigate the future impact of these obligations.

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

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

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

Liability for stop loss insurance 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.

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2015 for each of the plans.

	WSIB	Sick leave	Other Post- Employment Benefits	2015 Total	2014 Total
Accrued benefit liability, beginning of year	\$ 4,022	7,595	28,346	39,963	38,004
Benefit cost	1,069	408	1,222	2,699	2,372
Interest cost	176	296	1,117	1,589	1,709
Benefit payments	(1,423)	(813)	(2,046)	(4,282)	(3,606)
Actuarial gain (loss)	5,830	(1,012)	5,119	9,937	1,484
Accrued benefit liability, end of year	9,674	6,474	33,758	49,906	39,963
Unamortized actuarial gain (loss)	(7,170)	289	(2,801)	(9,682)	(587)
	<b>\$ 2,504</b>	<b>6,763</b>	<b>30,957</b>	<b>40,224</b>	<b>39,376</b>

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

### 10. Employee benefit obligations (continued)

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

	WSIB	Sick Leave	Other Post-Employment Benefits	2015 Total	2014 Total
Current period benefit cost	\$ 2,504	408	1,222	4,134	\$ 3,892
Amortization of actuarial loss	458	35	348	841	626
Interest expense	176	296	1,117	1,589	1,709
Total employee benefit expense	\$ 3,138	739	2,687	6,564	\$ 6,227

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

	WSIB	Sick Leave	Other Post-Employment Benefits
Expected inflation rate	2.0%	2.0%	2.0%
Expected level of salary increases	N/A	3.1%	3.1%
Discount rate	3.75%	3.75%	3.75%

For other post employment benefits, as at December 31, 2015, the initial health care trend rate is 7.6% (2014 – 7.56%) and the ultimate trend rate is 4.5% (2014 – 4.5%) which is expected to be reached in 2029 (2014 – 2029).

### 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 4.0% (2014 - 4.25%) minus an inflation rate of 2.22% (2014 - 1.73%)



# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

(10-year average of CPI from 2005 to 2015). The estimated total landfill closure and post-closure care expenses are calculated to be \$23,580 (2014 - \$22,209). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2015 an amount of \$14,222 (2014 - \$13,263) with respect to landfill closure and post-closure liabilities has been accrued.

## Active sites

The estimated remaining capacity of the Sudbury landfill site is 49% (3,816,127 cubic meters) (2014 - 51%) of its total estimated capacity and its estimated remaining life is 33 years (2014 - 36 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 33% (656,239 cubic meters) (2014 - 34%) of its total estimated capacity and its estimated remaining life is 25 years (2014 - 21 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 50% (741,293 cubic meters) (2014 - 51%) of its total estimated capacity and its estimated remaining life is 37 years (2014 - 34 years), after which the period for post-closure care is estimated to be 25 years.

## 12. Long-term liabilities

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

	2015	2014
Debentures (i)	\$ 58,484	\$ 15,862
Capital lease obligations (ii)	47	229
Other loans (iii)	18,450	3,118
Accrued financial obligations (iv)	11,550	13,310
	<u>\$ 88,531</u>	<u>\$ 32,519</u>

(i) This includes two new financings acquired during fiscal 2015. The City obtained funds through external debt financing with Ontario Infrastructure and Lands Corporation (IOLC) of \$31,000 for the Biosolids Management Facility as well as \$14,000 of debt financing related to the construction of a Fleet/Transit Garage both at an annual interest rate of 3.10% with a term of 20 years.

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

(ii) The 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 construction of the Biosolids Management Facility was completed during fiscal 2015 and the City obtained debt financing from the contractor in accordance with the agreement totaling \$15,781 to be paid over a 20 year period bearing interest at a rate of 6.16% per annum.

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

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

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

(iv) Accrued financial obligations consist of the following:

	Last Year of Obligation	2015	2014
Health Sciences North	2023	\$ 5,383	\$ 6,082
Northeastern Ontario Regional Cancer Centre	2023	2,317	2,618
Laurentian University (School of Architecture)	2019	3,500	4,500
Advanced Medical Research Institute of Canada	2018	300	-
Physician Service Agreements	2016	50	110
		\$ 11,550	\$ 13,310

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

2016	\$ 6,004
2017	6,085
2018	6,271
2019	5,867
2020	5,572
Thereafter	58,732
	\$ 88,531

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

General municipal revenues	\$ 39,740
Water/wastewater user fees	48,791
	\$ 88,531

(d) The City expensed \$2,543 in 2015 (2014 - \$ 1,128) 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:

	2015	2014
Taxation	\$ 54,093	\$ 52,590
Payments in lieu of taxes	139	139
	\$ 54,232	\$ 52,729

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

## 14. Tangible capital assets

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

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

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

25

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

## 14. Tangible capital assets (continued):

Cost	Balance December 31, 2013	Additions	Disposals / Transfers	Balance at December 31, 2014
<b>General Capital:</b>				
Land	\$ 67,056	\$ 3,046	(319)	\$ 69,783
Landfill and land improvements	32,980	2,610	(172)	35,418
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
<b>Infrastructure:</b>				
Land improvements	22,578	135	-	22,713
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	67,092	(40,092)	112,658
<b>Total</b>	<b>\$ 2,617,939</b>	<b>\$ 173,897</b>	<b>\$ (61,155)</b>	<b>\$ 2,730,681</b>

Accumulated amortization	Balance December 31, 2013	Amortization expense	Disposals / Transfers	Balance at December 31, 2014
<b>General Capital:</b>				
Land	\$ -	\$ -	-	\$ -
Landfill and land improvements	13,464	1,227	(170)	14,521
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
<b>Infrastructure:</b>				
Land improvements	2,345	317	-	2,662
Plants and facilities	175,464	9,331	(553)	184,242
Roads infrastructure	667,119	28,601	(9,969)	685,750
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>\$ 1,291,557</b>

	Net book value December 31, 2013	Net book value December 31, 2014
<b>General Capital:</b>		
Land	\$ 67,056	\$ 69,783
Landfill and land improvements	19,516	20,897
Buildings	166,655	185,856
Machinery, furniture and equipment	34,633	36,801
Vehicles	32,522	30,130
<b>Infrastructure:</b>		
Land improvements	20,233	20,051
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>\$ 1,439,124</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2015

## 14. Tangible capital assets (continued)

### a) Assets under construction

Assets under construction having a value of \$36,844 (2014 - \$112,658) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$22,029 (2014 - \$67,092) to assets under construction and transferred \$97,843(2014 - \$39,870) from assets under construction to tangible capital assets.

### b) Developer contributions of tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$3,936 (2014 - \$5,718) comprised of the following:

	2015	2014
General Capital		
Land	\$ 44	\$ 781
Machinery and equipment	345	271
Infrastructure		
Land improvements	-	135
Roads network	1,406	2,507
Water and wastewater network	2,141	2,024
<b>Total</b>	<b>\$ 3,936</b>	<b>\$ 5,718</b>

## 15. Contractual obligations and commitments

### (a) Contracts for capital projects

The balance of capital works uncompleted under contracts in progress at December 31, 2015 amounts to approximately \$12,211 (2014 - \$25,335). The proposed financing of these obligations is \$8,611(2014 - \$25,290) from surplus funds and \$3,600 (2014 - \$45) from external sources.

### (b) Contracts for services

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

2016	19,629
2017	8,255
2018	5,688
2019	3,634
2020 and onwards	56,833
	<b>\$ 94,039</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

## 15. Contractual obligations and commitments (continued)

### (c) Contingent liabilities

As at December 31, 2015, 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, 2015 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.

## 16. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 1,370,710	\$ 1,419,715
Invested in government business enterprise	95,217	92,940
Other	1,656	3,395
Committed capital:		
Capital projects not completed	99,538	86,836
Unfinanced capital projects to be recovered through taxation or user charges	(22,392)	(83,028)
Unfunded:		
Landfill closure costs	(14,222)	(13,263)
Employee benefits	(55,022)	(54,239)
Accrued financial obligations	(11,500)	(13,200)
	1,463,985	1,439,156
<b>Reserves</b>	9,258	6,622
<b>Reserve funds</b>	156,747	150,674
	\$ 1,629,990	\$ 1,596,452

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

## 17. Budget data

Budget data presented in these consolidated financial statements are based on the 2015 operating and capital budgets approved by Council and Local Boards. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

	<b>2015</b>
<b>Revenues</b>	
Approved budget:	
Operating	\$ 505,037
Capital	109,648
Consolidated Boards	<u>20,507</u>
	635,192
Adjustments:	
Transfer from reserves to operating	(14,647)
Recognize revenues from obligatory reserve funds	4,401
In year budget adjustments	2,115
Operating transfer to capital and future years funding	(93,245)
Contributed tangible assets	3,936
Reclassification of taxation bad debt expense	<u>(6,779)</u>
<b>Total revenues</b>	<b><u>\$ 530,973</u></b>
<b>Expenses</b>	
Approved budget:	
Operating	505,036
Capital	109,648
Consolidated Boards (A)	<u>17,052</u>
	631,736
Adjustments:	
Amortization of Tangible Capital Assets	65,353
Transfer to reserves and capital	(71,857)
Reduction due to Tangible Capital Assets (TCA)	(112,303)
Post employment benefit expense	2,285
Landfill closure and post closure expense	(16)
In year budget adjustments	2,115
Reclassification of taxation	(6,779)
Debt principal repayments	(5,730)
Operating expenses budgeted in capital expensed in current year	<u>9,534</u>
<b>Total expenses</b>	<b><u>\$ 514,338</u></b>
<b>Annual surplus</b>	<b><u>\$ 16,635</u></b>

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  
(in thousands of dollars)  
Year ended December 31, 2015

### 18. Taxation

	2015 Budget	2015 Actual	2014 Actual
Municipal tax levy	\$ 231,360	231,360	\$ 230,647
Supplementary taxation	2,200	2,180	2,168
Payment in lieu of property taxes	7,741	7,715	7,756
Local improvements	230	230	522
	241,531	241,485	241,093
Rebates and Tax Concessions	(3,808)	(4,343)	(2,626)
Net municipal taxation	\$ 237,723	\$ 237,142	\$ 238,467

### 19. Other revenues

Other revenues consist of:

	2015	2014
Gaming and Casino Revenues	\$ 2,130	\$ 2,274
Loss on sale of Land and Tangible Capital Assets	(1,887)	(3,196)
Donated Tangible Capital Assets	3,936	5,718
Donations	1,293	977
Development Charges Earned	4,759	4,369
Subdivider Contributions	4,181	357
Miscellaneous Recoveries/Revenues	15,182	14,517
	\$ 29,594	\$ 25,016

### 20. Trust funds

Trust funds amounting to \$16,101 (2014 - \$16,336) 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 161,000 citizens. Services include water, roads, fire, police, emergency medical services, waste management, public transit, recreation programs, economic development, land use planning and health and social services. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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



# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

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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, 2015

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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, 2015

21 Segmented Disclosure (continued)

December 31, 2015	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services		Planning and Development	Government Business Enterprises	Total
						Recreation and Cultural Services	Planning and Development			
<b>Revenues</b>										
Transfer Payments	2,183	12,589	18,850	12,445	95,661	4,790	2,379	-	148,897	
Taxation	17,841	73,430	61,709	-	48,981	27,848	7,333	-	237,142	
User Charges	5,042	4,877	9,891	67,189	18,058	7,952	814	-	113,823	
Other	1,318	8,736	17,885	6,653	6,431	3,982	3,342	2,277	50,424	
	26,384	99,632	108,135	86,287	169,131	44,572	13,868	2,277	550,286	
<b>Expenses</b>										
Salaries, Wages and Benefits	24,753	72,327	30,262	18,497	58,455	19,482	7,562	-	231,338	
Materials and Contract Services	9,961	8,785	33,044	48,040	52,885	12,782	2,972	-	168,469	
Grants and Transfer Payments	941	664	59	50	39,073	1,422	1,438	-	43,647	
Amortization	1,016	3,657	34,250	18,780	6,868	4,774	361	-	69,706	
Other	978	243	334	1,443	443	97	50	-	3,588	
Allocation of shared expenses	(13,754)	3,712	1,577	1,297	4,574	2,128	466	-	-	
	23,895	89,388	99,526	88,107	162,298	40,665	12,849	-	516,748	
<b>Annual Surplus (Deficit)</b>	\$ 2,489	\$ 10,244	\$ 8,609	\$ (1,820)	\$ 6,833	\$ 3,887	\$ 1,019	\$ 2,277	\$ 33,538	

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

21 Segmented Disclosure (continued)		Health and							Total
		General Government	Protection Services	Transportation Services	Environmental Services	Social Services	Recreation and Cultural Services	Planning and Development	
December 31, 2014									
<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	3,956	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	57,085	19,091	7,510	-	229,598
Materials and Contract Services	10,045	9,414	35,807	46,990	52,595	13,138	3,237	-	171,227
Grants and Transfer Payments	194	672	50	54	37,240	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	91	41	-	2,360
Allocation of shared expenses	(15,755)	3,754	1,848	1,376	5,500	2,667	610	-	-
	23,543	87,293	101,351	84,165	159,706	41,103	13,011	-	510,173
<b>Annual Surplus (Deficit)</b>	\$ 3,190	\$ 12,967	\$ 11,994	\$ (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, 2015

## 22. Supplementary financial information

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

	2015	2014
<b>Revenues:</b>		
Government transfers (note 1)	\$ 451	\$ 411
Fines and fees	141	139
Other	16	3
	<u>608</u>	<u>553</u>
<b>Expenses:</b>		
Salaries, wages and benefits	\$ 4,624	\$ 4,579
Materials and contract services	1,710	1,679
	<u>6,334</u>	<u>6,258</u>
<b>Excess of expenses over revenues</b>	<b>\$ (5,726)</b>	<b>\$ (5,705)</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	32	6
Ontario Library Service - North	-	2
	<u>\$ 435</u>	<u>\$ 411</u>

##### Federal

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

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

### 22. Supplementary financial information (continued)

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

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

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

#### Child Care

	REVENUES (1)			Total
	Ministry of Education	Legislated Cost Share (Calculated)		
<b>Full Flexibility</b>				
Core Services Delivery (100%)	2,397	0%	-	2,397
Core Services Delivery - (80/20)	6,160	20%	1,540	7,700
Core Service Delivery - (50/50)	355	50%	355	710
Language	2,047	0%	-	2,047
Aboriginal	87	0%	-	87
Cost of Living	285	0%	-	285
Rural/Remote	940	0%	-	940
FDK Transition	528	0%	-	528
Repairs and Maintenance	25	0%	-	25
Transformation	50	0%	-	50
Utilization Adjustment	109	0%	-	109
Capping Adjustment	2,640	0%	-	2,640
<b>Total (full flexibility)</b>	<b>15,623</b>		<b>1,895</b>	<b>17,518</b>
<b>Limited Flexibility</b>				
Capacity Building	61	0%	-	61
Capital Retrofits	74	0%	-	74
<b>Total (limited flexibility)</b>	<b>135</b>		<b>0</b>	<b>135</b>
<b>No Flexibility</b>				
Wage Enhancement/HCCEG	1,485	0%	0	1,485
<b>TOTAL</b>	<b>17,243</b>		<b>1,895</b>	<b>19,138</b>

(1) Most recent Amended Service agreement

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

## 22. Supplementary financial information (continued)

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

#### Child Care

	EXPENSES		
	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures
<b>Full Flexibility</b>			
General Operating	5,530	-	5,530
Fee Subsidy - Regular	8,330	(1,261)	7,069
Fee Subsidy - Recreation	128	(15)	113
Ontario Works and LEAP - Formal	567	-	567
Ontario Works and LEAP - Informal	-	-	-
Pay Equity Memorandum of Settlement	225	-	225
Special Needs Resourcing	1,555	-	1,555
Administration	1,574	-	1,574
Repairs and Maintenance	386	-	386
Play-based Material and Equipment	383	-	383
Transformation	234	-	234
Miscellaneous	-	-	-
<b>Total (full flexibility)</b>	<b>18,912</b>	<b>(1,276)</b>	<b>17,636</b>
<b>Limited Flexibility</b>			
Capacity Building	87	-	87
Capital Retrofits	164	-	164
Small Water Works	-	-	-
<b>Total (limited flexibility)</b>	<b>251</b>	<b>-</b>	<b>251</b>
<b>No Flexibility</b>			
Wage Enhancement/HCCCG	908	-	908

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2015

### 22. Supplementary financial information (continued)

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

##### Family Support Program

	REVENUES			ADJUSTED GROSS EXPENDITURES	SURPLUS/ DEFICIT
	Ministry of Education	Legislated Cost Share Cost Share %	Calculated Total		
<b>Full Flexibility</b>					
A525 - ECD Planning	28	0%	0	28	0
<b>Limited Flexibility</b>					
A525 - ECD Aboriginal	17	0%	0	17	0
<b>No Flexibility</b>					
A386 - Delivery Agent - Resource Centres	786	80%	197	983	(0)
<b>TOTAL</b>	<b>831</b>		<b>197</b>	<b>1,028</b>	<b>(0)</b>





Financial Statements of

**CITY OF GREATER SUDBURY  
TRUST FUNDS**

Year ended December 31, 2015



June 21, 2016

## **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, 2015 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.

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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, 2015 and the results of their operations for the year then 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, 2015, with comparative figures for 2014

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 4)	Cemetery Pre-Need	Cemetery Care and Maintenance	2015 Total	2014 Total
<b>Assets</b>								
Cash	\$ 224	1,173	-	-	-	-	1,397	1,442
Due from City of Greater Sudbury (note 3)	-	5,829	35	-	1,172	7,668	14,704	14,894
Loans receivable	-	-	-	117	-	-	117	117
Allowance for doubtful loans	-	-	-	(117)	-	-	(117)	(117)
	\$ 224	7,002	35	-	1,172	7,668	16,101	16,336
<b>Liabilities and Fund Balances</b>								
Accounts Payable	90	-	-	-	-	-	90	81
Fund balances	\$ 134	7,002	35	-	1,172	7,668	16,011	16,255
	\$ 224	7,002	35	-	1,172	7,668	16,101	16,336

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, 2015, with comparative figures for 2014

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 4)	Cemetery Pre-Need	Cemetery Care and Maintenance	2015 Total	2014 Total
Fund balance, beginning of year	\$ 145	7,586	21	-	1,121	7,382	16,255	15,799
Revenue:								
Plot sales	-	-	-	-	84	286	370	341
Receipts from or on behalf of others	1,387	-	15	-	-	-	1,402	1,310
Interest earned	2	13	-	-	23	260	298	314
Subdividers' deposits	-	1,298	-	-	-	-	1,298	1,394
	1,389	1,311	15	-	107	546	3,368	3,359
Expenditure:								
Disbursements to or on behalf of residents	1,400	-	-	-	-	-	1,400	1,312
Refunds	-	1,895	-	-	-	-	1,895	1,258
Transfer to City of Greater Sudbury	-	-	1	-	56	260	317	333
	1,400	1,895	1	-	56	260	3,612	2,903
Change in fund balance in the year	(11)	(584)	14	-	51	286	(244)	456
Fund balance, end of year	\$ 134	7,002	35	-	1,172	7,668	16,011	16,255

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, 2015  
(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, 2015, the Funds have amounts due from the City of \$14,704 [2014 - \$14,894] 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 \$1,172 and \$7,668 which bear interest at the rates of 1.97% and 3.47% respectively (2014 - 2.33% and 3.83%) and are due on demand.

### 4. Fednor Project Business Planning Initiative:

Fednor has advanced \$117 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.

4

## Statistical Information

### Consolidated Statement of Financial Position

(in thousands of dollars)

	2015	2014	2013	2012	2011
<b>Financial Assets</b>					
Cash	6,136	17,217	10,797	10,104	8,700
Taxes receivable	7,355	6,569	7,939	7,334	6,611
Accounts receivable	51,646	44,495	39,961	38,072	35,897
Inventory held for resale	1,335	3,182	1,616	1,435	1,253
Investment in GBE	95,217	92,940	89,755	82,702	79,965
Investments	290,917	262,931	267,842	267,017	223,582
	452,606	427,334	417,910	406,664	356,008
<b>Financial Liabilities</b>					
Accounts payable and accrued liabilities	80,631	133,618	86,827	78,074	70,846
Deferred revenue - obligatory reserve funds	36,644	37,961	38,796	29,538	27,106
Deferred revenue - other	2,802	4,000	2,896	5,461	6,968
Employee benefit obligations	56,458	55,758	54,595	50,354	47,708
Solid waste management facility liability	14,222	13,263	11,359	11,375	11,153
Long-term liabilities	88,531	32,519	37,345	43,542	46,093
	279,288	277,119	231,818	218,344	209,874
Net financial assets	173,318	150,215	186,092	188,320	146,134
<b>Non-financial assets</b>					
Tangible capital assets	1,447,939	1,439,124	1,375,254	1,336,882	1,332,785
Other	8,733	7,113	7,072	6,282	6,094
	1,456,672	1,446,237	1,382,326	1,343,164	1,338,879
Accumulated Surplus	1,629,990	1,596,452	1,568,418	1,531,484	1,485,013



## Statistical Information (continued)

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

	2015	2014	2013	2012	2011
Revenues	\$	\$	\$	\$	
Government transfers, Provincial	127,324	123,459	130,617	132,334	141,645
Government transfers, Federal	21,573	14,752	9,750	8,329	12,398
Taxation	237,142	238,467	231,004	222,639	214,772
User charges	113,823	116,141	112,073	108,934	103,155
Investment income	12,454	11,385	10,567	10,381	12,243
Fines and Penalties	6,099	5,802	6,226	5,190	5,133
Other	29,594	25,016	31,631	41,260	27,052
GBE net earnings	2,277	3,185	7,053	2,737	154
<b>TOTAL REVENUES</b>	<b>550,286</b>	<b>538,207</b>	<b>538,921</b>	<b>531,804</b>	<b>516,552</b>
Expenses by Object					
Salaries, wages & benefits	231,338	229,598	225,886	216,915	209,415
Materials	77,462	82,332	76,280	78,631	86,570
Contract services	91,006	88,895	89,604	78,192	77,211
Grants and transfer payments	43,647	40,760	42,972	42,654	42,129
Amortization	69,706	66,228	65,178	66,707	66,911
Other	3,589	2,360	2,066	2,234	2,832
<b>TOTAL EXPENSES</b>	<b>516,748</b>	<b>510,173</b>	<b>501,987</b>	<b>485,333</b>	<b>485,068</b>
<b>ANNUAL SURPLUS</b>	<b>33,538</b>	<b>28,034</b>	<b>36,934</b>	<b>46,471</b>	<b>31,484</b>
<b>ACCUMULATED SURPLUS, BEGINNING 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>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>1,629,990</b>	<b>1,596,452</b>	<b>1,568,418</b>	<b>1,531,484</b>	<b>1,485,013</b>

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

	2015	2014	2013	2012	2011
General government	23,895	23,543	22,052	22,023	20,651
Protection services	89,388	87,293	85,142	81,273	79,541
Transportation services	99,526	101,352	98,467	94,621	92,577
Environmental services	88,107	84,165	79,814	70,798	68,967
Health services	28,492	27,566	27,113	25,992	25,345
Social and family services	99,894	97,347	95,877	93,839	93,621
Social housing	33,912	34,793	38,680	41,340	41,118
Recreation and cultural services	40,685	41,103	40,226	39,490	47,938
Planning and development	12,849	13,011	14,616	15,957	15,310
<b>TOTAL EXPENSES</b>	<b>516,748</b>	<b>510,173</b>	<b>501,987</b>	<b>485,333</b>	<b>485,068</b>

## Statistical Information (continued)

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

RESERVES	2015	2014	2013	2012	2011
Working funds	1,734	1,726	1,726	2,056	2,168
General levy stabilization	5,544	2,661	2,661	4,619	4,051
Health and social services	762	875	875	1,694	1,421
Other reserves	1,218	1,360	1,726	2,597	3,531
<b>TOTAL RESERVES</b>	<b>9,258</b>	<b>6,622</b>	<b>6,988</b>	<b>10,966</b>	<b>11,171</b>
RESERVE FUNDS	2015	2014	2013	2012	2011
Equipment replacement	5,351	5,708	5,968	9,986	8,768
Sick leave	6,477	5,492	5,309	5,055	4,728
Insurance	1,650	1,791	1,663	1,502	1,271
Workers' compensation	7,338	7,223	6,490	4,584	3,253
General government	28,742	27,848	32,286	30,878	25,758
Protection services	6,973	6,352	5,772	8,341	5,311
Transportation services	40,980	38,973	31,793	28,311	16,288
Environmental services	31,813	30,084	34,122	37,579	19,988
Health and social services	11,515	11,930	11,507	11,497	10,396
Recreation and cultural services	3,610	4,684	3,577	2,718	1,741
Planning and development	12,298	10,589	9,709	6,452	5,610
<b>TOTAL RESERVE FUNDS</b>	<b>156,747</b>	<b>150,674</b>	<b>148,196</b>	<b>145,832</b>	<b>103,112</b>

### Additional Information (in thousands of dollars)

	2015	2014	2013	2012	2011
<b>NET FINANCIAL ASSETS</b>	<b>173,318</b>	<b>150,215</b>	<b>186,092</b>	<b>188,320</b>	<b>146,134</b>
<b>NET DEBT PER CAPITA</b>	<b>547</b>	<b>201</b>	<b>231</b>	<b>269</b>	<b>288</b>
<b>LONG-TERM LIABILITIES</b>					
Supported by					
Property taxation	39,740	29,401	34,054	40,087	42,483
Water/wastewater user fees	48,791	3,118	3,291	3,455	3,610
	<b>88,531</b>	<b>32,519</b>	<b>37,345</b>	<b>43,542</b>	<b>46,093</b>

## Statistical Information (continued)

### Additional Information (continued)

<b>Municipal Statistics</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Population	161,900	161,900	161,900	161,900	160,300
Households	75,158	74,851	74,405	74,069	73,312
<b>Employees</b>					
Full time employees	2,021	2,011	2,019	2,008	2,006
<b>Service Information</b>					
Building Permit Values (in 1000's)	237,362	344,303	287,333	247,525	324,755
Average monthly social assistance case load	3,706	3,703	3,548	3,407	3,438
Lane Kilometers of roads	3,623	3,619	3,617	3,613	3,609
Annual volume of treated waste water*	32,506	36,715	32,847	27,728	29,071
Annual volume of treated drinking water*	21,553	20,804	20,877	19,791	20,692
Annual disposal of solid waste (tonnes)	100,723	102,725	105,509	100,753	99,545
Annual diversion of solid waste (tonnes)	33,740	35,345	36,424	34,482	34,090
Regular service passenger Transit trips	4,262,000	4,458,000	4,362,000	4,444,719	4,468,760
Tax collection rate	2.6%	2.3%	2.8%	2.7%	2.6%
Property Tax Collection (in 1000's)	276,665	278,246	266,939	256,624	251,792
*(megalitres)					
<b>TAXABLE ASSESSMENT (\$ millions)</b>					
Residential assessment	13,695	12,863	12,009	11,174	10,021
Commercial assessment	1,833	1,737	1,634	1,540	1,441
Industrial assessment	490	473	446	425	409
<b>BENCHMARK INFORMATION</b>					
% of paved lane km where condition is rated good to very good	51.0%	51.0%	51.0%	51.0%	51.3%
# of conventional transit passenger trips per person in service area per year	30.9	32.3	31.6	32.2	32.4
# of waste water main backups per 100 km of waste water main per year	5.1	6.7	8.9	6.0	3.9
% of waste water estimated to have bypassed treatment	0.9%	2.1%	1.4%	0.5%	1.1%
# of water main breaks per 100 km of water distribution pipe per year	19.4	14.7	11.1	8.4	13.9
% of residential solid waste diverted for recycling	44.0%	45.0%	37.8%	45.0%	44.5%