

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

## Request for Decision

### 2014 Annual Financial Statements

#### Recommendation

THAT the City of Greater Sudbury accepts the Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2014 as presented.

#### Background

Find attached the City of Greater Sudbury Annual Financial Report for the year ended December 31, 2014. The Annual Financial Report includes the Consolidated Financial Statements of the City of Greater Sudbury and the City of Greater Sudbury Trust funds for the year ended December 31, 2014. These financial statements have been audited and the Audit report expresses an unqualified audit opinion.

At a later date, you will receive a comprehensive package that includes the following financial reports for the year ended December 31, 2014:

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

#### Signed By

**Report Prepared By**

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

**Division Review**

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

**Recommended by the Department**

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

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

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

Prepared by the  
Finance Department,  
City of Greater Sudbury

PLACE  
**TOM DAVIES**  
SQUARE

2014

# City of Greater Sudbury Annual Financial Report

For the year ended December 31, 2014





# Table of Contents

## INTRODUCTORY INFORMATION

About Greater Sudbury .....	1
Greater Sudbury at a Glance .....	2
Message from Mayor .....	3
City Council .....	4
Senior Management Team .....	5
Vision, Mission, Values .....	6
Strategic Goals and Strategies .....	6
Message from Chief Financial Officer .....	7
Finance Strategic Plan .....	7
Financial Reporting .....	7
Financial Management .....	9
2014 Budget .....	11
2015 Outlook .....	12
Municipal Services received for \$1,000 in 2014 .....	13
2014 Financial Results .....	14
Awards .....	17

## FINANCIAL INFORMATION

Consolidated Financial Statements .....	19
Management's Responsibility for the Consolidated Financial Statements .....	20
Independent Auditors' 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 Auditors' 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 Finance Department,  
City of Greater Sudbury

# 2014

## City of Greater Sudbury Annual Financial Report

For the year ended December 31, 2014

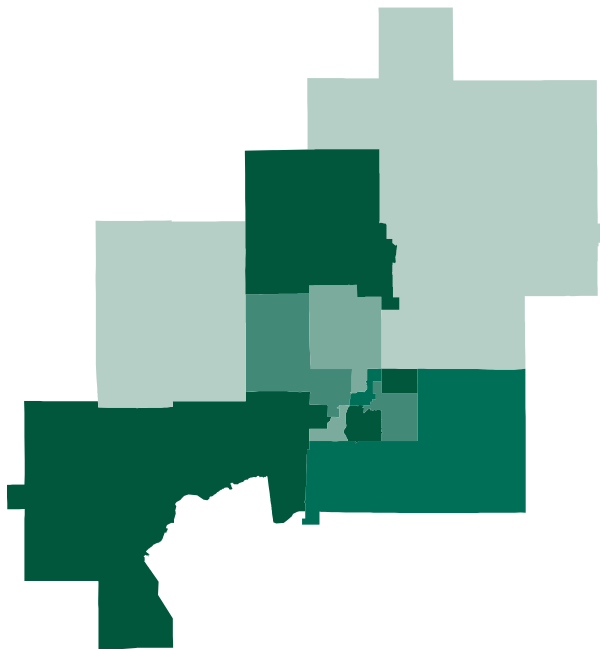
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## About Greater Sudbury



The City of Greater Sudbury was formed on January 1, 2001 and represents the amalgamation of the towns and cities which comprised the former Regional Municipality of Sudbury (Sudbury, Capreol, Nickel Centre, Onaping Falls, Rayside-Balfour, Valley East and Walden), as well as several unincorporated townships (Fraleck, Parkin, Aylmer, Mackelcan, Rathbun, Scadding, Dryden, Cleland and Dill).

The City of Greater Sudbury is centrally located in Northeastern Ontario at the convergence of three major highways. It is situated on the Canadian Shield in the Great Lakes Basin and is composed of a rich mix of urban, suburban, rural and wilderness environments. Greater Sudbury is 3,267 square kilometres in area, making it the geographically largest municipality in Ontario and second largest in Canada. Greater Sudbury is considered a city of lakes, containing 330 lakes and the largest lake contained within a city, Lake Wanapitei.

In 2014, Greater Sudbury was home to approximately 161,900 people. It is a multicultural and truly bilingual community. Over 26 per cent of people living in the City reported French as their mother tongue in 2011. There are 38 per cent of people that identified themselves as being bilingual. Italian, Finnish, German, Ukrainian and Polish are the top five non official languages spoken in the City. More than 8 per cent of people living in the City are First Nations.

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

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

# Greater Sudbury at a Glance



## MUNICIPAL STATISTICS

Population

**161,900**

Households

**74,851**

## EMPLOYEES

Full time employees

**2,011**

## SERVICE INFORMATION

Building Permit Values (in 1000's)

**\$344,303**

Average monthly social assistance case load

**3,703**

Kilometers of roads

**3,619**

Annual volume of treated waste water  
(megalitres)

**36,715**

Annual volume of treated drinking water  
(megalitres)

**20,804**

Annual disposal of solid waste (tonnes)

**102,725**

Annual diversion of solid waste (tonnes)

**35,345**

Regular service passenger transit trips

**4,458,000**

## TAXABLE ASSESSMENT (\$ millions)

Residential, multi-residential, and  
miscellaneous assessment

**\$12,863**

Commercial assessment

**\$1,737**

Industrial and large industrial assessment

**\$473**

## BENCHMARK INFORMATION

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

**51.0%**

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

**32.3**

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

**6.7**

% of waste water estimated to have  
bypassed treatment

**2.1%**

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

**14.7**

% of residential solid waste  
diverted for recycling

**45.0%**



## Message from Mayor



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

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

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

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

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

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

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

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

We also made significant investments in infrastructure.

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

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

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

Together, we will do good things.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'B. Bigger', written in a cursive style.

Brian Bigger  
Mayor

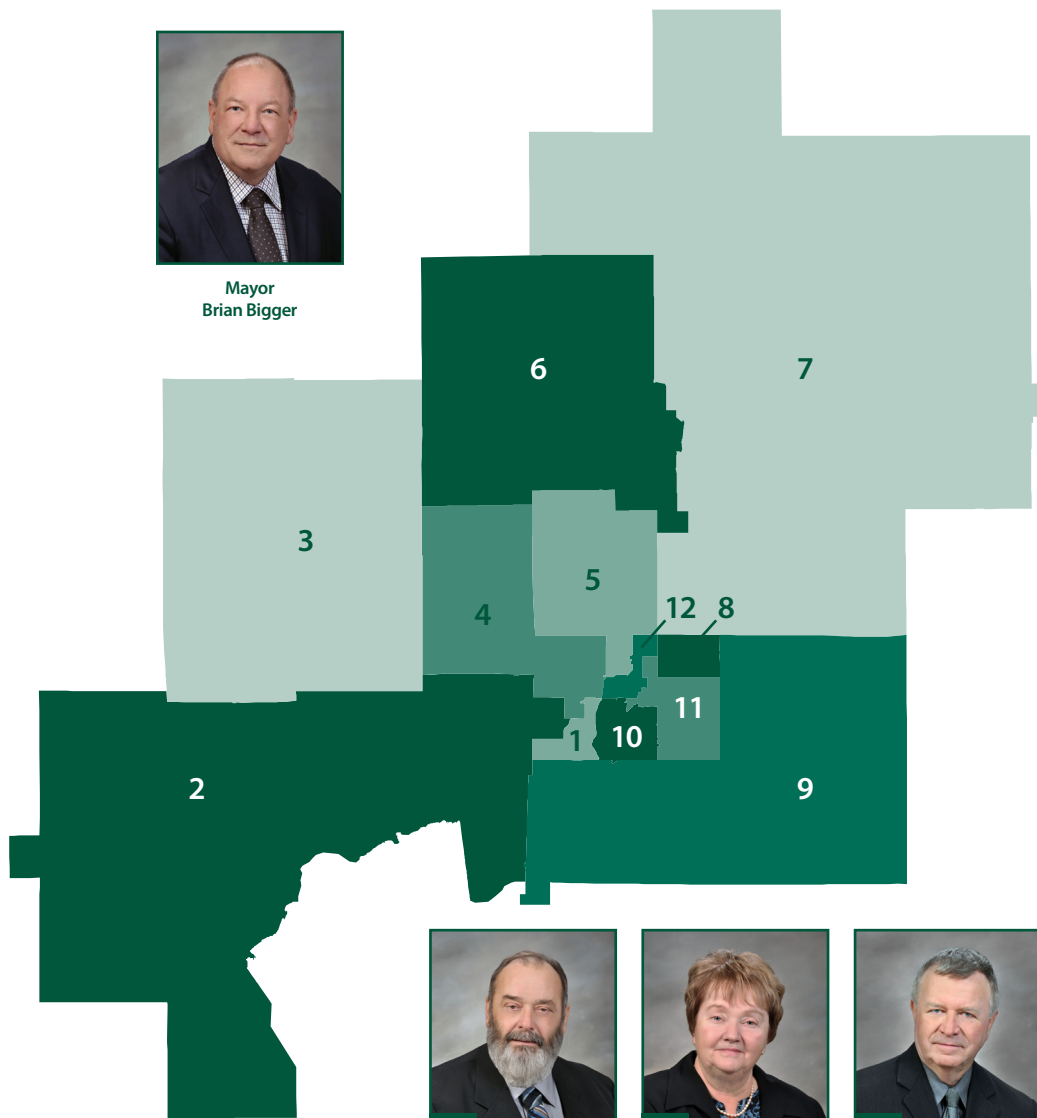
## City Council

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

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



Mayor  
Brian Bigger



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: Citizen and Leisure Services, Infrastructure Services, Growth and Development, Health, Social and Emergency Services, Human Resources and Organizational Development, Administrative Services

and Financial Services and Assets. These departments work together to ensure that citizens' needs are met in a professional, timely manner to achieve the goals of Council and provide excellent service and delivery of programs and services to our community.



### Acting Chief Administrative Officer

- Corporate Communications and French Language Services
- Strategic Initiatives



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

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



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

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



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

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



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

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



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

- Economic Development
- Building Services
- Planning Services



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

- Citizen Services
- Leisure Services



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

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



## Vision, Mission, Values

### Vision

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

### Mission

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

### Values

In fulfilling our roles we commit ourselves to:

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



## Strategic Goals and Strategies

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

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

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

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



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



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

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

### Finance Strategic Plan

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

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

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

### Financial Reporting

#### **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENT**

The City of Greater Sudbury's management is responsible for all information contained in the Annual Financial Report. This report provides the annual consolidated financial results for the City of Greater Sudbury for the year ending December 31, 2014 prepared in accordance with legislation and in accordance with generally accepted accounting principles for public sector entities as defined in the Public Sector Accounting Handbook.

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

#### **Fully consolidated entities include:**

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

#### **Government Business Enterprises include:**

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



The budget presented in the 2014 audited financial statements has been restated to conform to the Public Sector Accounting Standards. The standards require that all interfund transfers, capital expenditures, and debt principal repayments be removed and amortization, employee future benefits and landfill closure and post closure costs be included. Note 17 to the financial statements reconciles the 2014 approved operating and capital budgets, as approved by Council, adding the approved consolidated board budgets, in year budget adjustments in accordance with the Operating Budget Policy and adjusted for the items noted above.

### EXTERNAL AUDITORS

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

For the year ended December 31, 2014, PWC issued an unqualified audit opinion, meaning that in all material respects, the financial position of the City of Greater Sudbury and the results of its operations are free from material misstatements.

### AUDIT COMMITTEE

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



### FINANCIAL ACCOUNTABILITY

#### Performance Measurement and Benchmarking

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

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

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

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

## Financial Management

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

### PURCHASING BY-LAW

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

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

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



### TOWARD FISCAL SUSTAINABILITY PLAN

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

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

### LONG TERM DEBT

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

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

## RESERVE AND RESERVE FUNDS

The City maintains reserve and reserve funds in accordance with the Reserve and Reserve Fund By-law. They are a critical component of a municipality's long-term financing plan. The purpose of maintaining reserves is to:

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

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



## DEVELOPMENT CHARGES

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

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



## 2014 Budget

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

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

### BUDGET PROCESS

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

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

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

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

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



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

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

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

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

## 2015 Outlook

### 2015 BUDGET

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

### ORGANIZATIONAL CHANGES

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

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

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

### OPEN GOVERNMENT AND OPEN DATA

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

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

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

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



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

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



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

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

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

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

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

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

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

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

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

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

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

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

Source: 2014 Budget at a Glance

## 2014 Financial Results

### Consolidated Statement of Financial Position

#### Financial assets summary

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

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

Investments in GBEs are the City's investments in the Sudbury Airport Community Development Corporation and Greater Sudbury Utilities Inc. The investment is comprised of notes receivable and the accumulated surplus of the two corporations.

#### Financial liabilities summary

The City's financial liabilities are mostly comprised of accounts payable, employee benefit obligations and long term liabilities. Financial liabilities have increased by 19% from \$232 million to \$277 million.

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

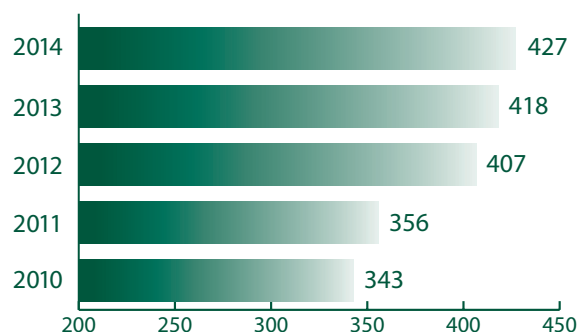
Employee benefit obligations have increased by 2% from 2013. These obligations are for post-employment benefits, vacation pay accrued, sick leave and WSIB.

Long term liabilities for 2014 are \$33 million, a decrease of 13% from 2013 and are comprised of long term debt to acquire tangible capital assets and accrued obligations for Health Sciences North and Northern Ontario School of Architecture among others.

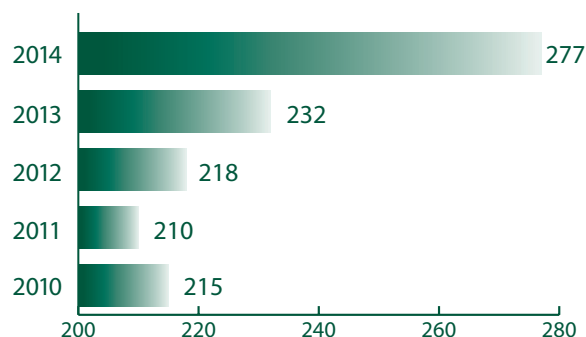
#### Accumulated surplus breakdown

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

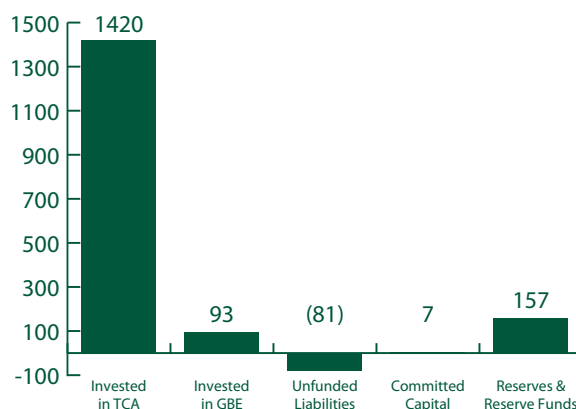
2014 Financial assets (in millions \$)



2014 Financial Liabilities (in millions \$)



2014 Accumulated surplus breakdown (in millions \$)



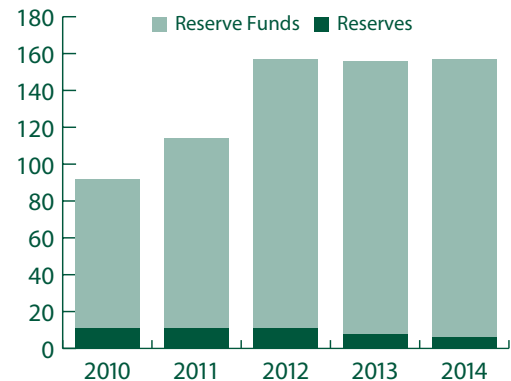
### Reserves and Reserve Funds

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

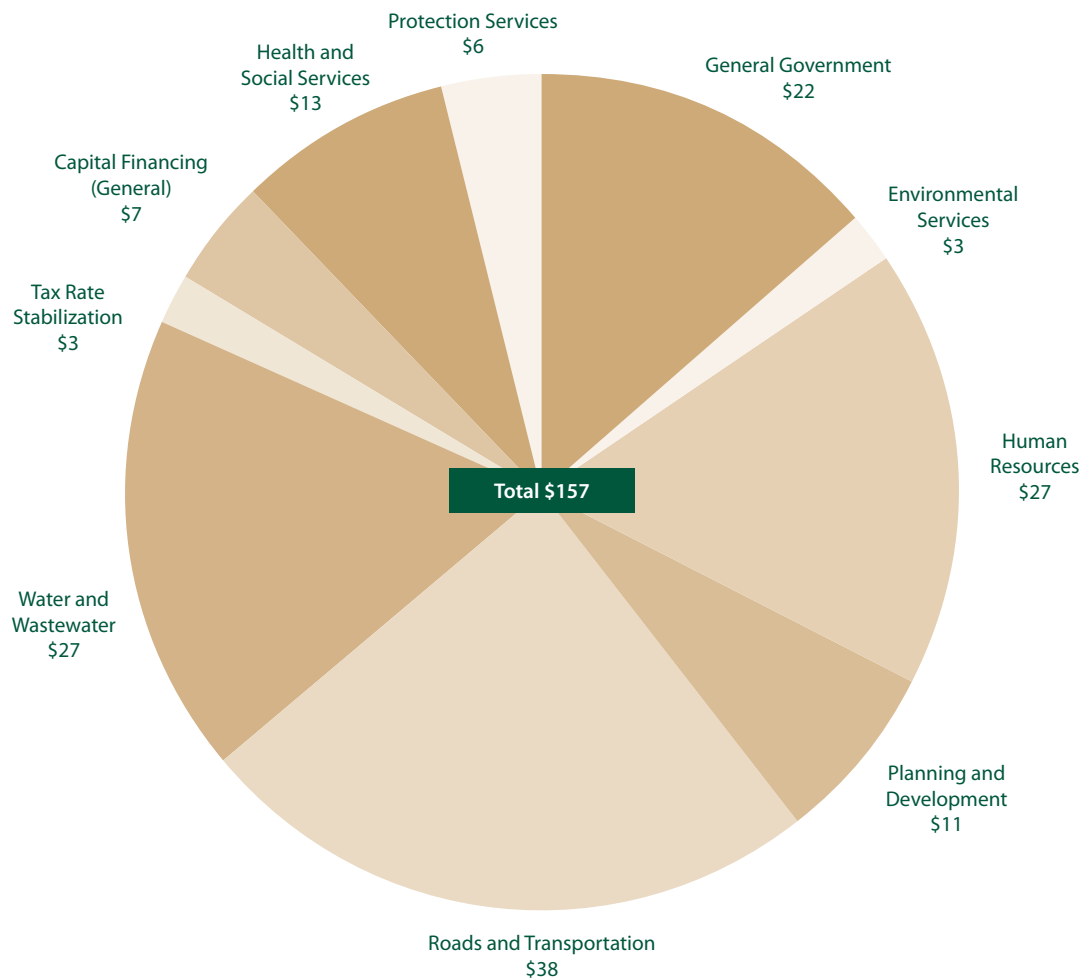
Reserves offer liquidity which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally. The level of reserves and reserve funds is a key measure of the financial health of a municipality.

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

2014 Reserves and reserve funds (in millions \$)



2014 Reserves and Reserve Funds  
(in millions \$)



## Consolidated Statement of Operations

### Revenues

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

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

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

Revenues (in millions \$)

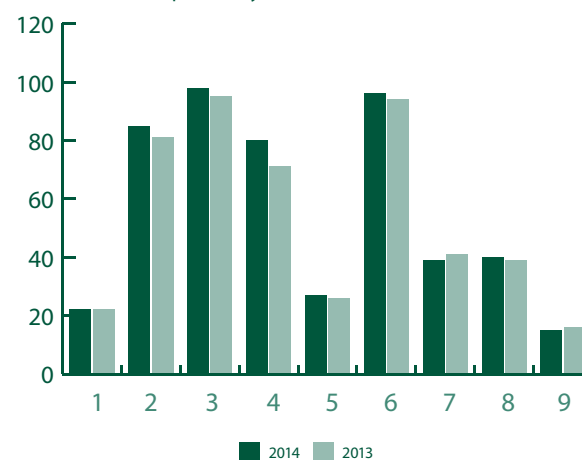


### Expenses

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

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

Expenses by Function (in millions \$)



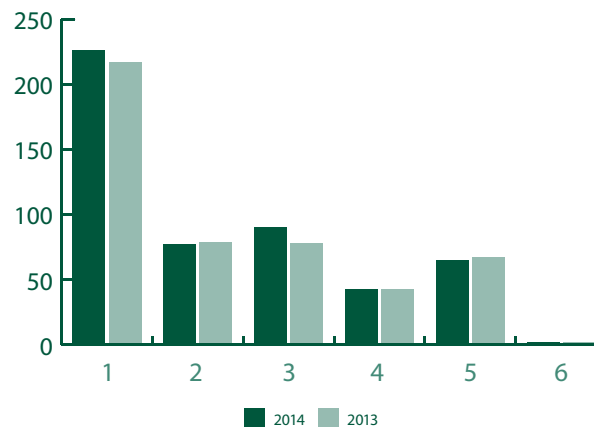
### Expenses by Category

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

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

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

Expenses by Category (in millions \$)



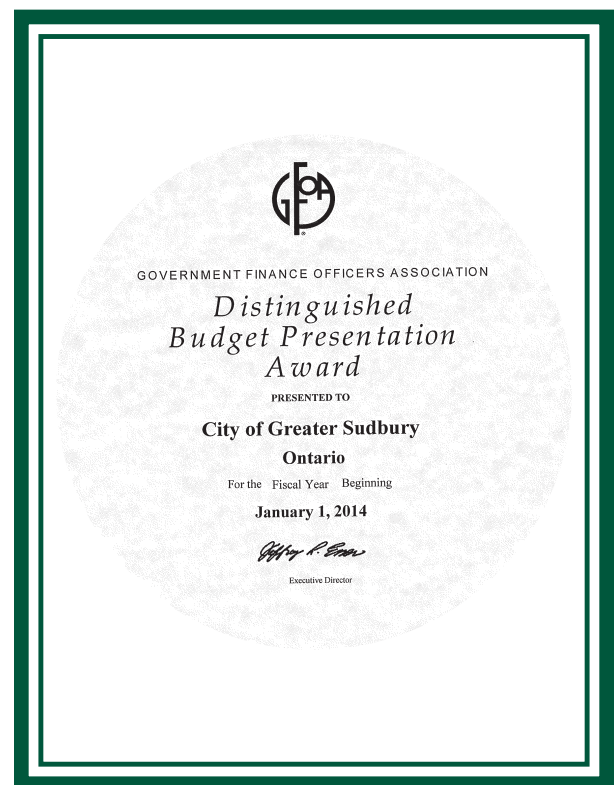
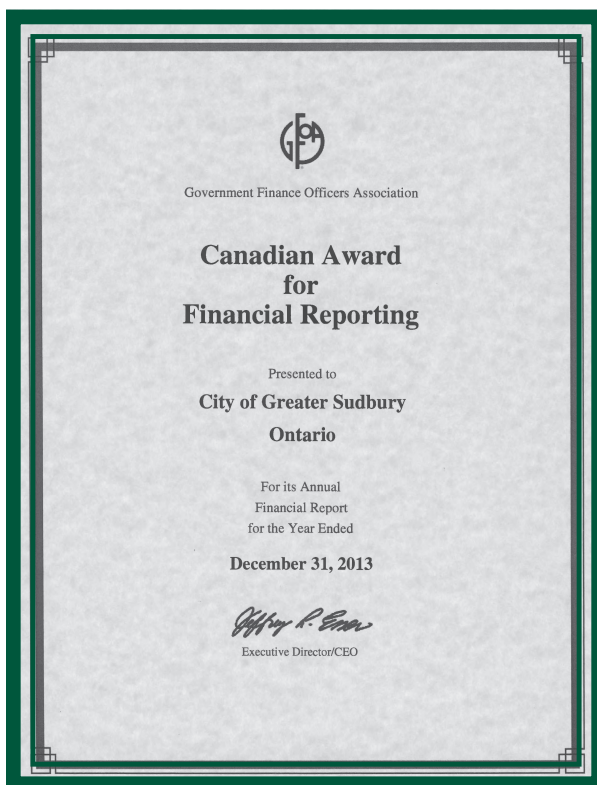
## Awards

### Government Finance Officers Association Award for Financial Reporting

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

### Government Finance Officers Association Distinguished Budget Award

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



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





Consolidated Financial Statements of

## **CITY OF GREATER SUDBURY**

Year ended December 31, 2014

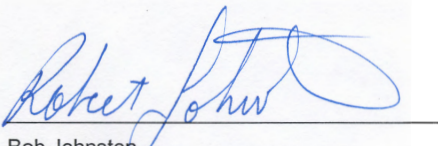
### Management's Responsibility for the Consolidated Financial Statements

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

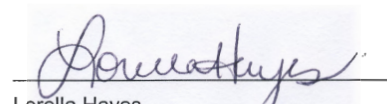
The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

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

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



Bob Johnston  
Interim Chief Administrative Officer



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



June 16, 2015

## **Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of the City of Greater Sudbury, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cashflows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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

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

**Opinion**

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

**Other matters**

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

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

## CITY OF GREATER SUDBURY

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

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

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

## CITY OF GREATER SUDBURY

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

December 31, 2014, with comparative figures for 2013

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

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



## CITY OF GREATER SUDBURY

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

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

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

# CITY OF GREATER SUDBURY

## Consolidated Statement of Cash Flows

(in thousands of dollars)

December 31, 2014, with comparative figures for 2013

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

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

# CITY OF GREATER SUDBURY

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

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

## 1. Significant accounting policies

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

### (a) Reporting entity

#### (i) Consolidated Entities

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

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

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

#### (ii) Related Entities

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

Nickel District Conservation Authority  
Sudbury & District Health Unit  
City of Greater Sudbury Community Development Corporation

# CITY OF GREATER SUDBURY

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

## 1. Significant accounting policies (continued)

### (a) Reporting entity (continued)

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

The following contributions were made by the City to these entities

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

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

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

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

#### (iv) Accounting for School Board Transactions

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

### (b) Revenue recognition

#### Government Transfers

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

## CITY OF GREATER SUDBURY

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

---

### 1. Significant accounting policies (continued)

#### (b) Revenue recognition (continued)

##### Taxation and related revenues

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

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

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

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

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

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



## CITY OF GREATER SUDBURY

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

---

### 1. Significant accounting policies (continued)

#### (b) Revenue recognition (continued)

##### Taxation and related revenues (continued)

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

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

##### User Charges

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

##### Fines and Penalties

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

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

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

##### Other Revenue

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

## CITY OF GREATER SUDBURY

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

---

### 1. Significant accounting policies (continued)

#### (c) Investments and Investment Income

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

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

#### (d) Inventory held for resale

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

#### (e) Pensions and Employee Benefits

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

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

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

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

Vacation entitlements are accrued for as entitlements are earned.

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

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

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

# CITY OF GREATER SUDBURY

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

## 1. Significant accounting policies (continued)

### (f) Deferred Revenue - Obligatory Reserve Funds

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

### (g) Deferred Revenue – Other

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

### (h) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (i) Tangible Capital Assets

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

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

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

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

# CITY OF GREATER SUDBURY

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

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## 1. Significant accounting policies (continued)

### (h) Non financial assets (continued)

#### (i) Tangible Capital Assets (continued)

##### (i) Contributions of tangible capital assets

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

##### (ii) Capital interest

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

##### (iii) Leased tangible capital assets

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

##### (iv) Inventory

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

##### (v) Tangible capital assets disclosed at nominal values

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

##### (vi) Works of art and historical treasures

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

#### (i) Landfill closure and post closure liability

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

# CITY OF GREATER SUDBURY

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

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## 1. Significant accounting policies (continued)

### (j) Use of estimates

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

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

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

Actual results could differ from these estimates.

## 2. Accounting Standards issued but not yet adopted

Financial Instruments, PS 3450, Foreign Currency Translation, PS 2601, and Financial Statement Presentation, PS 1201 are effective for fiscal years beginning on or after April 1, 2016. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. PS 2601 Foreign Currency Translation includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

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

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



## CITY OF GREATER SUDBURY

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

### 3. Taxes receivable

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

### 4. Accounts receivable

Accounts receivable consists of the following:

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

### 5. Investment in Government Business Enterprises

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

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

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

The investment of \$81,531 in GSU includes a promissory note receivable of \$52,340 (2013 - \$52,340) which is unsecured and bears interest at a rate of 7.25% per annum. The note is repayable in full upon six months written notice from the City.

## CITY OF GREATER SUDBURY

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

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

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

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

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

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

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

## CITY OF GREATER SUDBURY

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

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

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

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

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

A payable of \$56 (2013 - \$186) for electricity and water bill payments collected by the City on behalf of GSU.

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

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

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

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

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

## CITY OF GREATER SUDBURY

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

### 6. Investments

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

The investments consisting of term deposits, treasury bills, ONE Fund Money Market and Bond Market funds and bonds earn rates of return ranging from 0.5% to 6.73% per annum and are recorded at cost adjusted for amortization of discounts and premiums. Maturity dates on long term investments range from 2015 to 2033 (2013 – 2014 to 2033).

By-Law 2013-179 adopted the Investment Policy which allows up to \$150,000 to be invested in long-term instruments (greater than one year). The remainder of the portfolio is restricted to short-term investments (one year and shorter). At December 31, 2014, the City is in compliance with the requirements of By-Law 2013-179.

### 7. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2013 - \$10,000) bearing interest at the bank's prime rate less 0.5% for Bankers' Acceptance and 0.9% on loans with an effective rate of 2.5 % (2013 – 2.5%) per annum. No amounts were drawn against the facility as at December 31, 2014 and 2013.

### 8. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

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

## CITY OF GREATER SUDBURY

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

### 9. Deferred revenue – other

Deferred revenue - other consist of the following:

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

### 10. Employee benefit obligations

Employee benefit obligations consist of the following:

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

The City has established reserve funds in the amount of \$14,738 (2013 - \$12,382) to mitigate the future impact of these obligations.

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

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

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

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

## CITY OF GREATER SUDBURY

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

### 10. Employee benefit obligations (continued)

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

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

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

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

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

	WSIB	Sick Leave	Other Post-Employment Benefits
Expected inflation rate	2.1%	2.1%	2.1%
Expected level of salary increases	N/A	2.1%	2.1%
Discount rate	4.0%	4.0%	4.0%

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



## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2014

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### 11. Solid waste management facility liability

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

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

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

#### Active sites

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

The estimated remaining capacity of the Valley East landfill site is 34% (678,570 cubic meters) (2013 - 35%) of its total estimated capacity and its estimated remaining life is 21 years (2013 - 22 years), after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Rayside-Balfour landfill site is 51% (759,204 cubic meters) (2013 - 53%) of its total estimated capacity and its estimated remaining life is 34 years (2013 - 35 years), after which the period for post-closure care is estimated to be 25 years.

## CITY OF GREATER SUDBURY

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

### 12. Long-term liabilities

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

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

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

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

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

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

## CITY OF GREATER SUDBURY

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

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

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

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

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

### 13. Operations of school boards

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

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

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2014

## 14. Tangible capital assets

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

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

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

## CITY OF GREATER SUDBURY

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

### 14. Tangible capital assets (continued):

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

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

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

## CITY OF GREATER SUDBURY

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

### 14. Tangible capital assets (continued)

#### a) Assets under construction

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

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

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

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

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

### 15. Contractual obligations and commitments

#### (a) Contracts for capital projects

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

## CITY OF GREATER SUDBURY

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

### 15. Contractual obligations and commitments (continued)

#### (b) Contracts for services

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

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

#### (c) Contingent liabilities

As at December 31, 2014, certain legal actions are pending against the City. An estimate of the contingency cannot be made since the outcome of these matters is indeterminable. Should any loss result from the resolution of these matters, such loss would be charged to operations in the year of disposition.

#### (d) Liability for Contaminated Sites

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the City is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. As at December 31, 2014 there is no liability recorded in the consolidated financial statements. The City will continue to review contaminated sites on an annual basis and when the criteria for recognition have been met, a liability will be recorded.

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

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

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

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



## CITY OF GREATER SUDBURY

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

### 16. Accumulated surplus

Accumulated surplus consists of the following:

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

## CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2014

### 17. Budget data

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

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

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

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

## CITY OF GREATER SUDBURY

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

### 18. Taxation

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

### 19. Other revenues

Other revenues consist of:

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

### 20. Trust funds

Trust funds amounting to \$16,336 (2013 - \$15,911) administered by the City are not included in the consolidated financial statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

### 21. Segmented disclosure

The City is a diversified municipal government institution that provides a wide range of services to more than 160,000 citizens. Services include water, roads, fire, police, emergency medical services, waste management, public transit, recreation programs, economic development, land use planning and health and social services. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

# CITY OF GREATER SUDBURY

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

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## 21. Segmented disclosure (continued)

### General Government

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

### Transportation Services

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

### Protection Services

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

### Environmental Services

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

### Health and Social Services

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

## CITY OF GREATER SUDBURY

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

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### 21. Segmented disclosure (continued)

#### Recreation and Cultural Services

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

#### Planning and Development Services

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

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

# CITY OF GREATER SUDBURY

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

## 21 Segmented Disclosure (continued)

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

# CITY OF GREATER SUDBURY

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

## 21 Segmented Disclosure (continued)

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



## CITY OF GREATER SUDBURY

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

### 22. Supplementary financial information

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

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

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

##### Provincial

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

# CITY OF GREATER SUDBURY

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

## 22. Supplementary financial information (continued)

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

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

(1) Most recent Amended Service agreement

## CITY OF GREATER SUDBURY

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

### 22. Supplementary financial information (continued)

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

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

### 23. Comparative figures

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



Financial Statements of

# **CITY OF GREATER SUDBURY TRUST FUNDS**

Year ended December 31, 2014



June 16, 2015

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the City of Greater Sudbury Trust Funds, which comprise the statement of financial position as at December 31, 2014 and the statement of changes in fund balances for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*PricewaterhouseCoopers LLP*

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



**Opinion**

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

**DRAFT**

**Chartered Professional Accountants, Licensed Public Accountants**



# CITY OF GREATER SUDBURY TRUST FUNDS

## Statement of Financial Position

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

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

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

# CITY OF GREATER SUDBURY

## TRUST FUNDS

### Statement of Changes in Fund Balances

(in thousands of dollars)

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

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

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

# CITY OF GREATER SUDBURY

## TRUST FUNDS

Notes to Financial Statements

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

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### 1. Organization:

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

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

### 2. Significant accounting policies:

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

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

Revenue and Expenses:

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

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

At December 31, 2014, the Funds have amounts due from the City of \$14,894 [2013 - \$14,430] that arose as a result of investment and banking transactions due to the City maintaining bank accounts or holding investments on behalf of the Funds. These amounts are non interest bearing other than \$1,121 and \$7,382 which bear interest at the rates of 2.33% and 3.83% respectively (2013 – 2.30% and 3.80%) and are due on demand.

### 4. Fednor Project Business Planning Initiative:

Fednor has advanced \$110 to be used by the Regional Business Centre, a division of the City of Greater Sudbury, to aid small businesses. The advance is non-interest bearing. The funds were subsequently loaned to small businesses. The loans are non-interest bearing and have been fully provided for. The Regional Business Centre may be asked by Fednor to repay this advance or the advance may be forgiven. To date Fednor has not asked for repayment or forgiven the advance.

## Statistical Information

### Consolidated Statement of Financial Position

(in thousands of dollars)

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

## Statistical Information (continued)

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

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

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

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

## Statistical Information (continued)

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

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

### Additional Information (in thousands of dollars)

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

## Statistical Information (continued)

### Additional Information (continued)

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