

## Request for Decision

### 2011 Annual Financial Statements

Presented To:	Audit Committee
Presented:	Tuesday, Jun 19, 2012
Report Date	Friday, Jun 08, 2012
Type:	Presentations

### Recommendation

THAT the Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2011 as presented be accepted and recommended for Council approval.

## Background

The Consolidated Financial Statements of the City of Greater Sudbury and the City of Greater Sudbury Trust funds for the year ended December 31, 2011 are attached. 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, 2011:

- Consolidated Financial Statements of the City of Greater Sudbury
- Ministry 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**

Lorraine Laplante  
Co-ordinator of Accounting  
*Digitally Signed Jun 8, 12*

**Division Review**

Paddy Buchanan  
Manager of Accounting  
*Digitally Signed Jun 8, 12*

**Recommended by the Department**

Lorella Hayes  
Chief Financial Officer/Treasurer  
*Digitally Signed Jun 8, 12*

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

Doug Nadorozny  
Chief Administrative Officer  
*Digitally Signed Jun 12, 12*

Consolidated Financial Statements of

# **CITY OF GREATER SUDBURY**

Year ended December 31, 2011

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# CITY OF GREATER SUDBURY

## Consolidated Financial Statements Index

(in thousands of dollars)

Year ended December 31, 2011

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## **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 Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

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Doug Nadorozny  
Chief Administrative Officer

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Lorella Hayes  
Chief Financial Officer and Treasurer

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**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, 2011 and the consolidated statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

**Auditor's responsibility**

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

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

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

**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, 2011 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matters**

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which explain that certain comparative information for the year ended and as at December 31, 2010 has been restated. The consolidated financial statements as at December 31, 2010 and for the year then ended, prior to restatement of the comparative information, were audited by other auditors who expressed an unmodified opinion on those consolidated financial statements on June 29, 2011.

The accompanying financial statements schedules as at and for the year ended December 31, 2011 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.

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**Chartered Accountants, Licensed Public Accountants**

Toronto, Canada

[Date]

# CITY OF GREATER SUDBURY

## Consolidated Statement of Financial Position

(in thousands of dollars)

December 31, 2011, with restated comparative figures for 2010

	2011	2010
		(restated - note 2)
<b>Financial assets:</b>		
Cash	\$ 8,700	21,034
Taxes receivable	6,611	10,920
Accounts receivable	35,897	50,405
Inventory held for resale	1,253	930
Investment in Government Business Enterprises (note 3 (b))	79,965	79,811
Note receivable	-	4,184
Investments (note 4)	223,582	175,355
	356,008	342,639
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	70,846	73,553
Employee benefit obligations (note 5)	47,708	46,276
Deferred revenue - obligatory reserve funds (note 6)	27,106	30,359
Deferred revenue - other	6,968	12,297
Solid waste management facility liability (note 7)	11,153	11,816
Long-term liabilities (note 8)	46,093	38,583
	209,874	212,884
Net financial assets	146,134	129,755
<b>Non-financial assets:</b>		
Tangible capital assets (note 11)	1,332,785	1,318,739
Other	6,094	5,035
	1,338,879	1,323,774
Contractual obligations and commitments (note 12)		
<b>Accumulated Surplus (note 13)</b>	<b>\$ 1,485,013</b>	<b>1,453,529</b>

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)

Year ended December 31, 2011, with restated comparative figures for 2010

	2011	2010
		(restated - note 2)
<b>Revenues:</b>		
Government transfers - Provincial	\$ 141,645	231,195
- Federal	12,398	15,825
Taxation	214,772	206,257
User charges	103,155	99,027
Investment income	12,243	11,083
Fines and penalties	5,133	5,243
Other	27,052	17,838
Government Business Enterprises net earnings (note 3 (a))	154	5,635
	516,552	592,103
<b>Expenses:</b>		
General government	20,651	21,657
Protection to persons and property	79,541	76,801
Transportation services	92,577	86,116
Environmental services	68,967	73,487
Health services	25,345	24,732
Social and family services	93,621	153,980
Social housing	41,118	44,858
Recreation and cultural services	47,938	38,896
Planning and development	15,310	12,810
	485,068	533,337
<b>Annual Surplus</b>	31,484	58,766
Accumulated surplus, beginning of the year	1,453,529	1,394,763
<b>Accumulated surplus, end of the year</b>	\$ 1,485,013	1,453,529

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)

Year ended December 31, 2011, with restated comparative figures for 2010

	2011	2010
		(restated - note 2)
Annual Surplus	\$ 31,484	58,766
Acquisition of tangible capital assets	(90,652)	(108,329)
Amortization of tangible capital assets	66,911	67,588
Loss on sale of tangible capital assets	9,240	5,147
Proceeds on sale of tangible capital assets	455	247
	17,438	23,419
Change in other assets	(1,059)	(800)
<b>Change in net financial assets</b>	<b>16,379</b>	<b>22,619</b>
Net financial assets, beginning of the year	129,755	107,136
<b>Net financial assets, end of the year</b>	<b>\$ 146,134</b>	<b>129,755</b>

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)

Year ended December 31, 2011, with restated comparative figures for 2010

	2011	2010
		(restated - note 2)
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses	\$ 31,484	\$ 58,766
Items not involving cash:		
Amortization of tangible capital assets	66,911	67,588
Loss on sale of tangible capital assets	9,240	5,147
Developer contributions of tangible capital assets	(14,634)	(7,215)
Change in employee benefit obligations	1,432	1,438
Change in solid waste management facility liability	(663)	(117)
Equity income in Government Business Enterprises	(154)	(5,635)
Change in non-cash working capital:		
Increase in note receivable	4,184	(4,184)
Decrease in inventory held for resale	(323)	46
Increase in deferred revenue obligatory reserve funds	(3,253)	(1,209)
Increase (decrease) in deferred revenue other	(5,329)	(10,457)
Decrease (increase) in accounts and taxes receivable	18,817	(632)
Increase in other assets	(1,059)	(800)
Increase in accounts payable and accrued liabilities	(2,707)	1,994
	103,946	104,730
<b>Cash flows from financing activities:</b>		
Debt principal repayments	(1,311)	(1,452)
Financial obligations	9,036	(2,010)
Capital lease obligations	(215)	(235)
	7,510	(3,697)
<b>Cash flow from capital activities:</b>		
Proceeds on sale of tangible capital assets	455	247
Cash used to acquire tangible capital assets	(76,018)	(101,114)
	(75,563)	(100,867)
<b>Cash flows from investing activities:</b>		
Investments	(48,227)	1,961
Redemption of shares	-	4,184
	(48,227)	6,145
<b>Net increase (decrease) in cash</b>	(12,334)	6,311
Cash, beginning of year	21,034	14,723
<b>Cash, end of year</b>	\$ 8,700	\$ 21,034
<b>Supplementary Information</b>		
Cash paid for interest on debt	\$ 1,389	\$ 1,344

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, 2011

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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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

### (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, 2011

## 1. Significant accounting policies (continued):

### (a) Reporting entity (continued):

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

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

	2011	2010
Nickel District Conservation Authority	\$ 584	554
Sudbury & District Health Unit	5,490	5,373
City of Greater Sudbury Community Development Corporation	1,405	887
	\$ 7,479	6,814

#### (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 are recognized in the fiscal year in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met and reasonable estimates of the amounts can be made.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

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## 1. Significant accounting policies (continued):

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

#### Taxation and related revenues:

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

The amount of the total annual 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 taxes 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) and the tax rate for the class (approved by Council), 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 prior to Council's approval of the final operating budget and the approved property tax levy for the year. Final bills are issued in May, following Council's approval of the operating budget for the year, the total property tax levy, and the property tax rates needed to fund the City's operations.

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, 2011

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## 1. Significant accounting policies (continued):

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

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

Taxation revenues in any year may also be reduced by reductions in assessment values resulting from assessment and/or property tax appeals. Each year, an amount is identified within the annual operating budget 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 transit fees, utility charges (water, wastewater and solid waste), licensing fees, fees for use of various programs, and fees imposed based on specific activities. 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.

### (c) Expenses:

Expenses are recognized in the year that the events giving rise to the expenses occur and there is a legal or constructive obligation to pay.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

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## 1. Significant accounting policies (continued):

### (d) Investments:

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.

### (e) 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.

### (f) 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 expenditure on the consolidated statement of operations and accumulated surplus.

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 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 by reference to market interest rates at the measurement date on high-quality debt instruments with 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, 2011

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## 1. Significant accounting policies (continued):

### (g) 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.

### (h) 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 related expenses are incurred, services are performed or when stipulations are met.

### (i) 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	20 - 100 years
Buildings	15 - 60 years
Machinery, furniture and equipment	4- 30 years
Vehicles	2- 20 years
Infrastructure:	
Land improvements	50 years
Plants and facilities	10 - 60 years
Roads infrastructure	15 - 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, 2011

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## 1. Significant accounting policies (continued):

### (i) Non-financial assets (continued):

#### (ii) Contributions of tangible capital assets:

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

#### (iii) Capital interest:

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

#### (iv) 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.

#### (v) Inventory:

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

#### (vi) 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 and equipment are the categories where nominal values were assigned.

#### (vii) 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.

#### (j) 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, 2011

## 1. Significant accounting policies (continued):

### (k) 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. Restatement of Prior Period Consolidated Financial Statements

During the year, a review of the Landfill Closure and Post-Closure Care Liability report was undertaken and it was determined that the remaining site life calculation had been reported inaccurately which resulted in an overstatement of the solid waste management facility liability.

This change is being accounted for on a retroactive basis, with prior period restatement, in accordance with PS 2120 of the Public Sector Accounting Handbook.

The impact of this change is as follows:

### Consolidated Statement of Financial Position

	2010 (as reported)	2010 (as restated)	Change
Solid waste management facility liability	\$ 14,106	\$ 11,816	\$ (2,290)
Accumulated Surplus	1,451,239	1,453,529	2,290

### Consolidated Statement of Operations and Accumulated Surplus

	2010 (as reported)	2010 (as restated)	Change
Environmental Services	\$ 73,882	\$ 73,487	(395)
<b>Total expenses</b>	<b>533,732</b>	<b>533,337</b>	<b>(395)</b>
Annual Surplus	58,371	58,766	395
<b>Accumulated surplus, beginning of the year</b>	<b>1,392,868</b>	<b>1,394,763</b>	<b>1,895</b>
<b>Accumulated surplus, end of the year</b>	<b>1,451,239</b>	<b>1,453,529</b>	<b>2,290</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

## 3. Investment in Government Business Enterprises:

The Sudbury Airport Community Development Corporation (SACDC) and Greater Sudbury Utilities Inc. (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 following table provides condensed supplementary financial information for the year ending December 31, 2011:

	SACDC	GSU	2011 Total	2010 Total
<b>Financial Position</b>				
Current assets	\$ 2,208	\$ 30,406	\$ 32,614	\$ 35,095
Capital assets	16,529	85,121	101,650	97,735
Other assets	-	14,895	14,895	13,459
<b>Total assets</b>	<b>18,737</b>	<b>130,422</b>	<b>149,159</b>	<b>146,289</b>
Current liabilities	943	17,725	18,668	25,632
Note payable to the City of Greater Sudbury	912	52,341	53,253	52,341
Other long-term liabilities	9,280	40,334	49,614	40,846
<b>Total liabilities</b>	<b>11,135</b>	<b>110,400</b>	<b>121,535</b>	<b>118,819</b>
<b>Net assets</b>	<b>\$ 7,602</b>	<b>\$ 20,022</b>	<b>\$ 27,624</b>	<b>\$ 27,470</b>
<b>Results of operations:</b>				
Revenue	\$ 5,430	\$ 116,605	\$ 122,035	\$ 115,675
Expenses	(5,025)	(112,858)	(117,883)	(106,039)
Gain (loss) on sale of assets	-	(203)	(203)	(207)
Interest paid to the City of Greater Sudbury	-	(3,795)	(3,795)	(3,794)
<b>Net income (loss)</b>	<b>\$ 405</b>	<b>\$ (251)</b>	<b>\$ 154</b>	<b>\$ 5,635</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

## 3. Investment in Government Business Enterprises (continued):

(b) The investment at December 31, 2011 consists of the following:

	SACDC	GSU	2011 Total	2010 Total
Balance, beginning of year	\$ 7,197	72,614	79,811	78,360
City's share of operating income for the year	405	(251)	154	5,635
Redemption of shares	-	-	-	(4,184)
Balance, end of year	\$ 7,602	72,363	79,965	79,811

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

- (i) The investment includes a promissory note of \$52,341 from the Greater Sudbury Utilities Inc. 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 of the City.

During the year interest totaling \$3,795 (2010 - \$3,794) was received from the Greater Sudbury Utilities Inc. on the promissory note receivable.

- (ii) The investment includes a promissory note of \$1,488 from The Sudbury Airport Community Development Corporation that accrues interest at the City's average monthly rate of return on investments plus 1% and has no specified terms of repayment.

There is an amount of \$2,386 held in the Trust funds administered by the City for The Sudbury Airport Community Development Corporation which are not included in these consolidated financial statements.

## 4. Investments:

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 discount or premium. The investments have a market value of \$229,397 (2010 - \$180,653).

## 5. Employee benefit obligations:

Details of the obligations at December 31 are as follows:

	2011	2010
Future payments required for:		
WSIB obligations	\$ 1,067	917
Accumulated sick leave benefits	6,134	6,159
Other post-employment benefits	27,115	26,508
Vacation pay	13,392	12,692
	\$ 47,708	46,276

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

## 5. Employee benefit obligations (continued):

The City has established reserve funds in the amount of \$7,782 (2010 - \$7,113) 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.

The following table sets out the results as determined by the actuarial valuation completed for the year ended December 31, 2009 and extrapolated to December 31, 2011 for each of the plans.

	WSIB	Sick Leave	Other Post-Employment Benefits	2011 Total	2010 Total
Accrued benefit liability, beginning of year	\$ 3,136	5,723	27,130	35,989	36,218
Benefit cost	590	325	1,085	2,000	1,955
Interest cost	167	280	1,328	1,775	1,782
Benefit payments	(913)	(586)	(2,191)	(3,690)	(3,800)
Actuarial gain (loss)	139	(34)	3,505	3,610	(166)
Accrued benefit liability, end of year	3,119	5,708	30,857	39,684	35,989
Unamortized actuarial gain (loss)	(2,052)	426	(3,742)	(5,368)	(2,405)
	\$ 1,067	6,134	27,115	34,316	33,584

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

	WSIB	Sick Leave	Other Post-Employment Benefits	2011 Total	2010 Total
Current period benefit cost	\$ 590	325	1,085	2,000	1,955
Prior period cost of plan amendment incurred during the year	-	-	4	4	206
Amortization of actuarial loss (gain)	307	(44)	385	648	599
Benefit interest expense	167	280	1,328	1,775	1,782
Total benefit expense	\$ 1,064	561	2,802	4,427	4,542

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2011

## 5. Employee benefit obligations (continued):

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	2.5%	2.5%	2.5%
Expected level of salary increases	N/A	2.3%	2.3%
Discount rate	5%	5%	5%

For other post employment benefits, as at December 31, 2011, the initial health care trend rate is 8.29% (2010 – 8.51%) and the ultimate trend rate is 4.5% (2010 – 4.5%) which is expected to be reached in 2029 (2010 – 2029).

## 6. Deferred revenue - obligatory reserve funds:

The balances in deferred revenue - obligatory reserve funds consist of:

	2011	2010
Sub-divider contributions	\$ 7,529	8,659
Development Charges Act	497	393
Recreational Land (The Planning Act)	674	837
Gasoline Tax - Province	376	864
Gasoline Tax - Federal	10,169	10,955
Building Permit Revenues (Bill 124)	7,861	7,427
Canada Transit Funding (Bill C-48)	-	1,224
	\$ 27,106	30,359

## 7. 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.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

## 7. Solid waste management facility liability (continued):

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 5% (2010 - 5%) minus an inflation rate of 1.87% (2010 - 1.90%) (10-year average of CPI from 2002 to 2011). The estimated total landfill closure and post-closure care expenses are calculated to be \$19,384 (2010 - \$20,898). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2011 an amount of \$11,153 (2010 - \$11,816) with respect to landfill closure and post-closure liabilities has been accrued.

### Active sites:

The estimated remaining capacity of the Sudbury landfill site is 53% (4,113,000 cubic meters) (2010 - 54%) of its total estimated capacity and its estimated remaining life is 37 years (2010 - 31 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 37% (735,000 cubic meters) (2010 - 38%) of its total estimated capacity and its estimated remaining life is 24 years (2010 - 25 years), after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Rayside-Balfour landfill site is 55% (809,000 cubic meters) (2010 - 59%) of its total estimated capacity and its estimated remaining life is 24 years (2010 - 21 years), after which the period for post-closure care is estimated to be 25 years.

## 8. Long-term liabilities:

(a) Long-term liabilities reported on the consolidated statement of financial position consist of the following:

	2011	2010
Debentures (i)	\$ 19,680	20,817
Capital lease obligations (ii)	716	931
Other loans (iii)	3,631	3,805
Accrued financial obligations (iv)	22,066	13,030
	\$ 46,093	38,583

- (i) The debentures bear interest at rates of 5.386% to 5.734%, repayable in aggregate blended monthly payments of \$189, maturing in 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 0% to 5.49%, repayable in aggregate blended annual payments of \$364, maturing in October 2013 to November, 2029.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

## 8. Long-term liabilities (continued):

(iv) Accrued financial obligations consist of the following:

	Last Year of Obligation		2011	2010
Sudbury Regional Hospital	2023	\$	8,171	8,871
Northeastern Ontario Regional Cancer Centre	2023		3,529	3,829
Northern Ontario School of Architecture	2019		10,000	—
Physician Service Agreements	2014		366	330
		\$	22,066	13,030

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

	2012	\$	6,216
	2013		3,728
	2014		3,739
	2015		3,786
	2016		3,744
	Thereafter		24,880
		\$	46,093

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

General Municipal revenues	\$	42,483
Water/wastewater user fees		3,610
	\$	46,093

The City expensed \$1,379 in 2011 (2010 - \$ 1,547) in interest on these borrowings.

## 9. 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:

		2011	2010
Taxation	\$	47,806	47,409
Payments in lieu of taxes		137	136
	\$	47,943	47,545

## 10. Pension agreement:

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 2011 was \$12,150 (2010 - \$10,029).

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

## 11. Tangible capital assets:

Cost	Balance December 31, 2010	Additions	Disposals	Balance at December 31, 2011
General Capital:				
Land	\$ 59,639	\$ 3,556	\$ (259)	\$ 62,936
Landfill and land improvements	36,491	9,239	(5)	45,725
Buildings	268,592	26,716	(4,151)	291,157
Machinery, furniture and equipment	86,097	7,014	(1,905)	91,206
Vehicles	69,499	5,043	(4,503)	70,039
Infrastructure:				
Land improvements	2,556	1,414	-	3,970
Plants and facilities	300,831	16,970	(531)	317,270
Roads infrastructure	1,084,063	34,189	(17,675)	1,100,577
Water and sewer infrastructure	444,315	12,659	(701)	456,273
Assets under construction	53,103	(26,148)	-	26,955
Total	\$ 2,405,186	\$ 90,652	\$ (29,730)	\$ 2,466,108

Accumulated amortization	Balance December 31, 2010	Amortization expense	Disposals	Balance at December 31, 2011
General Capital:				
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	11,781	885	(2)	12,664
Buildings	119,290	7,713	(3,815)	123,188
Machinery, furniture and equipment	48,130	6,862	(1,884)	53,108
Vehicles	35,473	4,725	(4,351)	35,847
Infrastructure:				
Land improvements	580	79	-	659
Plants and facilities	149,281	8,749	(440)	157,590
Roads infrastructure	594,754	31,598	(9,145)	617,207
Water and sewer infrastructure	127,158	6,300	(398)	133,060
Assets under construction	-	-	-	-
Total	\$ 1,086,447	\$ 66,911	\$ (20,035)	\$ 1,133,323

	Net book value December 31, 2010	Net book value December 31, 2011
General Capital:		
Land	\$ 59,639	\$ 62,936
Landfill and land improvements	24,710	33,061
Buildings	149,302	167,969
Machinery, furniture and equipment	37,967	38,098
Vehicles	34,026	34,192
Infrastructure:		
Land improvements	1,976	3,311
Plants and facilities	151,550	159,680
Roads infrastructure	489,309	483,370
Water and sewer infrastructure	317,157	323,213
Assets under construction	53,103	26,955
Total	\$ 1,318,739	\$ 1,332,785



# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

## 11. Tangible capital assets (continued):

Cost	Balance December 31, 2009	Additions	Disposals	Balance at December 31, 2010
General Capital:				
Land	\$ 57,955	\$ 1,803	\$ (119)	\$ 59,639
Landfill and land improvements	31,375	5,757	(641)	36,491
Buildings	249,800	19,012	(220)	268,592
Machinery, furniture and equipment	80,259	7,989	(2,151)	86,097
Vehicles	64,043	7,686	(2,230)	69,499
Infrastructure:				
Land improvements	2,022	534	-	2,556
Plants and facilities	289,231	11,600	-	300,831
Roads infrastructure	1,049,754	57,244	(22,935)	1,084,063
Water and sewer infrastructure	436,098	8,374	(157)	444,315
Assets under construction	64,773	(11,670)	-	53,103
Total	\$ 2,325,310	\$ 108,329	\$ (28,453)	\$ 2,405,186

Accumulated amortization	Balance December 31, 2009	Amortization expense	Disposals	Balance at December 31, 2010
General Capital:				
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	9,883	2,539	(641)	11,781
Buildings	111,804	7,659	(173)	119,290
Machinery, furniture and equipment	43,489	6,784	(2,143)	48,130
Vehicles	33,080	4,623	(2,230)	35,473
Infrastructure:				
Land improvements	538	42	-	580
Plants and facilities	141,012	8,269	-	149,281
Roads infrastructure	580,960	31,528	(17,734)	594,754
Water and sewer infrastructure	121,152	6,144	(138)	127,158
Assets under construction	-	-	-	-
Total	\$ 1,041,918	\$ 67,588	\$ (23,059)	\$ 1,086,447

	Net book value December 31, 2009	Net book value December 31, 2010
General Capital:		
Land	\$ 57,955	\$ 59,639
Landfill and land improvements	21,492	24,710
Buildings	137,996	149,302
Machinery, furniture and equipment	36,770	37,967
Vehicles	30,963	34,026
Infrastructure:		
Land improvements	1,484	1,976
Plants and facilities	148,219	151,550
Roads infrastructure	468,794	489,309
Water and sewer infrastructure	314,946	317,157
Assets under construction	64,773	53,103
Total	\$ 1,283,392	\$ 1,318,739

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2011

## 11. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$26,955 (2010 - \$53,103) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$13,468 (2010 - \$40,194) to assets under construction and transferred \$39,616 (2010 - \$51,864) 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 \$14,635 (2010 - \$7,214) comprised of the following:

	2011	2010
General Capital		
Land	\$ 763	143
Landfill and land improvements	426	-
Machinery and equipment	370	382
Infrastructure		
Land improvements	-	534
Roads network	7,135	4,122
Water and wastewater network	5,941	2,033
Total	\$ 14,635	7,214

## 12. Contractual obligations and commitments:

### (a) Contracts for capital projects:

The balance of capital works uncompleted under contracts in progress at December 31, 2011 amounts to approximately \$13,728 (2010 - \$18,489). The proposed financing of these obligations is \$13,728 (2010 - \$17,379) from surplus funds and \$ nil (2010 - \$1,110) from provincial grants and federal grants.

# CITY OF GREATER SUDBURY

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

### (b) Contracts for services:

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

2012	\$	17,776
2013		12,761
2014		9,969
2015		9,580
2016		5,915
	\$	56,001

### (c) Contingent liabilities:

As at December 31, 2011, 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.

## 13. Accumulated surplus:

Accumulated surplus consists of the following:

	2011	2010
		(restated – note 3)
<b>Surplus:</b>		
Invested in tangible capital assets	\$1,308,523	\$ 1,292,940
Invested in government business enterprise	79,965	79,811
Other	1,449	1,096
Committed capital:		
Capital projects not fully complete	76,015	75,024
Unfinanced capital projects to be recovered through taxation or user charges	(17,161)	(16,190)
Unfunded:		
Landfill closure costs	(11,153)	(11,816)
Employee benefits	(47,708)	(46,276)
Accrued financial obligations	(19,200)	(12,700)
	1,370,730	1,361,889
<b>Reserves</b>	11,171	10,891
<b>Reserve funds</b>	103,112	80,749
	\$1,485,013	\$ 1,453,529

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

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## 14. Comparative figures:

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

## 15. Trust funds:

Trust funds amounting to \$12,111 (2010 - \$11,704) 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.

## 16. Budget figures:

The budget figures are not directly comparable with current year actual amounts, and therefore, budgets have not been reflected in the consolidated statement of operations and accumulated surplus and change in net financial assets. The total revenues, expenses and annual surplus originally budgeted for the year ended December 31, 2011 was \$471,866, \$471,866 and \$ nil respectively.

## 17. Segmented disclosure:

The City of Greater Sudbury 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:

### 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 and Financial 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 Sudbury Airport Community Development Corporation.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
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Year ended December 31, 2011

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## 17. Segmented disclosure (continued):

### 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 ensure the safety of the lives and property of citizens; preserve peace and order; prevent 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.

### 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.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2011

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## 17. Segmented disclosure (continued):

### 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.

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# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
Year ended December 31, 2011

## 17. Segmented Disclosure (continued)

	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	\$ 2,676	12,321	24,197	2,104	100,680	7,926	4,139		154,043
Taxation	15,182	63,259	53,940	-	41,512	32,768	8,111		214,772
User charges	3,813	4,609	10,084	59,364	16,882	7,695	708		103,155
Other	1,211	8,647	12,288	9,472	4,974	4,367	3,469	154	44,582
	22,882	88,836	100,509	70,940	164,048	52,756	16,427	154	516,552
<b>Expenses</b>									
Salaries, wages and benefits	24,029	63,249	27,899	16,545	52,866	17,980	6,847		209,415
Materials and contract services	8,233	8,496	28,118	34,840	56,412	22,476	5,206		163,781
Grants and transfer payments	150	620	7	61	38,417	652	2,222		42,129
Amortization	812	3,340	35,475	16,181	6,596	4,020	487		66,911
Other	818	684	115	383	497	322	13		2,832
Allocation of shared expenses	(13,390)	3,152	963	957	5,296	2,488	534		-
	20,652	79,541	92,577	68,967	160,084	47,938	15,309	-	485,068
<b>Annual surplus</b>	\$ 2,230	9,295	7,932	1,973	3,964	4,818	1,118	154	31,484

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
Year ended December 31, 2011

## 17. Segmented Disclosure (continued)

December 31, 2010	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	\$ 3,041	15,038	41,873	2,056	170,577	11,571	2,864	-	247,020
Taxation	18,443	65,486	38,239	11,951	41,787	21,757	8,594	-	206,257
User charges	3,528	4,283	9,079	57,233	16,570	7,518	816	-	99,027
Other	1,401	8,886	6,782	5,722	4,898	3,658	2,817	5,635	39,799
	26,413	93,693	95,973	76,962	233,832	44,504	15,091	5,635	592,103
<b>Expenses</b>									
Salaries, wages and benefits	22,072	61,152	24,516	18,411	49,324	17,012	6,675	-	199,162
Materials and contract services	8,979	8,633	24,726	35,922	52,719	13,992	4,962	-	149,933
Grants and transfer payments	71	652	5	65	109,667	1,643	1,225	-	113,328
Amortization	1,044	3,101	35,374	17,415	6,393	3,830	430	-	67,587
Other	1,277	389	83	729	494	178	177	-	3,327
Allocation of shared expenses	(11,787)	2,874	1,413	945	4,972	2,240	(657)	-	-
	21,656	76,801	86,117	73,487	223,569	38,895	12,812	-	533,337
<b>Annual surplus</b>	\$ 4,757	16,892	9,856	3,475	10,263	5,609	2,279	5,635	58,766



# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2011

### 18. Supplementary financial information

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

	2011	2010
<b>Revenues:</b>		
Government transfers (note 1)		
- Provincial	\$ 419	\$ 434
- Federal	20	16
Fines and fees	156	141
Other	10	17
	<u>605</u>	<u>608</u>
<b>Expenses:</b>		
Salaries, wages and benefits	\$ 4,284	\$ 4,168
Materials and contract services	1,558	1,612
	<u>5,842</u>	<u>5,781</u>
<b>Excess of revenue over expenses</b>	<u>\$ (5,237)</u>	<u>\$ (5,173)</u>

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

##### Provincial

Ministry of Tourism and Culture - Operating	\$ 403	\$ 373
Ministry of Tourism and Culture - Other	13	7
Ontario Library Service - North	3	3
Southern Ontario Library Service	-	51
	<u>\$ 419</u>	<u>\$ 434</u>

##### Federal

Fednor	\$ 12	\$ 16
Human Resources Development Canada	8	-
	<u>\$ 20</u>	<u>\$ 16</u>

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2011

### 18. Supplementary financial information

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

	2011					
	REVENUES					
	Ministry of Education	Legislated Cost Share	Other Revenues	Total Revenues	Total Expenditures	Surplus / (Deficit)
Administration	\$ 309	\$ 682	\$ -	\$ 991	\$ 991	\$ -
Administration - ELCC	46	46	-	92	92	-
Fee Subsidy - DNA	2,205	551	1,136	3,892	3,892	-
Fee Subsidy - ELCC	309	77	57	444	444	-
Fee Subsidy - ELCD	190	-	-	190	190	-
Fee Subsidy - Ext. Day	139	-	13	153	153	-
OW - Formal	700	175	-	875	875	-
OW - Informal	55	14	-	69	69	-
Operating - ELCD	8,404	-	-	8,404	8,404	-
Pay Equity - DNA	225	-	-	225	225	-
Repairs and Maintenance	121	-	-	121	121	-
SNR - DNA	690	173	-	863	863	-
SNR - ELCC	56	14	-	70	70	-
Transition - Capital	24	-	-	24	24	-
Transition - Operating	198	-	-	198	198	-
Wage Improvement - NP	514	-	-	514	514	-
Wage Improvement - Com	72	-	-	72	72	-
WS - commercial - DNA	234	59	-	293	293	-
WS - commercial - ELCC	20	5	-	25	25	-
WS - non-profit - DNA	1,421	355	-	1,776	1,776	-
WS - non-profit - ELCC	260	65	-	325	325	-
	\$ 16,193	\$ 2,215	\$ 1,207	\$ 19,615	\$ 19,615	\$ -

Financial Statements of

**CITY OF GREATER SUDBURY  
TRUST FUNDS**

Year ended December 31, 2011

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the City of Greater Sudbury Trust Funds

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, 2011, and the statement of changes in fund balances for the year then ended, and 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.

### *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, 2011 and their financial performance for the year then ended in accordance with Canadian public sector accounting standards.

*Other matter*

The financial statements as at December 31, 2010 and for the year then ended were audited by other auditors who expressed an unmodified opinion on those consolidated financial statements in their report dated June 29, 2011.

DRAFT

[Auditor's signature]

Chartered Accountants, Licensed Public Accountants

[Date]

CITY OF GREATER SUDBURY  
TRUST FUNDS

Statement of Financial Position

(in thousands of dollars)

As at December 31, 2011, with comparative figures for 2010

		Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 4)	Cemetery Pre-Need	Cemetery Care and Maintenance	2011 Total	2010 Total
<b>Assets</b>									
Cash	\$	233	1,233					1,466	1,466
Due from City of Greater Sudbury (note 3)			3,223	19	6	951	6,535	10,734	10,221
Loans receivable					117			117	117
Allowance for doubtful loans					(117)			(117)	(100)
	\$	233	4,456	19	6	951	6,535	12,200	11,704
<b>Liabilities and Fund Balances</b>									
Accounts Payable		89						89	
Fund balances	\$	144	4,456	19	6	951	6,535	12,111	11,704
	\$	233	4,456	19	6	951	6,535	12,200	11,704

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, 2011, with comparative figures for 2010

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 4)	Cemetery Pre-Need	Cemetery Care and Maintenance	2011 Total	2010 Total
Fund balance, beginning of year	\$ 240	4,296	19	23	882	6,244	11,704	10,961
Revenue:								
Plot sales					104	291	395	830
Receipts from or on behalf of others	1,196		10				1,206	924
Interest earned	3	15			24	161	203	182
Subdividers' deposits		634					634	597
	1,199	649	10	-	128	452	2,438	2,533
Expenditure:								
Disbursements to or on behalf of residents	1,295						1,295	943
Refunds		489					489	649
Write-off of loan receivable				17			17	-
Transfer to City of Greater Sudbury			10		59	161	230	198
	1,295	489	10	17	59	161	2,031	1,790
Change in fund balance in the year	(96)	160	-	(17)	69	291	407	743
Fund balance, end of year	\$ 144	4,456	19	6	951	6,535	12,111	11,704

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, 2011  
(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, 2011, the Funds have amounts due from the City of \$10,734 [2010 - \$10,221] 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 \$951 and \$6,535 which bear interest at a rate of 2.49% (2010 – 2.48%) 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.