

Presented To:	Audit Committee
Presented:	Tuesday, Jun 04, 2019
Report Date	Monday, May 13, 2019
Type:	Presentations

## Request for Decision

### 2018 Annual Report including Consolidated Financial Statements

#### Resolution

THAT the City of Greater Sudbury accepts the Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2018 as outlined in the report entitled "2018 Annual Report including Consolidated Financial Statements" from the General Manager of Corporate Services, presented at the Audit Committee meeting on June 4, 2019.

#### Relationship to the Strategic Plan / Health Impact Assessment

This report refers to Responsive, Fiscally Prudent, Open Governance: Focus on openness, transparency and accountability in everything we do.

#### Report Summary

In accordance with the Municipal Act, 2001, section 294.1, annual financial statements must be prepared and approved in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board.

#### Financial Implications

This report has no financial implications.

#### Signed By

**Report Prepared By**

Christina Dempsey  
Co-ordinator of Accounting  
*Digitally Signed May 13, 19*

**Manager Review**

Lorraine Laplante  
Manager of Accounting  
*Digitally Signed May 13, 19*

**Division Review**

Ed Stankiewicz  
Executive Director of Finance, Assets  
and Fleet  
*Digitally Signed May 13, 19*

**Financial Implications**

Jim Lister  
Manager of Financial Planning and  
Budgeting  
*Digitally Signed May 14, 19*

**Recommended by the Department**

Kevin Fowke  
General Manager of Corporate  
Services  
*Digitally Signed May 14, 19*

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

Ed Archer  
Chief Administrative Officer  
*Digitally Signed May 15, 19*

## Background

The City's draft 2018 Annual Report describes the city's financial and non-financial accomplishments for the fiscal year. The Annual Report includes the Consolidated Financial Statements of the City of Greater Sudbury for the year ended December 31, 2018. These financial statements have been drafted by Finance in accordance with generally accepted accounting principles as established by the Public Sector Accounting Board and have been audited by KPMG, LLP. The Independent Auditor's Report expresses an unqualified audit opinion.

The Consolidated Financial Statements include the following entities which are owned or controlled by the City:

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

The financial results of these entities include the assets, liabilities, revenues and expenses of these entities. Any inter-organization transactions have been eliminated.

In addition, the City invests in two Government Business Enterprises (GBEs):

- Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc.
- Sudbury Airport Community Development Corporation

These investments are accounted for by the modified equity method, therefore, these investments are recorded as assets in the Consolidated Statement of Financial Position and their net earnings are recorded as revenues in the Consolidated Statement of Operations and Accumulated Surplus. Inter-organization transactions and balances are not eliminated.

The Consolidated Financial Statements include the following components:

Name	Purpose	Comments
<b>Consolidated Statement of Financial Position</b>	Provides a summary of the City's consolidated: <ul style="list-style-type: none"><li>• financial assets,</li><li>• financial liabilities,</li><li>• non-financial assets and</li><li>• accumulated surplus</li></ul>	Major components include: <ul style="list-style-type: none"><li>• Investment in GBE</li><li>• Investments</li><li>• Accounts payable and accrued liabilities</li><li>• Employee benefit obligations</li><li>• Long term liabilities</li><li>• Tangible Capital Assets</li></ul>

Name	Purpose	Comments
<b>Consolidated Statement of Operations and Accumulated Surplus</b>	<p>Provides a summary of the City's consolidated:</p> <ul style="list-style-type: none"> <li>• Revenues (includes operating, capital funding and contributions from reserves and reserve funds, GBE net earnings)</li> <li>• Expenses,</li> <li>• accumulated surplus</li> </ul>	<p>Major components include:</p> <ul style="list-style-type: none"> <li>• Government Transfers (operating and capital)</li> <li>• Taxation</li> <li>• User charges</li> <li>• Expenses categorized by: <ul style="list-style-type: none"> <li>▪ Function (Service area) and</li> <li>▪ Object (Types of expenses)</li> </ul> </li> </ul>
<b>Consolidated Statement of Change in Net Financial Assets</b>	<p>Provides a summary of the change in the City's consolidated net financial assets as a result of operations, tangible capital asset transactions and changes in other non-financial assets.</p>	<p>This statement indicates the whether the City has the ability to generate sufficient net revenues to fund it's capital and non-financial needs.</p>
<b>Consolidated Statement of Cash Flow</b>	<p>Provides the City's consolidated cash position and changes that affected the cash position.</p>	<p>Major components include:</p> <ul style="list-style-type: none"> <li>• Adjustments for non-cash transactions</li> <li>• Financial activities (i.e. long term debt transactions)</li> <li>• Capital activities (i.e. Tangible Capital Asset transactions) and</li> <li>• Investing activities (i.e. purchase / sale of investments)</li> </ul>
<b>Notes</b>	<p>Provides additional information regarding the City's significant accounting policies and additional information to supplement the statements above.</p>	<ul style="list-style-type: none"> <li>• Revenue recognition policies</li> <li>• Summary of GBE activities</li> <li>• Long term debt information</li> <li>• Accumulated Surplus details</li> <li>• Budget reconciliation</li> </ul>

Subsequent to Council ratification (June 11, 2019), the following financial reports for the year ended December 31, 2018 will be available on the City's website:

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

### **Summary**

The draft City of Greater Sudbury Annual Report for 2018 including the draft consolidated financial statements of the City of Greater Sudbury and draft financial statements of the City of Greater Sudbury Trust Funds including the respective draft auditor's reports have been presented to the Audit Committee, to be subsequently approved by Council.

The annual report will be emailed prior to or tabled at the June 4<sup>th</sup>, 2019 Audit Committee meeting.