

# ANNUAL REPORT 2018

FOR THE YEAR ENDING DECEMBER 31, 2018



2018  
S  
H  
I  
G  
H  
I  
G  
H



- ▶ 2015-2018 Corporate Strategic Plan
- ▶ Extreme weather
- ▶ Community engagement

**Clean Up**

July 9<sup>th</sup> storm



**5,157  
cubic metres**

of brush pick-up  
related to storm



2018  
S  
H  
I  
G  
H  
I  
G  
H



- ▶ Large projects
- ▶ Awards and Recognition
- ▶ Organization Activities



## What the numbers say



**24,803** megalitres of annual volume of treated wastewater

**20,056** megalitres of annual volume of treated drinking water



## Building Services



**10,352**

Building inspections



**24 hrs**

Average time to complete inspection

# Financial Management

Financially prudent, sustainable, open government

Long term  
financial plan

Reserve and  
reserve funds

Development  
Charges

Credit Rating

Debt financing

Budget

Water/wastewater  
rates

User fees



# Financial Reporting

Financially prudent, sustainable, open government

**GFOA  
award  
(budget)**

**Public input  
- budget**

**Variance  
reports**

**Financial  
condition**

**MBN Canada  
& BMA**

**Financial  
Information  
Return**

**GFOA award  
(annual  
report)**







Government Finance Officers Association

# Canadian Award for Financial Reporting

Presented to  
**City of Greater Sudbury**  
**Ontario**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2017**

*Christopher P. Morill*  
Executive Director/CEO

## ► Requirements

- ✓ Publicly reported
- ✓ Conform to GAAP
- ✓ Unqualified opinion

## ► What does it mean?

- ✓ Transparent
- ✓ Disclosure
- ✓ Clear and concise



		2018	2017	2016	2015	2014
Sustainability Indicators	Target					
Financial assets to financial liabilities	0.75 to 1.50	<b>1.66</b>	1.66	1.67	1.62	1.54
Total reserves and reserve funds per household	\$2,000 to \$3,500	<b>\$1,981</b>	\$1,931	\$2,132	\$2,209	\$2,101
Total operating expenses as a percentage of taxable assessment	2.0 % to 3.5 %	<b>2.3 %</b>	2.3 %	2.2 %	2.2 %	2.3 %
Capital additions as a percentage of amortization expense	150 % to 250 %	<b>111.4%</b>	133.2 %	95.2 %	225.0 %	161.3 %
Taxes receivable as a percentage of taxes levied	n/a	<b>2.7%</b>	3.0 %	2.4 %	2.3 %	2.3 %

# Financial Condition

## Sustainability

Ability to maintain existing service levels and meet existing creditor requirements without a significant increase to debt or property taxes.

		2018	2017	2016	2015	2014
Flexibility Indicators	Target					
Residential taxes per household	\$3,000 to \$5,000	\$2,258	\$2,176	\$2,072	\$1,978	\$1,966
Debt per household	\$2,000 to \$3,500	\$1,012	\$1,027	\$1,096	\$1,178	\$434
Residential taxes as a percentage of household income	3.0 to 5.0%	3.83 %	3.85 %	3.63 %	3.76 %	4.01 %
Total taxation as a percentage of total assessment	1.0% to 2.5%	1.24 %	1.22 %	1.17 %	1.18 %	1.24 %
Debt servicing costs (interest and principal) as a percentage of net revenues	2.0 % to 3.0 %	2.32 %	2.19 %	2.28 %	1.90 %	1.45 %
Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets	40 % to 60 %	48.8 %	49.7 %	50.3 %	51.4 %	50.7 %

# Financial Condition

## Flexibility

The City’s ability to increase its financial resources to address additional commitments and service levels.



		2018	2017	2016	2015	2014
Vulnerability Indicators	Target					
Ratio of government transfers to total revenue	n/a	0.28	0.30	0.25	0.27	0.26
Operating grants as a percentage of total revenues	10 % to 25 %	23.2 %	22.6 %	22.9 %	22.8 %	23.0 %
Capital grants as a percentage of total capital expenditures	10 % to 25 %	40.2 %	45.3 %	14.1 %	14.8 %	13.6 %

# Financial Condition

## Vulnerability

Is the degree to which the City is susceptible to changes in funding sources outside of the City’s control.

# Audited Financial Statements

**Roles and  
responsibilities**

**Management**

**Auditors**



# Financial Statements

## Consolidated Statement of:

- ❑ Financial Position
- ❑ Operations and Accumulated Surplus
- Change in Net Financial Assets
- Cash Flow
- Notes to Financial Statements



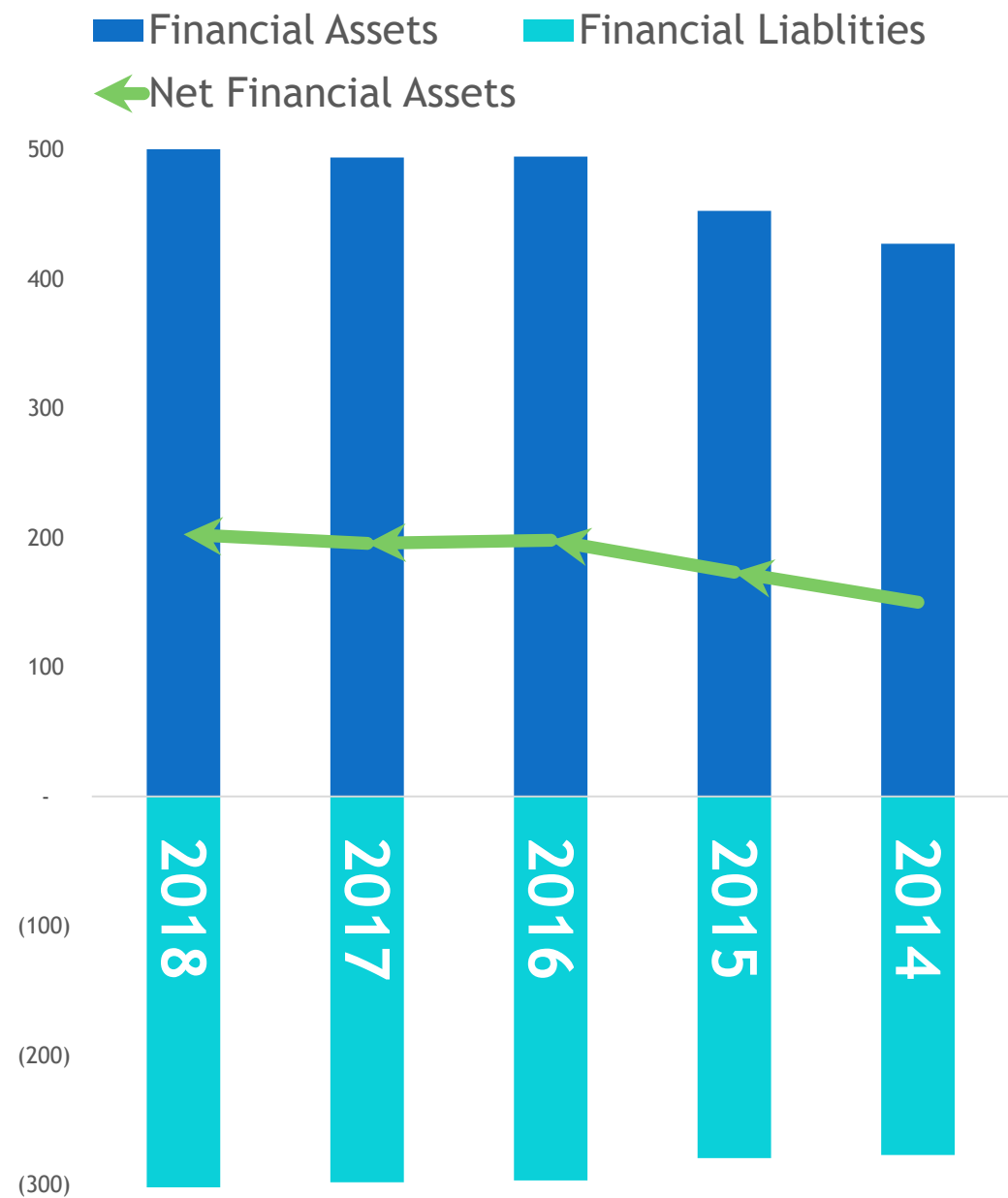
# Financial Results

## Statement of Financial Position

### Net Financial Assets

	2018	2017
<b>Financial assets</b>		
Cash	\$ 8,174	\$ 6,188
Taxes receivable (note 3)	8,532	9,360
Accounts receivable (note 4)	73,993	69,426
Inventory held for resale	1,802	2,474
Investment in Government Business Enterprises (note 5 (a))	114,145	108,150
Investments (note 6)	304,800	298,357
	511,446	493,955
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 7)	97,656	99,200
Deferred revenue - obligatory reserve funds (note 9)	50,418	40,489
Deferred revenue - other (note 10)	4,641	3,590
Employee benefit obligations (note 11)	65,209	62,523
Solid waste management facility liability (note 12)	14,316	14,944
Long-term liabilities (note 13)	76,530	77,472
	308,770	298,218
<b>Net financial assets</b>	<b>202,676</b>	<b>195,737</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	1,521,076	1,488,881
Inventory of supplies	4,523	3,976
Prepaid expenses	5,065	4,720
	1,530,664	1,497,577
Contractual rights and contingent assets (note 16)		
Contractual obligations and commitments (note 17)		
<b>Accumulated Surplus (note 18)</b>	<b>\$ 1,733,340</b>	<b>\$ 1,693,313</b>

Up \$7M:  
From  
\$196M to  
203M



# Financial Results

## Statement of Financial Position

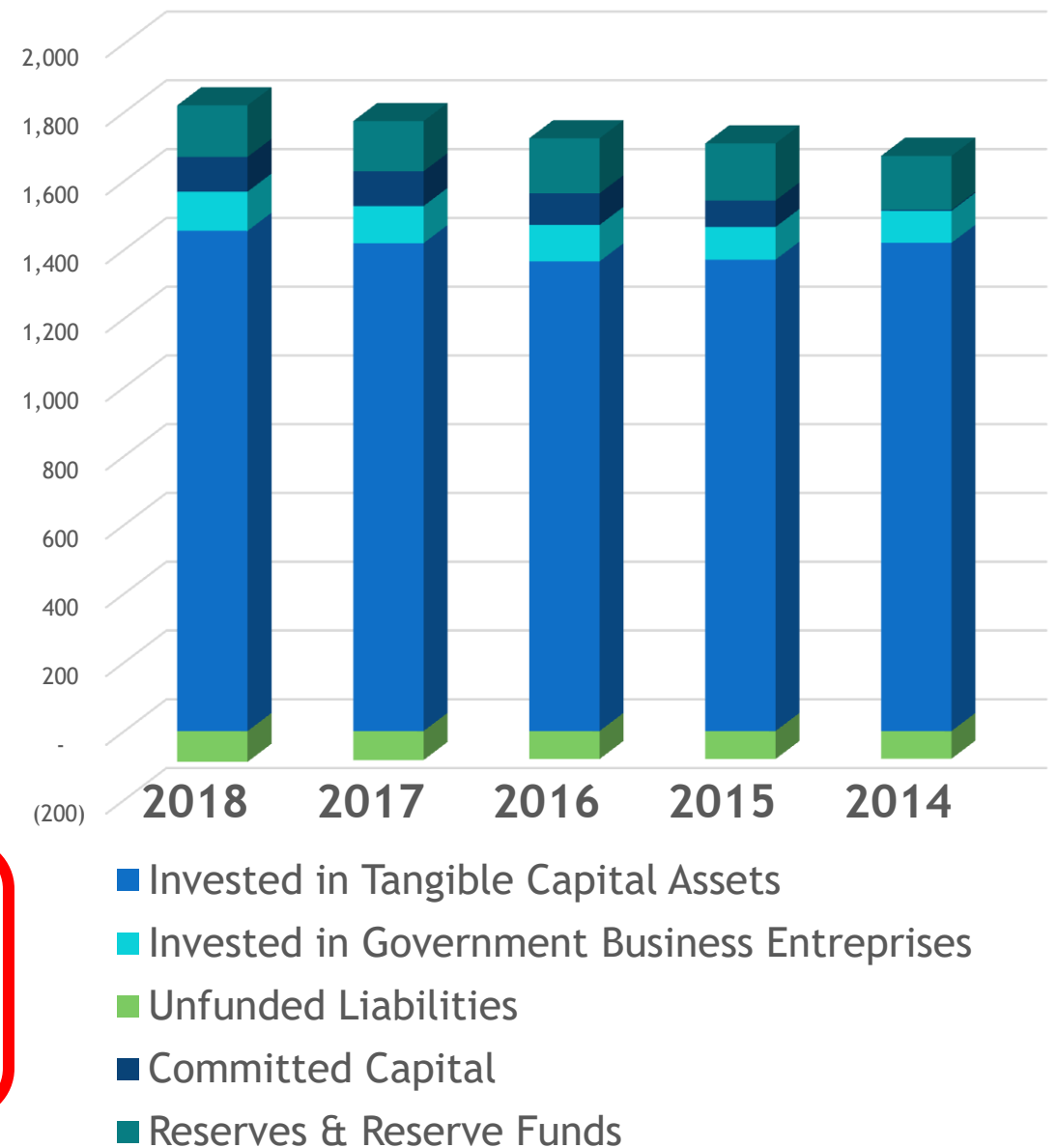
### Accumulated Surplus

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	1,530,664	1,497,577
Contractual rights and contingent assets (note 16)		
Contractual obligations and commitments (note 17)		
<b>Accumulated Surplus</b> (note 18)	\$ 1,733,340	\$ 1,693,313

Up \$40M:  
From  
\$1.69B to  
\$1.73B

13

### Accumulated Surplus

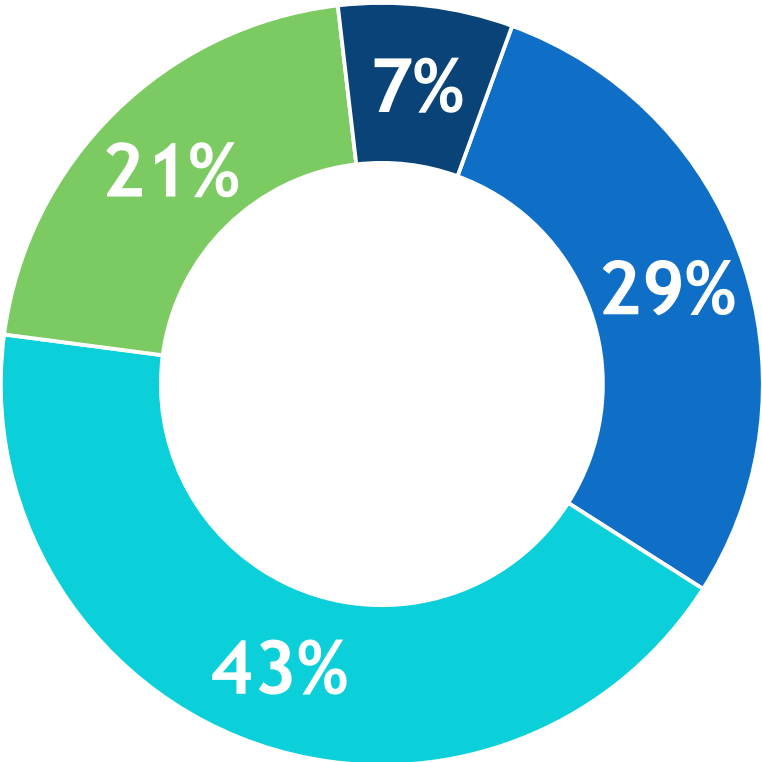




# Financial Results

## Statement of Operations and Accumulated Surplus

### Revenues



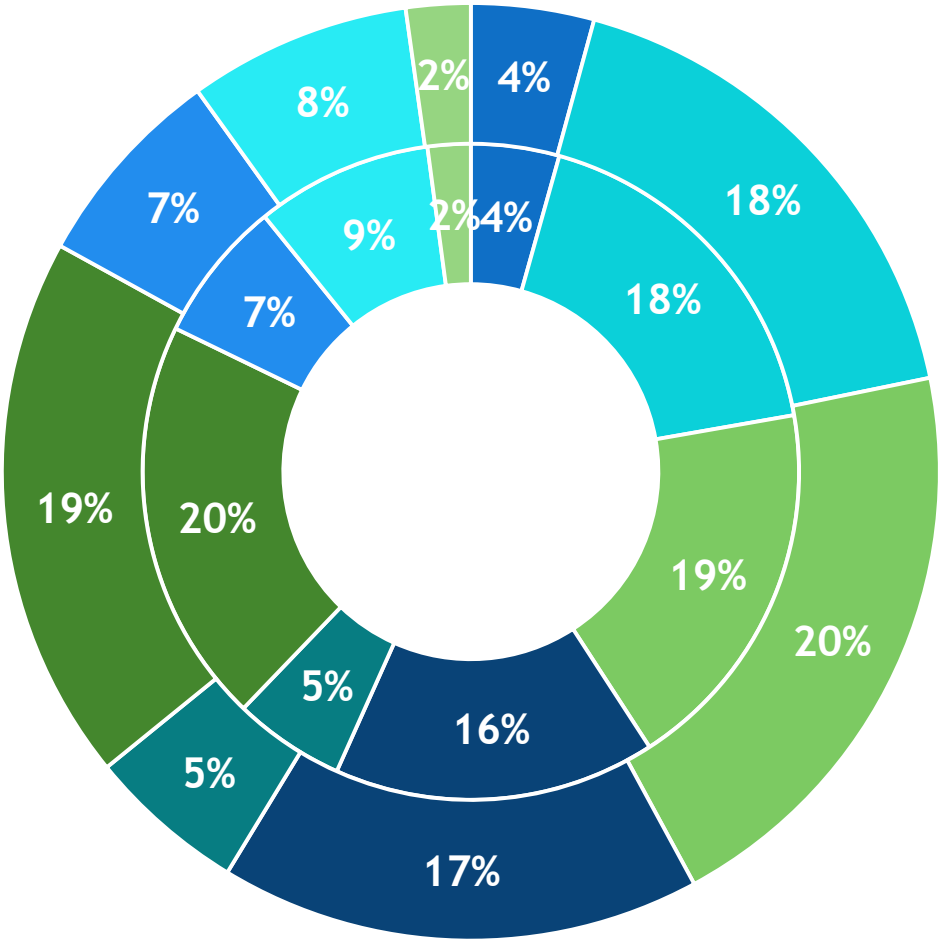
Up \$17M:  
From \$605M  
to \$623M

- Grants
- Taxation
- User charges
- Other sources

	2018 Budget	2018 Actual	2017 Actual
(note 19)			
Revenues			
Government transfers - Provincial	\$ 147,529	156,171	\$ 148,686
- Federal	21,217	21,170	31,557
Taxation (note 20)	268,808	267,956	257,561
User charges	131,972	131,252	124,053
Investment income	10,652	11,444	10,150
Fines and penalties	6,521	6,321	7,501
Other revenues (note 21)	20,333	22,307	23,762
Government Business Enterprises net earnings (note 5 (b))	2,565	5,995	2,164
	603,507	622,616	605,434
Expenses			
General government	25,821	25,343	23,700
Protection services	101,962	104,245	98,041
Transportation services	105,763	108,320	113,519
Environmental services	97,207	92,411	92,760
Health services	30,898	31,941	30,493
Social and family services	112,560	116,550	105,405
Social housing	37,140	40,747	39,599
Recreation and cultural services	44,916	50,705	42,911
Planning and development	12,780	12,327	12,448
	569,047	582,589	558,876
Annual Surplus	40,550	40,027	46,558

# Financial Results

## Statement of Operations and Accumulated Surplus



- General Government
- Protection Services
- Transportation Services
- Environmental Services
- Health Services
- Social and Family Services
- Social Housing
- Recreation and Cultural Services
- Planning and Development

Up  
\$23M:  
From  
\$559M  
to  
\$583M

	2018 Budget	2018 Actual	2017 Actual
(note 19)			
Revenues			
Government transfers - Provincial	\$ 147,529	156,171	\$ 148,686
- Federal	21,217	21,170	31,557
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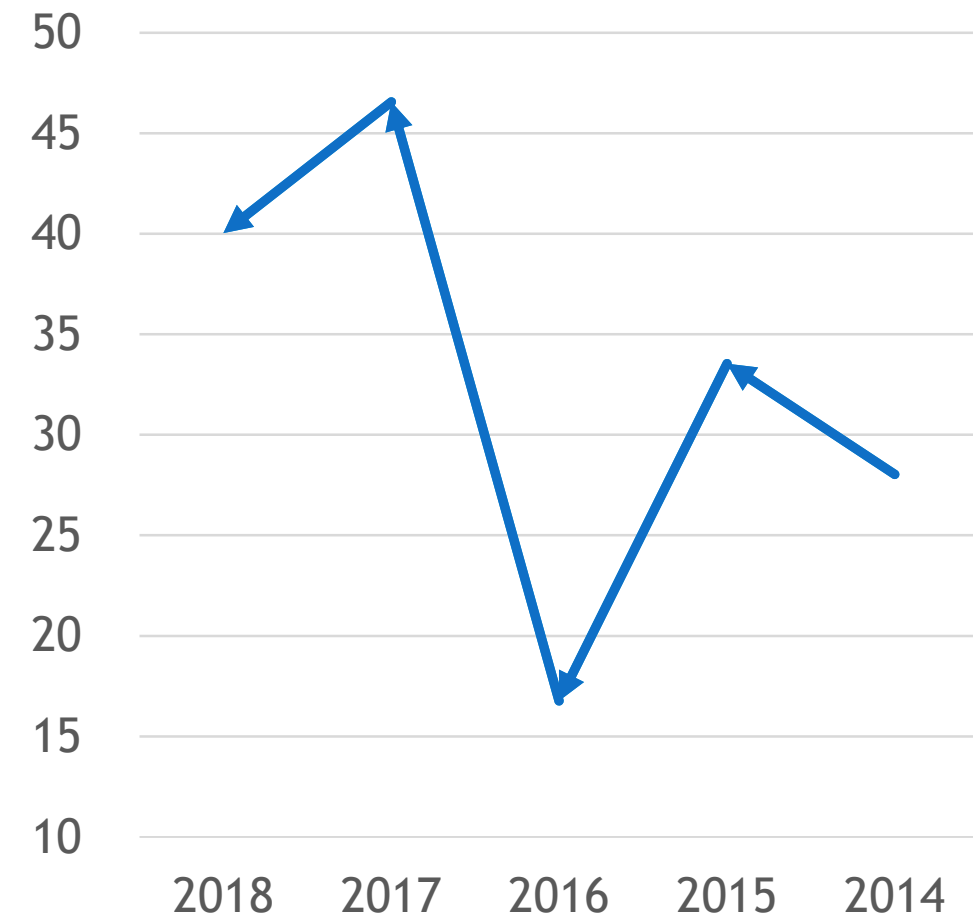
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	580,942	582,589	558,876

Annual Surplus			
	40,550	40,027	46,558

# Financial Results

## Statement of Operations and Accumulated Surplus

### 2018 Annual surplus



	2018	2018	2017
	Budget	Actual	Actual
(note 19)			
<b>Revenues</b>			
Government transfers - Provincial	\$ 147,529	156,171	\$ 148,686
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Recreation and cultural services	44,916	50,705	42,911
Planning and development	12,780	12,327	12,448
	569,047	582,589	558,876

2018 =  
\$40  
million

Annual Surplus

40,550

40,027

46,558

# Accounting Standards

- More than usual
- New statement of remeasurement gains and losses
- New assets/ liabilities being recorded
- Additional disclosure

- **On or after April 1, 2018 (effective 2019)**

- ↗ PS3430 Restructuring Transactions

- **On or after April 1, 2021 (effective 2022)**

- ↗ PS1201 Financial Statement Presentation

- ↗ PS2601 Foreign Currency Translation

- ↗ PS3041 Portfolio Investments

- ↗ PS3450 Financial Instruments

- ↗ PS3280 Asset retirement obligations

- **On or after April 1, 2022 (effective 2023)**

- ↗ PS3400 Revenue

# Questions?

