

City of Greater Sudbury
Ontario



2017

City of Greater Sudbury Annual Report

For the year ended December 31, 2017



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STATISTICAL INFORMATION

Prepared by:
Finance and Communications
City of Greater Sudbury

Audited by:
KPMG, LLP

2017

City of Greater Sudbury Annual Report

For the year ended December 31, 2017

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Canadian Award for Financial Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) established an award program to encourage municipal governments throughout the United States and Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

To be awarded a Canadian Award for Financial Reporting Achievement, a municipal government must publish an easily readable and efficiently organized annual report and whose contents conform

to program standards. Such reports go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance the understanding of financial reporting by municipal governments and address user needs.

The City of Greater Sudbury has published an annual report since 2012 and has earned this award annually since its initial publication.



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, 2016

Christopher P. Morill

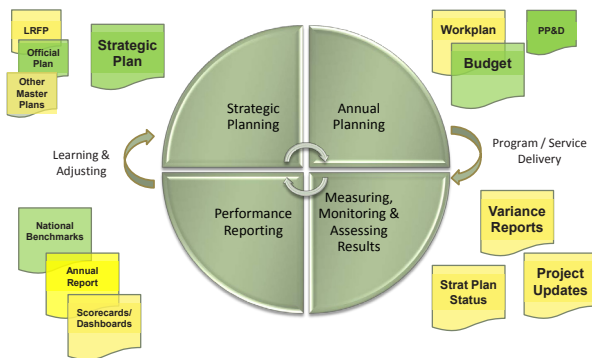
Executive Director/CEO

Message from the Chief Administrative Officer



I am pleased to present the 2017 Annual Report. This is an important accountability document and a way to communicate information about the City's financial policies, financial condition and its overall fiscal health.

The corporation's annual budget describes a service delivery plan and includes details about anticipated operating and capital expenses, risks and the necessary costs associated with providing services to our community. City Council approved the 2017 Budget, *Moving Our City Forward*, in December 2016.



This Annual Report “closes the loop” by describing results produced with the resources included in the budget. The Annual Report describes the actual results and financial performance of our service delivery efforts for the year. There are a variety of statistics, key performance indicators and analysis provided that not only describes actual results for the year, but that also illustrate trends which will influence budgets and policy choices in future periods.

These results influence the corporation's long-term financial sustainability. This is why the four pillars outlined in Council's Strategic Plan are so important. These pillars provide important context for understanding the choices made throughout 2017 that produced the financial condition information reported here. The 2017 operating budget expenditures totaled \$541 million, up \$21.3 million from the previous year, and represented a 3.6 per cent property tax increase. These funds pay for the corporation's daily operating needs for delivering services to our community.

Thanks to an increase in funding from our government partners, the 2017 capital budget increased to \$222.6 million, up \$115.7 million from the previous year. This increase allowed us to focus additional resources on much needed infrastructure projects especially roads, water, wastewater, and transit.

Among the variety of results produced in 2017, the level and extent of infrastructure improvements was especially noteworthy. We continued to build the city's transportation network, including Phase One of the Maley Drive Extension, the continuation of our bridge rehabilitation program, the replacement of aging water and sewer mains, major road projects including Lorne Street, preparation for future improvements on Municipal Road 35 and improvements to transit networks through the addition of six new buses.

Similarly, significant progress occurred to advance Council's “Large Projects”. These projects - the Kingsway Entertainment District and Arena/Event Centre, The Junction: Library/Art Gallery and Greater Sudbury Convention/Performance Centre, and Place des arts – are transformational. They address important asset renewal needs and will provide important cultural amenities for the community that will benefit current and future residents and visitors for decades.

All of these results were produced while staff addressed the daily requirements of our approximately 60 different lines of business to ensure residents and businesses have the support they need to enjoy living and working in Greater Sudbury. I sincerely thank them for their efforts, their dedication and commitment.

I also thank City Council for providing leadership and policy decisions that allow staff to sustain the programs and services residents expect from their local government. Cities work best when residents, elected officials and administrators collaborate to achieve results for the community. This Annual Report illustrates the potential that can be realized from effective collaboration that is focused on results.

Sincerely,

Ed Archer, Chief Administrative Officer
City of Greater Sudbury

Message from the Mayor



Each day, our City Council works hard to prioritize spending while bringing you the high quality service you expect in a financially responsible manner.

It's my hope that in viewing our Annual Report, the results of our efforts clearly demonstrate that

our city is financially well managed and successful in ensuring your tax dollars are invested wisely, in ways that are affordable and in the best interest of our community.

Greater Sudbury prides itself in being the third lowest in taxation and the third lowest in debt level, among Ontario cities with more than 100,000 people. We want to improve on that even more and did so by planning for the future. We completed our long-term financial plan to help guide Council in decisions and to ensure a financially sustainable future. We started an Asset Management Policy to guide important decisions related to maintaining, repairing and replacing equipment, infrastructure and facilities.

2017 was the year of infrastructure improvements in Greater Sudbury. During the 2017 budget process, and thanks to funding from other levels of government, City Council committed an additional \$115 million to focus additional resources on much needed infrastructure projects in the areas of roads, water, wastewater and transit.

We improved safety of our road network for motorists and pedestrians; improved service for transit riders; increased active transportation opportunities for walking and biking; and helped prevent sewer backups, which overall, helped to improve quality of life for our residents.

Highlights include:

- \$223 million investment in our infrastructure including 609 capital projects.
- The creation of jobs and generation of \$88.8 million in economic stimulus from the Maley Drive Extension Project;
- The completion of major roads projects including Second Avenue, Lorne Street, and the Kingsway Active Transportation improvements.

We also made great strides in the realization of the Council approved four large projects: the Kingsway Entertainment District and Arena/Event Centre, The Junction: Library/Art Gallery and Greater Sudbury Convention/Performance Centre, and Place des arts, and are well on our way to seeing these projects become a reality.

The strong financial decisions we make today to plan for our future, the better position our community will be in. We do this by growing our service levels while keeping taxes low.

I want to thank City Council and staff for their continued dedication to excellence in public service and for ensuring the growth of our community for a lasting impact.

Sincerely,

Brian Bigger,
Mayor,
City of Greater Sudbury



Greater Together, the 2015-2018 Corporate Strategic Plan

Greater Sudbury's Planning Framework

City of Greater Sudbury Council approved a Strategic Plan designed to create a fiscally responsible, innovative, and responsive municipal government.

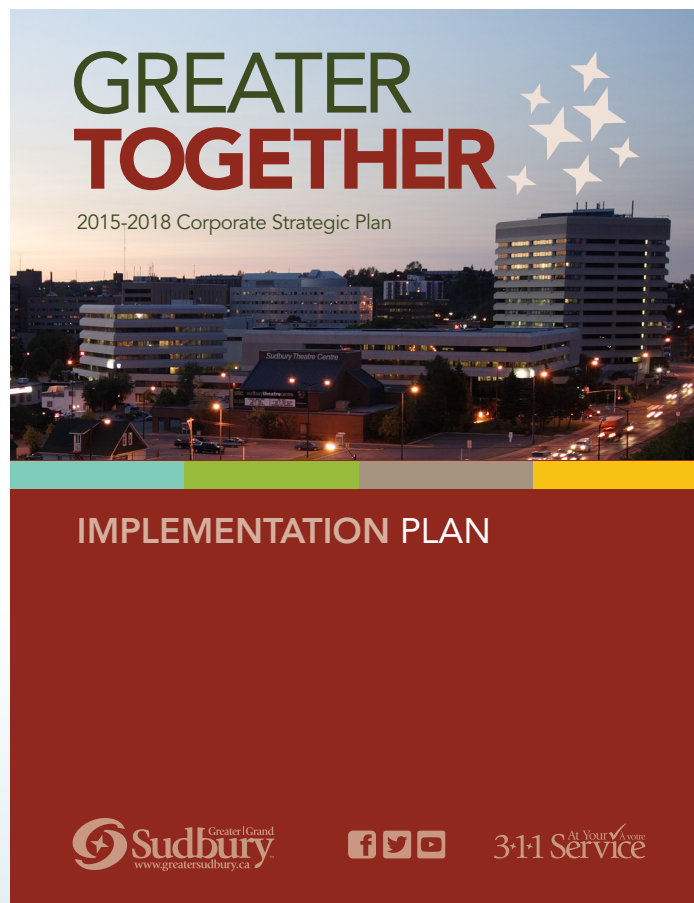
The plan outlines strategic priorities for the City of Greater Sudbury, and further develops these priorities with measurable actions in the Implementation Plan. The overall guiding principles of the plan are to provide quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

The four priorities of the Corporate Strategic Plan are:

- Growth and Economic Development: Grow the economy and attract investment
- Responsive, Fiscally Prudent, Open Governance: Lead in public service excellence
- Quality of Life and Place: Strengthen the high quality of life we already know and love
- Sustainable Infrastructure: Prioritize, build and rebuild our community's foundation

The Greater Together Corporate Strategic Plan forms the basis for all other plans to be built. This, coupled with the Official Plan, which guides Greater Sudbury's development over the next twenty years, ensure the responsible growth, financial sustainability and economic health of our city.

A status update on the progress of each action item outlined in the Implementation Plan was presented to Council August 22, 2017. A number of action items have been completed and the majority are in progress. Council will receive an updated status report before the end of their term in 2018.



2018 Budget

The operating budget provides the money needed for the City to perform routine operations and provide daily services. Approximately 46 per cent of the operating budget comes from property taxes while the remainder of the budget is funded by provincial and federal government, grant and subsidies, user fees and other revenues.

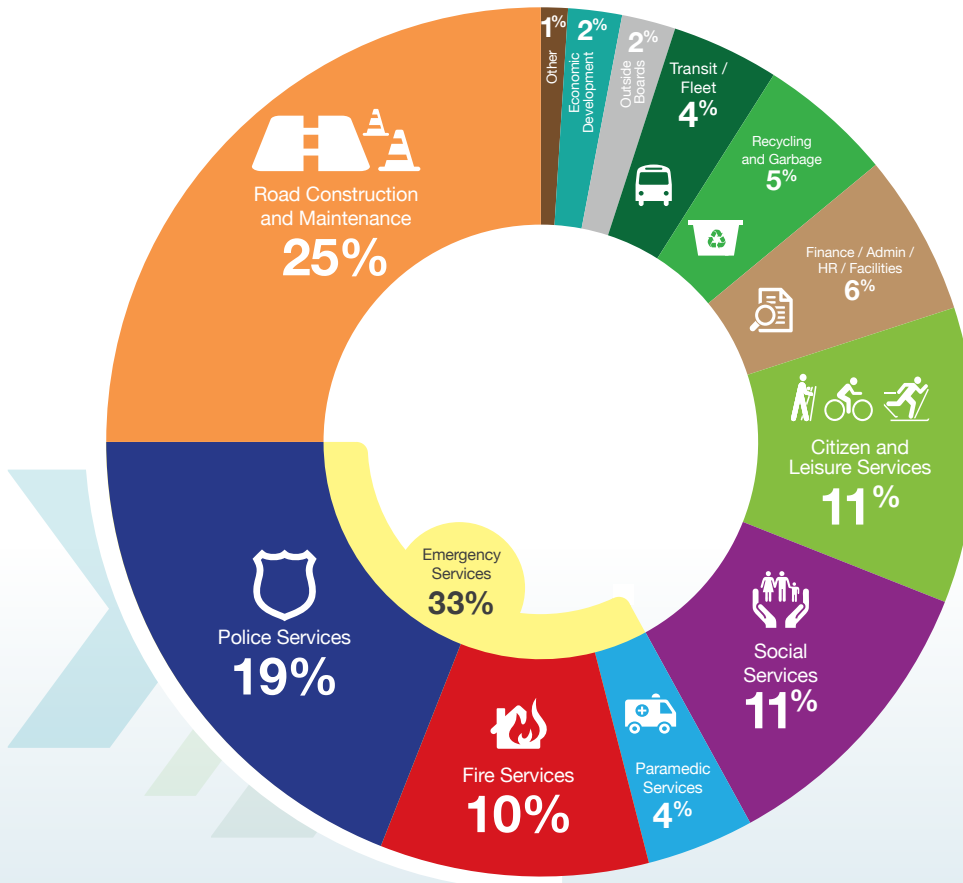
Services provided by the municipality include:

- **Resident Safety:** Police, Fire, Paramedics, By-law enforcement, Building inspections, Emergency management and Animal control
- **Public Health:** Water treatment and distribution, Drainage and flood management, Wastewater collection and treatment and Public Health Sudbury & District
- **Resident Transportation:** Roads and bridges, Transit, Winter road maintenance, Traffic control and Sidewalks and bike lanes
- **Resident Quality of Life:** Parks and playgrounds, Recreation programs and facilities, Land use planning oversight, Community grants, Social services and Long-term care.

The 2018 City of Greater Sudbury Budget describes the City’s business plans for the year, along with the related costs and revenues and associated with delivering municipal services. These plans reflect the actions and goals established in Council’s Strategic Plan, Greater together, summary budget information and business plans.

The City approved a 3.0 per cent operating budget increase and a 7.4 per cent increase in water/ wastewater user rates.

Where Your Property Taxes Go



Large Projects

In 2016, Council endorsed in principle, four Large Projects: the Kingsway Entertainment District and Arena/Event Centre, The Junction: Library/Art Gallery and the Greater Sudbury Convention/Performance Centre, and Place des arts. These investments will result in economic growth, improved quality of life, and a bright future for the City. The positive impacts of the large projects will be felt by the residents of Greater Sudbury for years to come.

Each Large Project aligns with Council's Strategic Plan, Greater Together, by:

- Growing the economy and attracting investment
- Strengthening the high quality of life
- Leading in public service excellent
- Prioritizing, building and rebuilding the community's foundation.

In 2017, each project took significant steps forward.

1. Kingsway Entertainment District and Arena/Event Centre - \$100 million

The Kingsway Entertainment District is a space where residents will have the opportunity to enjoy ourselves and our northern lifestyle, a place our growing community can gather and celebrate. It will be an innovative experience and a choice destination for northeastern Ontario that will proudly host visitors to the beautiful city more than 160,000 residents call home.

In 2017, City Council selected the Kingsway as the location of the new Arena/Event Centre. The financing plan for the Arena/Event Centre was approved by City Council as part of the 2018 budget deliberations. Council direction has been received for the integrated site plan concept, the financial plan, the criteria to evaluate the Design/Build bid proposals and Council approved the rezoning of the properties.

2. The Junction

In 2017, Council approved the shared site development recommendation for the Library/Art Gallery and Greater Sudbury Convention and Performance projects and will proceed with the development of an integrated site plan.

The following two projects, although separate, will be located on a shared site in downtown Sudbury, the current location of the Sudbury Community Arena. This co-location has been identified as a way to reduce capital and operating costs relative to separate facilities.

2. The Junction

a. Library/Art Gallery - \$35 million

Both the main branch of the Greater Sudbury Public Library and the Art Gallery of Sudbury provide community focused services and both have outgrown their current locations.

b. Greater Sudbury Convention and Performance Centre - \$65 million

The Greater Sudbury Convention and Performance Centre is a proposed multi-use convention centre and performing arts facility to be located in downtown Sudbury. As a multi-use facility, the core business of the Greater Sudbury Convention and Performance Centre will be to attract conventions, conferences, and tradeshows to the city.

3. Places des arts - \$80 million

Place des arts is proposed to be a multipurpose Francophone arts facility located in downtown Sudbury. The centre is designed to be a gathering place for the community and will include artists' studios, performance venues and a café. Services will be provided in both French and English.

With their funding sources secured, the construction of the 60,000 square foot cultural centre is set to begin in 2018. As directed by Council, staff continues to work with the project proponents to develop a written agreement outlining the reporting and financial obligations that must be met prior to funding being provided.

Where are we now?

The City has hired RFP Solutions Inc. as the Fairness Monitor for the Design/Build procurement process and has a detailed site design cost sharing agreement finalized with the casino and hotel for the Kingsway Entertainment District and Arena/Event Centre.

The City is in the midst of a community engagement campaign for The Junction: Library/Art Gallery and the Greater Sudbury Convention/Performance Centre. The next step is to complete an integrated site design workshop.

For Place des arts, the Design Development is underway and a communications subcommittee has been formed.

The Environment In Which We Work



Community Profile

Far from its origins as a railroad outpost and small mining town, Greater Sudbury has grown into the metropolitan centre of northeastern Ontario.

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 and several unincorporated townships.

The city 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, including 330 freshwater lakes, and the largest city-contained lake in the world, Lake Wanapitei.

Greater Sudbury is 3,228 square kilometres in area, making it geographically the largest municipality in Ontario and second largest in Canada.



In 2017, Greater Sudbury was home to approximately 161,500 people. It is a multicultural and truly bilingual community. Over 25 per cent of people living in the city reported French as their mother tongue, and a further 38 per cent identifying as knowing both official languages. 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.

Mining continues to be a driving force in Greater Sudbury's economy. A century of mining experience has made us a global leader in the industry. This has contributed to the growth of a robust and thriving mining technologies, services and supplies sector, with more than 300 companies generating close to \$4 billion in revenue each year and employing about 10,000 people. The city's mining companies themselves employ approximately 6,000 people.



More than a mining centre, however, Greater Sudbury has become a regional hub for all of northeastern Ontario. The continued strength of its health and education sectors, investment and diversification into research and innovation, a growing arts, tourism and film industry, along with a recent boom in the retail sector, all illustrate the strength of Greater Sudbury's diversified economy and point to a bright future for our city.

Greater Sudbury at a Glance

Local Economy

Greater Sudbury is a great place to live, work, shop and play, and performs a key role in the economic growth of northeastern Ontario. Our medical, retail,

business, financial and research services are critical to residents across the northeastern part of the province.

GREATER SUDBURY	UNEMPLOYMENT RATE*	ONTARIO
6.0%		5.6%
\$94,915	MEDIAN HOUSEHOLD INCOME 2016**	\$101,143

* Labour Force Survey Estimates, by Census Metropolitan area, Statistics Canada

** 2017 BMA Study

Strategic Context

The global economy continues to show signs of moderate growth and is expected to gain strength in 2018, driven by China, India, United States and, to a less extent, Canada.

The Canadian economy continues to adjust to lower commodity prices, which has resulted in a reallocation of investment and employment from the resource sector to the non-resource sector. For 2018, Gross Domestic Product (GDP) is expected to increase driven by U.S. domestic demand and the Federal infrastructure spending program. The forecasted GDP growth for 2018 is between 1.8% and 2.0%.

For Greater Sudbury, the economy is expected to continue to grow as reflected in the Conference Board of Canada forecasted GDP growth of 0.9%

to 1.2% during the next few years with a return to employment growth. In 2017, nickel prices dipped to \$4 per pound, but have rebounded and currently trade in the \$5 and above range. The unemployment rate has declined from a high of 8% in January of 2017 to 6% in September, however total employment is poised to fall for the fourth straight year in 2017, anticipating a modest recovery in 2018.

In 2017 and expected in 2018, investments in both commercial and institutional sectors will provide stimulus for the local economy. Major construction projects such as the continuation of the Maley Drive Extension, Lorne Street reconstruction and the continued construction of Highway 69 and Highway 17 will improve opportunities for future connectivity and growth.



Economic Indicators

Economic Indicators	2014	2015	2016	2017f	2018f	2019f	2020f	2021f
Real GDP at basic prices (2007 \$ millions)	8,343	8,162	8,052	8,151	8,234	8,319	8,396	8,477
percentage change	-1.0	-2.2	-1.3	1.2	1.0	1.0	0.9	1.0
Total employment (000s)	83	82	82	82	82	82	83	83
percentage change	-0.5	-0.7	-0.5	-0.2	0.3	0.4	0.8	0.6
Unemployment rate (per cent)	6.4	7.4	8.1	6.8	6.7	6.6	6.6	6.5
Personal income per capita (\$)	44,968	45,232	45,749	46,770	48,136	49,542	51,037	52,516
percentage change	1.5	0.6	1.1	2.2	2.9	2.9	3.0	2.9
Population (000s)	166	166	166	166	166	166	166	166
percentage change	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total housing starts	271	247	289	302	284	273	273	277
Retail sales (\$ millions)	1,973	1,994	2,067	2,145	2,168	2,210	2,244	2,272
percentage change	3.5	1.1	3.6	3.8	1.1	1.9	1.5	1.2
CPI (2002 = 1.0)	1.259	1.274	1.297	1.316	1.339	1.369	1.398	1.426
percentage change	2.3	1.2	1.8	1.5	1.8	2.2	2.1	2.0

f = forecast

Source: Metropolitan Outlook 2, Winter 2017, Conference Board of Canada

Growth Management

Within this economic context, Greater Sudbury's employment and population is expected to grow modestly over the next 20 years.

This growth will be driven by labour force turnover and ongoing economic development efforts. At the same time, the population will continue to age. It is expected that this aging and trend towards smaller housing types will generate demand for new housing.

Population, Household, and Employment Forecast, 2006-2046



Source: 2018 Draft Population Projections Study

Employment by Sector

Greater Sudbury

Ontario

20.0%	Industrial	19.0%
26.7%	Office	34.4%
9.0%	Education	7.3%
13.6%	Health	10.1%
4.2%	Transportation and Warehousing	4.5%
16.0%	Wholesale and Retail Trade	15.4%
8.5%	Non-Commercial Services	6.7%
2.0%	Other	2.6%

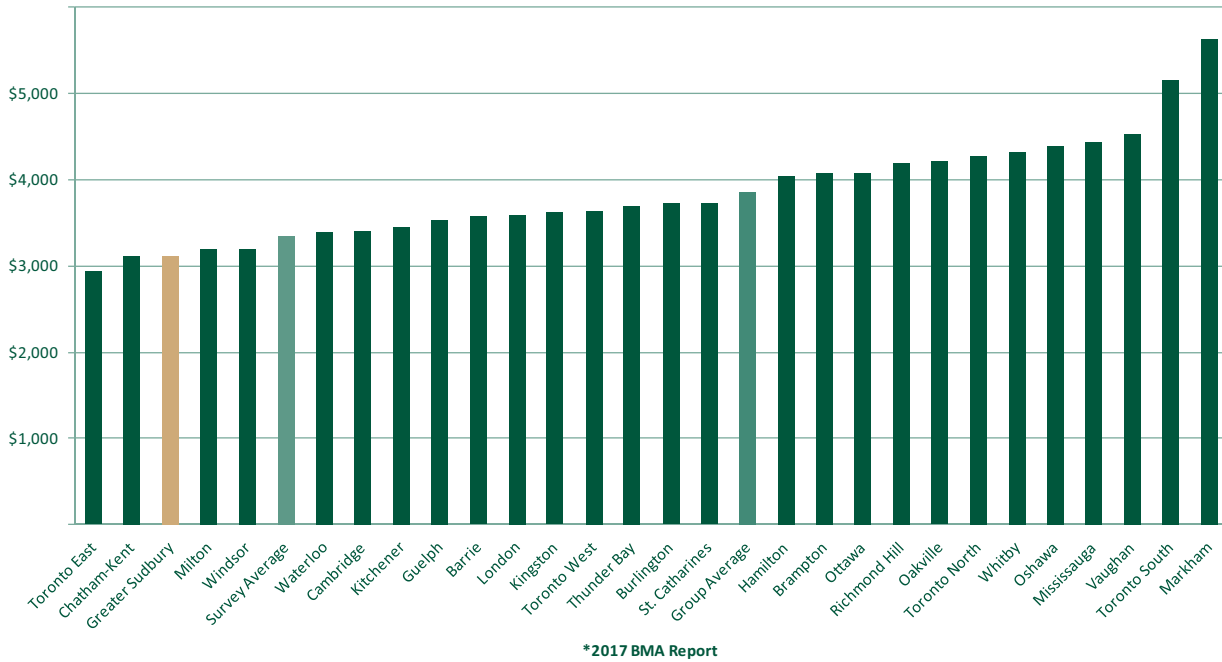
2011 Census of Canada, Statistics Canada
OR Conference Board of Canada

Taxation

Given our relatively modest growth, the City of Greater Sudbury must find ways to manage costs and improve revenue growth. As noted below, Greater Sudbury's property taxes are among the lowest for a typical bungalow when compared to other cities with over 100,000 population.

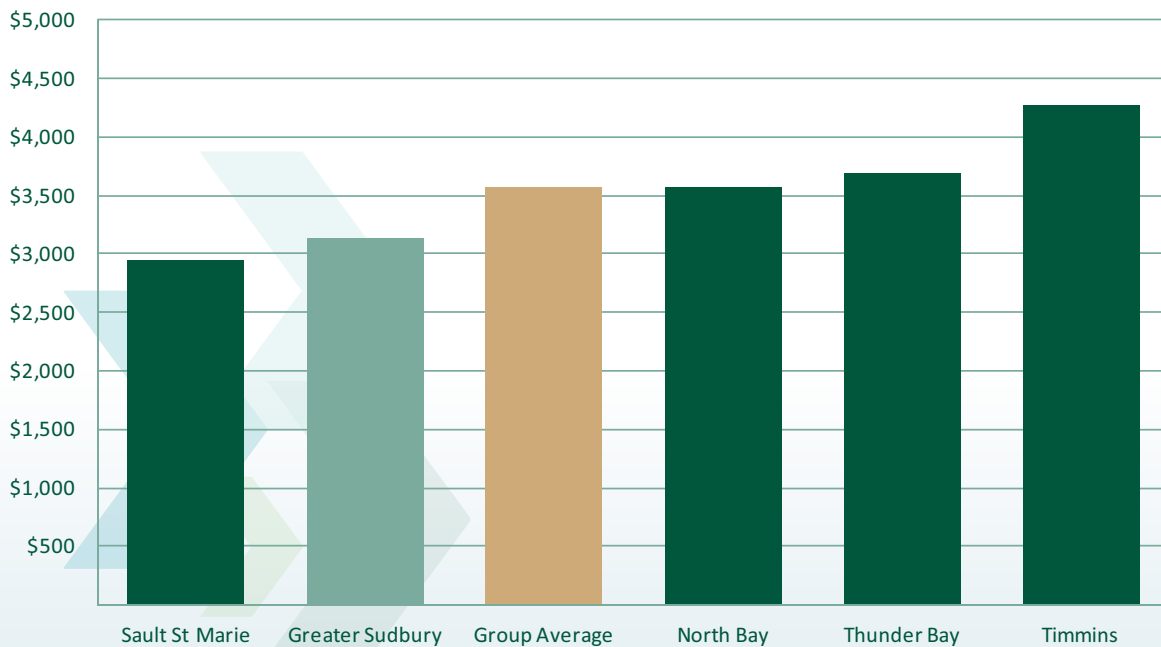
2017 Tax Comparison for Detached Bungalow

Municipalities with Population Greater than 100,000



In addition, compared to northern neighbors, Greater Sudbury is also amongst the lowest taxed municipalities.

2017 Tax Comparison for a Detached Bungalow - Northern Ontario



Source: 2017 BMA Study

Organization Profile

The City of Greater Sudbury is a single-tier municipality meaning it is responsible for all municipal services and assumes all responsibilities set out under the Municipal Act and other provincial legislation. As such, the City is responsible for maintaining all infrastructure and assets, providing emergency services, library services, and more throughout 3,228 square kilometres. The City is in approximately 60 different lines of business, each one important to members of our community.

Vision, Mission, Values

City staff is committed to producing results for the community that reflects Council’s desired outcomes. This is why, in July 12, 2016, to support the pillars of Council, a Corporate Implementation Plan was adopted. It was a roadmap of some of the larger, more resource-intensive and transformational projects expected to be undertaken during the rest of this Council’s term. The plan’s success depends on staff working collaboratively with Council, other levels of government, community partners, residents and businesses in Greater Sudbury. Performance metrics were included in the Implementation Plan to track and report on progress, demonstrating accountability.

Vision

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

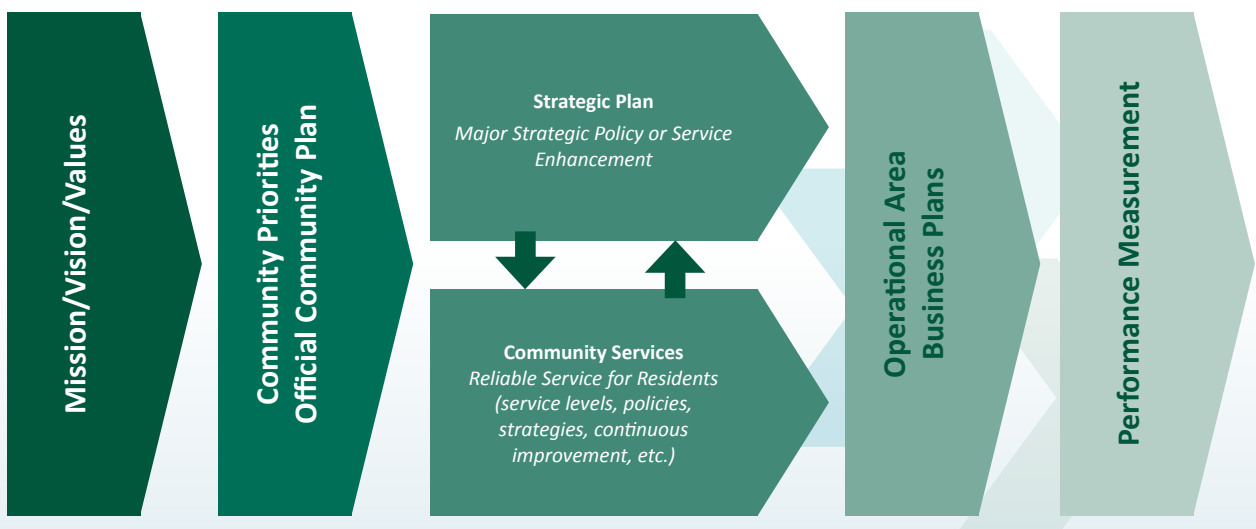
Mission

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

Values

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

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



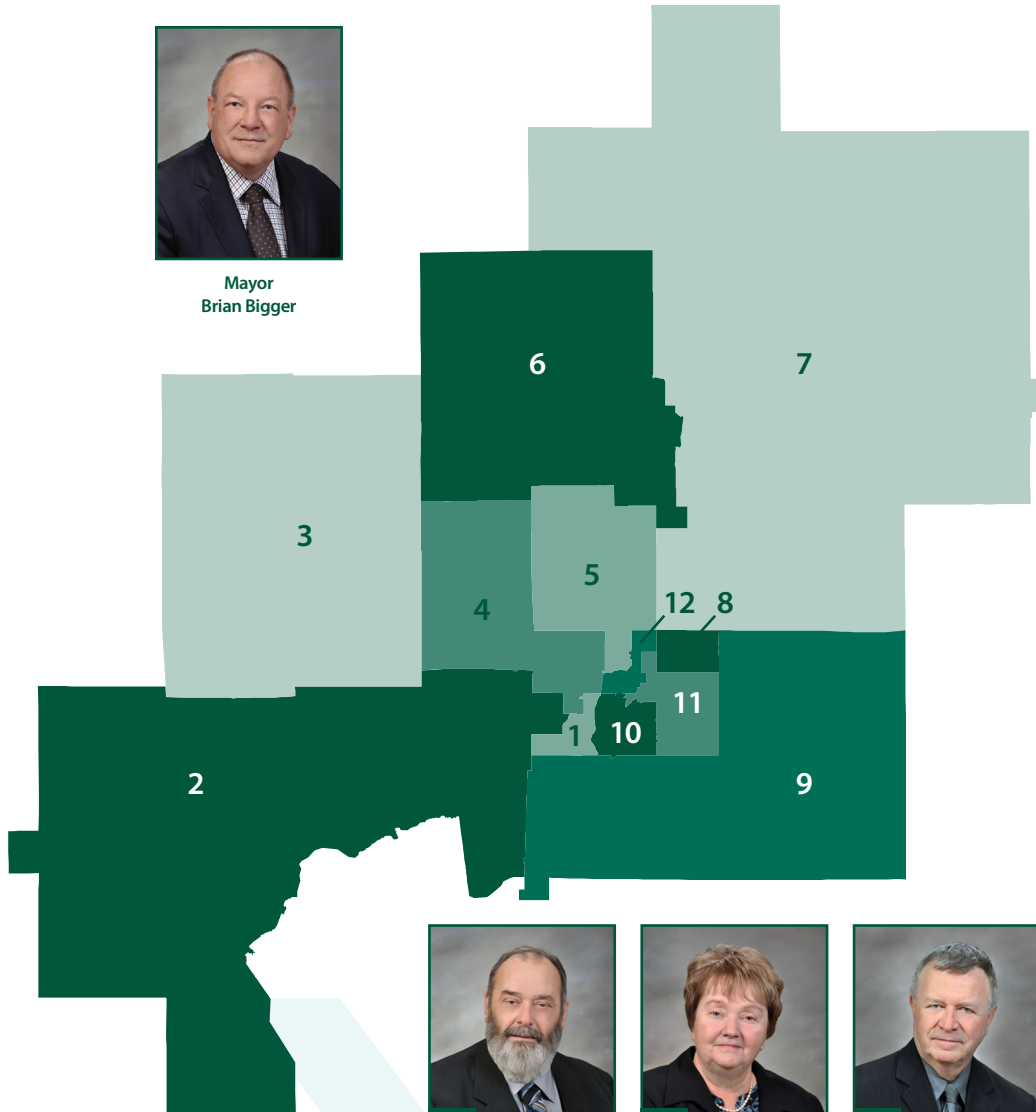
City Council

The Council of the City of Greater Sudbury is composed of a Mayor, who represents the City as a whole and twelve Councillors, each representing 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 how municipal services are provided to 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



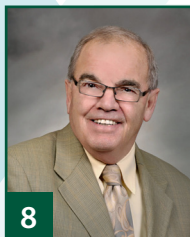
5
Robert Kirwan
Ward 5



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

Organization

Greater Sudbury's operations are overseen by the Office of the CAO in conjunction with the Executive Leadership Team (ELT) and are managed through the following departments: Corporate Services, Community Development, Community Safety and

Growth and Infrastructure. These departments work together to ensure citizen 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.



**Chief Administrative Officer
Ed Archer**

- Economic Development
- Communications and Community Engagement



**Corporate Services
General Manager
Kevin Fowke**

- Human Resources and Organizational Development
- Finance, Assets and Fleet
- Information Technology
- Legislative Services



**Community Safety
General Manager
Joseph Nicholls**

- Paramedic Operations
- Emergency Management
- Strategic and Business Services
- Emergency Services



**Community Development
General Manager
Catherine Matheson**

- Children's and Citizen Services
- Leisure Services
- Long Term Care Services
- Housing Services
- Community Initiatives and Performance Support
- Social Services
- Transit Services



**Growth and Infrastructure
General Manager
Tony Cecutti**

- Building Services
- Engineering Services
- Environmental Services
- Planning Services
- Linear Services
- Roads and Transportation Services
- Water/Wastewater Services



Organizational Activities

Office of the Chief Administrative Officer

The Office of the Chief Administrative Officer leads the City's Executive Leadership Team, and provides strategic leadership to the organization.

2017 Accomplishments:

- Significantly advanced each of the four Large Projects identified as priorities by Council.
- Oversaw the website revitalization, transit wayfinding project, Transit Action Plan and capital program.
- Completed an organization restructuring.
- Worked with senior levels of government to obtain funding for key municipal projects.

Corporate Services

Corporate Services leads enterprise-wide service and support functions that build confidence in the City's direction and services among employees and citizens.

2017 Accomplishments:

- Selected a new provider for Employee Benefits.
- Completed a Long Term Financial Plan to guide Council's decisions and ensure a financially sustainable future.
- Commenced an Asset Management program and policy to guide decisions about maintaining, repairing and replacing our equipment, infrastructure and facilities.
- Implemented new collection measure for defaulted Provincial Offence fines.
- Led participation in the Municipal Benchmarking Network Canada for 2016 data.



Growth and Infrastructure

Growth and Infrastructure includes the departments within the City that support growth and public works projects.

2017 Accomplishments:

- Completed construction of the Notre Dame realignment and interchange structures associated with the Maley Drive Extension Project and completed the engineering and tendering process for the next stage of the Maley Drive Extension.
- Secured Clean Water Wastewater Funding (CWWF) for capital projects.
- Managed large capital projects such as Kingsway active transportation improvements, Second Avenue widening, Lorne Street road and water reconstruction, Lively and Copper Cliff sanitary sewer upgrades amongst others.
- Increased investments in winter maintenance of sidewalks to allow for enhanced modes of active transportation year round.
- Procured new contracts for operating landfills and recycling centres and equipment.
- Completed Phase 1 and initiated Phase 2 of the Official Plan Review Program.



City of Greater Sudbury

Organizational Activities

Community Development

Community Development includes departments that are responsible for services that impact the daily lives and activities of citizens.

2017 Accomplishments:

- Awarded Affordable Housing funding to build a 65-unit, 6-storey seniors building.
- Awarded Social Infrastructure Funding to build a 12 – unit, 1-storey supportive housing project.
- Collaborated with community partners to open a Low Barrier Emergency Shelter and a Managed Alcohol Program.
- Implemented the Early Development and School Readiness (EDSR) Child Care Subsidy program to provide up to 5 days per week of child care for eligible children.
- Opened the Morel Family Foundation Park, a 100 per cent donated park, playground and splash pad.
- Installed a new quad lift at Adanac Ski Hill.
- Installed a smaller concrete ice pad for kids and a new playground at Kivi Park in support of the efforts by the Fielding Foundation.
- Initiated the Transit Action Plan, a comprehensive review of the local public transit system, with the goal of achieving better routes, schedules and overall services.

Community Safety

Community Safety includes the departments that work to keep our community a safe place to live.

2017 Accomplishments:

- Launch of the Sudbury Alerts public emergency notification system
- Registered 76,320 phone numbers through Sudbury Alerts.
- Implemented PulsePoint, a crowd sourcing smartphone application that notifies the public of a cardiac arrest in public locations within a pre-defined radius of the user to improve survivability cardiac arrest by improving bystander CPR prior to first responder arrival.
- Completed Collective Bargaining with the Sudbury Firefighters Association.
- Recruited volunteer firefighters.



2017 Data

MUNICIPAL STATISTICS

Population

161,500

Households

75,434

EMPLOYEES

Full time employees

1,993

TAXABLE ASSESSMENT

(\$ millions)

Residential, multi-residential,
and miscellaneous assessment

\$14,471

Commercial assessment

\$1,983

Industrial and large industrial assessment

\$384

2017 Organizational Results

SERVICE INFORMATION

Building Permit Values (in 1000's)

\$384,024

Average monthly social assistance case load

3,474

Roads

3,535 kilometres

Annual volume of treated waste water

30,766 megalitres

Annual volume of treated drinking water

18,339 megalitres

Annual disposal of solid waste

97,283 tonnes

Annual diversion of solid waste

32,223 tonnes

Regular service passenger transit trips

4,063,000

BENCHMARK INFORMATION

CGS re-joined the national benchmarking organization Municipal Benchmarking Network Canada (MBNCan) in the spring of 2017, after a 2-year absence from the predecessor organization (OMBI)

The City participates in all 36 service areas and reported on 166 measures.

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

38.0%

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

27.1

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

2.5

Full results for 2017 will be released on November 1, 2018 and will include the following benchmarks.

The 2016 MBNCanada Performance Measurement Report can be found at www.greatersudbury.ca/city-hall/budget-and-finance/performance-measurement/municipal-benchmarking-network-canada-mbncan/

% of waste water estimated to have bypassed treatment

0.7%

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

9.3

% of residential solid waste diverted for recycling

44.5%

Message from Executive Director of Finance, Assets and Fleet



It is my pleasure to submit the 2017 Annual Report for the City of Greater Sudbury. In addition to the consolidated financial results for the year ended December 31, 2017, this report highlights key financial policies, the annual budget process and other

information regarding financial performance related to the delivery of the City's programs and services.

The City of Greater Sudbury continues to ensure that it is financially prudent and sustainable by:

- Ensuring that reserves are not used to balance the operating budget;
- Updating the long term financial plan;
- Developing asset management plans; and
- Considering the use of debt to finance large scale capital projects.

The City of Greater Sudbury demonstrates open government relating to financial information by:

- Regularly reporting to Council: operating budget variance, capital variance reports for completed projects, water/wastewater variance;
- Revising its approach to delivering the 2017 budget to engage Council and the public;
- Receiving the Government Finance Officers Association (GFOA) Award of Excellence in Financial Reporting;
- Completing the Financial Information Return as required by the Ministry of Municipal Affairs; and
- Participating in the Municipal Benchmarking Initiative Canada.

The City continues to focus on operational excellence, continuous improvement and a sustainable approach.

I would like to thank our Finance team and the CGS staff for the continuous effort to produce the annual report and consolidated audited financial statements in a timely manner.

Sincerely,

Ed Stankiewicz
Executive Director of Finance,
Assets and Fleet



Financial Reporting

Annual Report and Consolidated Financial Statement

The City of Greater Sudbury's (CGS) management is responsible for all information contained in the Annual Report. This report provides the annual consolidated financial results for CGS for the year ended December 31, 2017 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 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 2017 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 18 to the financial statements reconciles the 2017 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 KPMG LLP, Chartered Accountants. 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, 2017, KPMG, LLP 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. The Committee's responsibilities are to review internal and external reports including reviewing the Auditor General's reports, work plans, and to approve the External Auditors Annual Audit Plan, review the annual audited consolidated financial statements and external audit finding reports.

Performance Measurement and Benchmarking

By measuring progress towards goals and objectives, Key Performance Indicators (KPIs) enhance the explanation of achieved outcomes in the delivery of municipal services. In addition to participating in MBN Canada, Greater Sudbury participates in the BMA Management Consulting Inc. (Ontario) municipal comparative study, more commonly known as the BMA Study. Data from the BMA Study is collected mainly from two reliable sources: Financial Information Returns filed with the Ministry of Municipal Affairs, and tax roll and assessment data provided by the Municipal Property Assessment Corporation (MPAC).

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.

Financial Management

The City of Greater Sudbury maintains appropriate systems of internal controls to ensure effective financial management, reliable and relevant financial information, and the safeguarding of assets. Management systems, policies and by-laws are in place for financial management, accounting and budgeting to ensure transactions are appropriately authorized and recorded, and the integrity and completeness of financial records are assured. Key policies and by-laws include the Purchasing By-Law, Operating Budget Policy, Capital Budget Policy, Reserve and Reserve Fund By-Law and Investment Policy.

Long Term Financial Plan

The Long Term Financial Plan (LTFP) principles and policies have been designed to ensure the City attains financial sustainability and has sufficient resources to provide the services that the community expects. As outlined in the 2015-2018 Corporate Strategic Plan, the City completed a comprehensive LTFP which was presented to Council in early 2017 and will be in effect for ten years from 2018 to 2027. An annual update will be provided commencing in 2018.

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 or programs and facilities which are self-supporting or projects where the cost of deferring expenses exceeds debt servicing costs.

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. There are various reasons for maintaining reserves such as providing:

- Stability for tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- Financing for one-time, or short term requirements for operating or capital needs
- Replacement and or acquisition of assets/ infrastructure
- Flexibility to manage debt levels and protect the municipality's financial position
- For future liabilities incurred in the current year but paid for in the future.

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. 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 through its capital budget. At the end of each year, capital projects are reviewed and the growth related portion of the capital costs is 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 2018, Finance staff will lead the update to the Development Charges Background Study for approval by Council in June 2019.

Asset Management Plan

The City completed an Asset Management Plan that was presented to Council in December 2016. It highlighted the Infrastructure requirement plans for areas including roads, water/wastewater, facilities, transit, landfills, fleet and more, along with a proposed financial strategy. Further to this the City will be developing an enterprise-wide approach to prioritizing capital investment starting with the 2019 Budget. It involves a strategic asset management planning approach, changes to certain financial policies, in particular the capital budget policy, and a new process for describing and deciding which investments will be made in any given budget year.

The City will develop a formal asset management framework that will work on items relating to planning for capital assets that include:

- Clearly defined levels of services
- Condition assessments
- Growth projections
- Master plans
- City-wide asset management plans
- Long term financial plan

In 2018 Corporate Asset Management plan policies, data gathering and formal plan production will begin.

Financial Management

Credit Rating

The City is in the process of obtaining a credit rating from S&P Global Ratings. The credit rating will assess the credit worthiness of the City in general terms and can also be used with respect to future debt or financial obligations. The initial credit rating is expected in 2018.

Budget Process

The operating and capital budgets are prepared annually, with the capital budget providing a four-year outlook. City Council is also responsible for funding its share of three outside boards' budgets: Greater Sudbury Police Service Board, the Sudbury & District Health Unit, and the Nickel District Conservation Authority.

The first stage of the budget process is prepared in accordance with the Base Budget Preparation Policy. An analysis of inflationary pressures, such as wage adjustments in accordance with collective bargaining agreements, contract and material price increases, is prepared. It then incorporates input from elected officials, senior management and staff as well as the public.

A review of provincially-mandated programs and service contracts, costs to service growth, and prior year Council decisions and commitments is also conducted. Assessment growth is applied to total pressures to reduce the impact on property taxes. Provincial legislation requires revenues to be raised to meet all budgeted expenditures. Municipalities may not budget for surpluses or deficits and any that occur must be fully accounted for in the next year's budget.

The 2018 budget focuses on services and performance. The goal is to clearly illustrate the relationship between services, service levels and costs. The financial decisions that are made are critical to the long-term sustainability of our city.

Opportunities for engagement, openness and accountability continue to be a focus of the budget process.

Consistent, reliable services are what residents expect from their municipality. The 2018 budget presents the way City Council assigns resources to services. The annual operating budget includes estimated operating expenditures and revenues required to allow the City to deliver service levels approved by Council. Increases to the operating budget are limited to contractual and legislated obligations, inflationary increases, and increased costs associated with maintaining current service levels.

Estimates formed the basis of the directions City Council provided regarding this expectations about how the 2018 budget should appear. Council's directions provided staff with guidance for finalizing plans that not only incorporated Council's service expectations, but that also maintained costs within the range Council identified.

The City faces significant pressures in some areas such as:

- Anticipated reduction in provincial funding (Ontario Municipal Partnership Fund)
- Low levels of assessment growth
- WSIB presumptive legislation
- Increasing utility rates
- Higher than expected waste collection contract cost.



Financial Condition

The Public Sector Accounting Board has a Statement of Recommended Practices for governments to support discussions about their financial condition. These practices reflect the overall economic and financial environment, the City's ability to meet service commitments to the public, as well as financial obligations to creditors, employees and others.

The financial condition of the City is determined using three elements: Sustainability, Flexibility and Vulnerability.

Sustainability

Sustainability is the ability to maintain existing service levels and meet existing creditor requirements without significantly increasing debt or property taxes.

To the extent that the level of debt or tax burden grows at a rate that exceeds the growth in the City's assessment base, there is an increased risk that the City's current spending levels and ability to meet creditor obligations cannot be maintained.

Sustainability Indicators	2017	2016	2015	2014	2013
Ratio of Financial Assets to Liabilities	1.66	1.67	1.62	1.54	1.80
Debt per Household	\$1,027	\$1,096	\$1,178	\$434	\$502

The **ratio of financial assets to liabilities** defines the total liabilities relative to assets and provides a measurement of the city's solvency. Low levels of financial assets to financial liabilities are indicative of limited financial resources available to meet cost increases or mitigate revenue loss while a higher level indicates that the City does not utilize debt. In the City's 2017 Long term Financial Plan KPMG LLP recommended a target range of 0.75 to 1.50. The City is currently higher than the recommended range however based on the Long Term Financial Plan, with debt to be issued in the near future for various capital projects, the City will end up in the target range in the next few years.

The **debt per household** is not an estimate of how much each household must contribute to debt repayment. It simply describes the City's debt relative to the size of the community. As part of the City's financial planning, accommodation must be made to repay debt over time.

The City shows positive sustainability, as the City still has a low level of debt.

Flexibility

Flexibility is the ability the City has to increase its financial resources to address additional commitments and service levels. This may be done by increasing property tax revenues or by taking on additional debt. Increasing debt and taxation reduces flexibility and the City's ability to respond to changing circumstances.

Municipalities with relatively high flexibility have the potential to absorb cost increases without adversely impacting on affordability for local residents and other ratepayers.

Flexibility Indicators	2017	2016	2015	2014	2013
Ratio of Debt Charges to Total Revenue	0.02	0.02	0.01	0.01	0.01
Municipal Taxes as a per cent of Household Income	3.85%	3.63%	3.76%	4.01%	3.71%
Debt Charges per Net Revenues	2.19%	2.28%	1.90%	1.45%	1.89%

The **ratio of debt charges to total revenue** provides an indication as to the City's overall indebtedness by calculating the percentage of revenues used to fund long-term debt servicing costs. The results over the last five years indicate that the City maintains a low level of debt and debt repayment.

The City's **municipal taxes as a percentage of household income** have been consistently under 4%. This is a result of the City's efforts to maintain low property taxes, coupled with continuous efforts to be fiscally sustainable. The City is well within the recommended target range of 3.5% to 5.0% as indicated in the City's 2017 Long term Financial Plan presented by KPMG LLP.

The **debt charges per net revenues** provides an assessment of the City's own purpose revenue for annual debt repayment. The City had a significantly low ratio in 2013 and 2014 which increased in 2015 due to debt incurred for the Biosolids Management Facility (\$47 million) and Fleet/Transit Garage (\$14 million). In accordance with provincial guidelines, a municipality is able to utilize up to 25 per cent of its net revenues on debt repayment. Based on this information, the City has the capacity to increase debt repayments. Council approved a modification to the Debt Management Policy in 2017 to increase its allowable annual debt repayments from 5% to 10% of the City's net revenues. Council has approved a number of projects in 2017 and 2018 that will result

Financial Condition

in an estimated increase to external debt financing of \$128 million and annual debt repayments of approximately \$7.6 million.

The City demonstrates flexibility due to its low amount of debt and low taxation.

Vulnerability

Vulnerability is the degree to which the City is susceptible to changes in funding sources outside of the City’s control. There is a risk in relying too heavily on funding sources which can be reduced or eliminated without notice.

The City receives several grants from senior levels of government, including federal and provincial gas taxes and Ontario Municipal Partnership Fund, to name a few.

Federal and provincial funding to the City has fluctuated over the past few years, while revenues from our own sources, such as taxation revenue and user fees have been stable with slight increases. This demonstrates the City has the ability to maintain existing services while not relying heavily on other sources of government funding.

Vulnerability Indicator	2017	2016	2015	2014	2013
Ratio of Government Transfers to Total Revenue	0.30	0.25	0.27	0.26	0.26

The **ratio of government transfers to total revenue** was higher in 2017 due to additional funding received for social housing initiatives and large capital projects such as Maley Drive and improvements to water, wastewater and storm water systems. In the City’s 2017 Long term Financial Plan KPMG LLP recommended a target range of 0.10 to 0.25. The City is currently higher than the recommended range, due to large capital projects that are in addition to the regular operations of the City.

The City demonstrates some vulnerability as it does not control or influence the amount and timing of funding from senior levels of government.

Summary

The City of Greater Sudbury’s current financial condition is stable and trends indicate that the City is headed in the right direction. The City continues to face several pressures from continuing rising costs of service delivery and is at a risk of experiencing asset failure/service interruption, potentially leading to higher cost and lower public satisfaction. The City is exploring options for debt financing to help alleviate some of these pressures but a slow economy and minimal growth in the city make it challenging to maintain existing service levels at a low cost to taxpayers.



2017 Financial Results

INTRODUCTION

The Annual Report includes the Consolidated Financial Statements of the City of Greater Sudbury for the year ended December 31, 2017. 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.

HIGHLIGHTS

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

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

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 Airport
Community Development Corporation
- Greater Sudbury Utilities Inc.

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.

Key financial highlights for 2017 are as follows:

- The 2017 Consolidated Statement of Financial Position reports net financial assets of \$196 million, a decrease of \$2 million from \$198 million in 2016.
- The City's accumulated surplus increased from \$1.630 billion in 2016 to \$1.647 billion at December 31, 2017. Over 80 per cent of the accumulated surplus is comprised of equity in tangible capital assets which represents the service capacity available for future periods.
- The 2017 Consolidated Statement of Operations and Accumulated Surplus indicates an annual surplus of \$47 million compared to \$17 million in 2016.
- Revenues increased by \$50 million from 2016. Of this amount \$23 million is due to additional grant funding related to tangible capital assets and \$12 million in operating grants received.
- Expenses increased by \$20 million from 2016. Of this amount \$6 million related to social housing programs and \$5 million related to environmental services.
- The City's reserves and reserve funds decreased by \$15 million to \$146 million mainly due to funding of capital projects.



2017 Financial Results

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's Balance Sheet. Among other details, it reports on two key indicators – net financial assets and accumulated surplus.

Financial assets summary

Public Sector Accounting Board standards for reporting require the City to distinguish between financial and non-financial assets. Financial assets are assets on hand, which could be used to discharge liabilities or finance future operations. The difference between financial assets and liabilities, or net financial assets, is an indicator of the City's ability to finance future activities and to meet its liabilities and commitments. Non-financial assets represent economic resources that will be employed by the City to deliver programs and provide services in the future.

The City's financial assets are mostly comprised of cash, accounts receivable, investments in Government Business Enterprises (GBE) and investments. Financial assets remained stable during 2017 at \$494 million compared to \$495 million in 2016.

Investment in GBEs is the City's investment in the Sudbury Airport Community Development Corporation and Greater Sudbury Utilities Inc. These investments are comprised of notes receivable and the accumulated surplus of the two corporations. The investment has increased from \$106 million in 2016 to \$108 million in 2017.

The City's investments have decreased from \$323 million to \$298 million. This decrease is due mostly to a large increase in the City's receivables, specifically related to funding from federal and provincial governments for capital projects. Fluctuations in investments are mostly due to the timing of expenditures compared to the timing of funding payments received.

2017 Financial Assets

	2017	2016	2015	2014	2013
Financial assets	\$	\$	\$	\$	\$
Cash	6,188	7,044	6,136	17,217	10,797
Taxes receivable	9,360	7,122	7,355	6,569	7,939
Accounts receivable	69,426	48,252	51,650	44,495	39,961
Inventory held for resale	2,474	3,044	1,335	3,182	1,616
Investment in GBE	108,150	105,986	95,217	92,940	89,755
Investments	298,357	323,144	290,917	262,931	267,842
	493,955	494,592	452,610	427,334	417,910



2017 Financial Results

Financial liabilities summary

The City's financial liabilities are mostly comprised of accounts payable, employee benefit obligations and long term liabilities. Financial liabilities have remained stable during 2017 at \$298 million compared to \$297 million in 2016.

Accounts payable and accrued liabilities increased by 6 per cent or \$5 million and are amounts owing to government agencies, suppliers and employees.

The City receives funds for specific purposes under legislation, regulation or agreements and are internally recorded as Obligatory Reserve Funds. The recognition of these funds as revenues has been deferred until related expenses occur in the future. For example, development charges and some government transfers are only recognized as revenues when the related projects expenses are realized. These restricted funds are included in liabilities as "Deferred Revenue" and not part of the accumulated surplus.

Employee benefit obligations have increased by 6 per cent from 2016. These obligations are for WSIB, sick leave benefits, post-employment benefits and vacation pay. Employee benefit obligations represent the amounts payable in future years for services that were provided by employees in the current or past years. Actuarial valuations are undertaken every three years to calculate the obligations, estimating expected future cost and then calculating the present value based on the applicable municipal discount rate as at December 31 in accordance with PSAB standards.

Long term liabilities for 2017 total \$77 million and have decreased from 2016 due to debt principal repayments made during the year. These liabilities are comprised of long term debt to acquire tangible capital assets and accrued financial obligations related to Health Sciences North and Northern Ontario School of Architecture among others.

2017 Financial Liabilities

Financial liabilities	2017	2016	2015	2014	2013
Accounts payable and accrued liabilities	99,200	93,650	80,635	133,618	86,827
Deferred revenue - obligatory reserve funds	40,489	43,463	36,644	37,961	38,796
Deferred revenue - other	3,590	3,366	2,802	4,000	2,896
Employee benefit obligations	62,523	59,075	56,458	55,758	54,595
Solid waste management facility liability	14,944	14,429	14,222	13,263	11,359
Long-term liabilities	77,472	82,597	88,531	32,519	37,345
	298,218	296,580	279,292	277,119	231,818

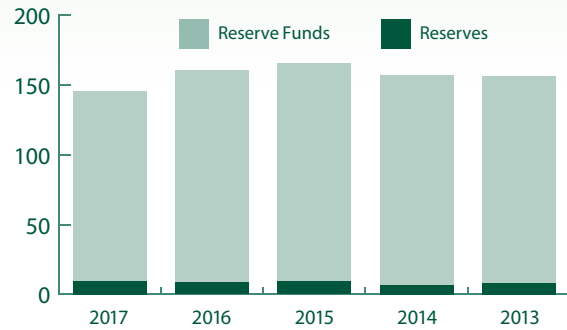
2017 Financial Results

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 and Reserve funds total \$146 million compared to \$161 million in 2016. It's important to note that a significant portion of the reserve funds are committed to previous Council approved capital and other projects. These funds remain committed until spent on the related project. Approximately \$83 million of the total relate to committed projects.

2017 Reserves and reserve funds (in millions \$)



2017 Financial Results

Consolidated Statement of Operations

The Consolidated Statement of Operations and Accumulated Surplus is the municipal equivalent of the private sector’s Statement of Income and Retained Earnings. It provides a summary of the revenues, expenses, and surplus for the reporting period and outlines the changes in accumulated surplus.

It is important to note that a surplus does not indicate that there is extra cash to spend.

Revenues

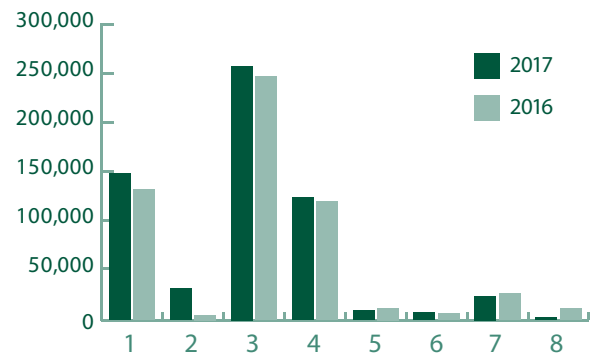
The City’s revenues are used to provide and maintain existing service levels, and sustain infrastructure. Revenues are comprised of government transfers, property taxes, user charges, investment income, fines and penalties, other revenues and net earnings from Government Business Enterprises.

The City’s revenues increased by 8.9 per cent from \$556 in 2016 to \$605 million in 2017.

- Government transfers were \$44 million higher than 2016 due to additional grant funding related to tangible capital assets and for operating grants.
- Taxation revenue for 2017 was \$11 million higher than 2016 primarily due to a 3.6 per cent increase in the property tax levy.
- User charges increased by \$4 million from 2016 mostly due to an increase of user rates of 3 per cent in accordance with the Miscellaneous User Fee By-law and an increase to the water waste water rate of 7.4 percent.
- Government business enterprises contributed \$2 million to the 2017 annual surplus, a decrease of \$8.6 million.

It is to note that 63 per cent of the City’s revenue is attributed to taxation and user fees.

Revenues (in millions \$)



- | | |
|-------------------------------------|------------------------|
| 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 |



2017 Financial Results

Consolidated Statement of Operations Expenses

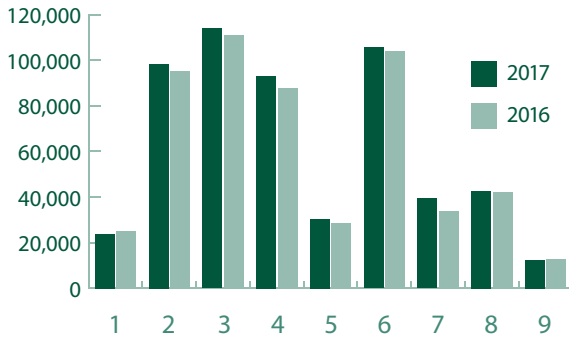
Expenses represent the City's costs to provide a wide range of services to more than 161,000 citizens. City services are provided by departments and their activities are reported by function.

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

Expenses increased in 2017 by 3.67 per cent from \$539 in 2016 to \$559 million to maintain existing service levels.

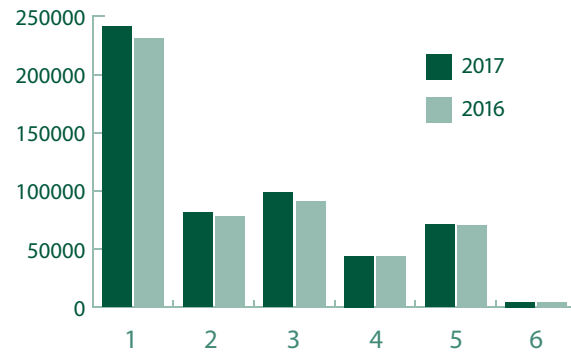
- Salaries, wages and benefits have increased \$2.9 million due to employee benefit obligation adjustments, labour pay adjustments and increased benefit costs.
- Grants and Transfer payments increased by \$7.2 million due to Affordable housing program grants.
- Environmental services increased by \$5.5 million due to an increase in the landfill liability and the solid waste disposal costs.

Expenses by Function (in millions \$)



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

Expenses by Category (in millions \$)



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



2017 Financial Results

Consolidated Statement of Change in Net Financial Assets

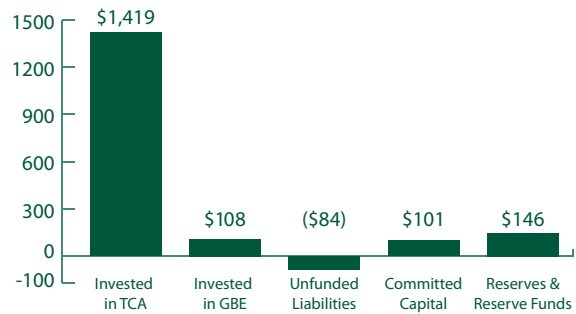
The Consolidated statement of change in net financial assets summarizes the change in net financial assets as a result of annual operations, tangible capital asset transactions and changes in other non-financial assets.

Accumulated surplus

The accumulated surplus is the amount by which all assets, including tangible capital assets, exceed liabilities. An accumulated surplus indicates a government has net resources to provide services in future reporting periods. It is comprised of the City's investments in tangible capital assets, Government Business Enterprises (GBE), committed capital projects, unfunded liabilities and reserves and reserve funds.

The City has an accumulated surplus of \$1.693 billion which is an increase of \$47 million from 2016. This increase can be attributed to an increase investment in tangible capital assets of approximately \$50 million.

2017 Accumulated surplus (in millions \$)



2017 Financial Results

Consolidated Statement of Cash Flow

The Consolidated statement of cash flow summaries the City's cash position and changes during the year by describing the source and uses of cash categorized by operating, capital, investing and financing transactions.

The Consolidated Statement of Cash Flows describes how activities were financed during the reporting period and the effect of activities on the cash balance.

The City utilized its cash during the year to acquire tangible capital assets and repay its debt. The City was required to sell investments during the year to meet the cash requirements due to an increase in accounts receivables.

This statement helps inform readers about whether future cash resources are sufficient for sustaining the City's activities.



Consolidated Financial Statements of

CITY OF GREATER SUDBURY

Year ended December 31, 2017



Management's Responsibility for the Consolidated Financial Statements

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

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

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

The consolidated financial statements have been audited by KPMG 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.



Ed Archer
Chief Administrative Officer



Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet



CITY OF GREATER SUDBURY

Consolidated Financial Statements Index
(in thousands of dollars)
Year ended December 31, 2017

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Claridge Executive Centre
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Sudbury Ontario P3C 1X3
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Telephone (705) 675-8500
Fax (705) 675-7586

INDEPENDENT AUDITORS' 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, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects the financial position of the City of Greater Sudbury as at December 31, 2017, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 26, 2018



CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position
(in thousands of dollars)
December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash	\$ 6,188	\$ 7,044
Taxes receivable (note 3)	9,360	7,122
Accounts receivable (note 4)	69,426	48,252
Inventory held for resale	2,474	3,044
Investment in Government Business Enterprises (note 5 (a))	108,150	105,986
Investments (note 6)	298,357	323,144
	493,955	494,592
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	99,200	93,650
Deferred revenue - obligatory reserve funds (note 9)	40,489	43,463
Deferred revenue - other (note 10)	3,590	3,366
Employee benefit obligations (note 11)	62,523	59,075
Solid waste management facility liability (note 12)	14,944	14,429
Long-term liabilities (note 13)	77,472	82,597
	298,218	296,580
Net financial assets	\$ 195,737	\$ 198,012
Non-financial assets		
Tangible capital assets (note 14)	1,488,881	1,439,235
Inventory of supplies	3,976	4,785
Prepaid expenses	4,720	4,723
	1,497,577	1,448,743
Contractual obligations and commitments (note 16)		
Accumulated Surplus (note 17)	\$ 1,693,313	\$ 1,646,755

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, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
	(note 18)		
Revenues			
Government transfers - Provincial	\$ 141,098	148,686	\$ 132,062
- Federal	31,441	31,557	4,592
Taxation (note 19)	257,833	257,561	246,972
User charges	126,099	124,053	119,971
Investment income	9,826	10,150	10,063
Fines and penalties	6,147	7,501	6,012
Other revenues (note 20)	26,760	23,762	25,440
Government Business Enterprises net earnings (note 5 (b))	1,605	2,164	10,769
	600,809	605,434	555,881
Expenses			
General government	23,192	23,700	25,269
Protection services	94,541	98,041	94,588
Transportation services	110,452	113,519	110,610
Environmental services	95,100	92,760	87,338
Health services	29,631	30,493	28,713
Social and family services	104,283	105,405	103,845
Social housing	39,461	39,599	33,912
Recreation and cultural services	37,422	42,911	42,112
Planning and development	12,874	12,448	12,729
	546,956	558,876	539,116
Annual Surplus	53,853	46,558	16,765
Accumulated surplus, beginning of the year	1,646,755	1,646,755	1,629,990
Accumulated surplus, end of the year	\$ 1,700,608	\$ 1,693,313	\$ 1,646,755

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, 2017, with comparative information for 2016

	2017	2017	2016
	Budget	Actual	Actual
	(note 18)		
Annual Surplus	\$ 53,853	\$ 46,558	\$ 16,765
Acquisition of tangible capital assets	(227,066)	(124,678)	(66,476)
Amortization of tangible capital assets	69,885	72,028	70,905
Loss on sale of tangible capital assets	-	2,652	2,344
Proceeds on sale of tangible capital assets	-	353	1,930
	(103,328)	(3,087)	25,468
Inventory of supplies	-	809	(579)
Prepaid expenses	-	3	(195)
Change in net financial assets	(103,328)	(2,275)	24,694
Net financial assets, beginning of the year	198,012	198,012	173,318
Net financial assets, end of the year	\$ 94,684	\$ 195,737	\$ 198,012

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



CITY OF GREATER SUDBURY

Consolidated Statement of Cash Flow

(in thousands of dollars)

December 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities		
Annual Surplus	\$ 46,558	\$ 16,765
Items not involving cash:		
Amortization of tangible capital assets	72,028	70,905
Loss on sale of tangible capital assets	2,652	2,530
Developer contributions of tangible capital assets	(5,329)	(3,158)
Change in employee benefit obligations	3,448	2,617
Change in solid waste management facility liability	515	207
Equity income in Government Business Enterprises	(2,164)	(10,769)
Change in non-cash working capital:		
(Decrease) increase in accounts and taxes receivable	(23,404)	3,627
Decrease (increase) in inventory held for resale	570	(1,709)
Increase (decrease) in inventory of supplies	809	(580)
Increase (decrease) in prepaid expenses	3	(195)
Increase in accounts payable and accrued liabilities	5,542	13,019
(Decrease) increase in deferred revenue - obligatory reserve funds	(2,973)	6,819
Increase in deferred revenue - other	223	564
	98,478	100,642
Cash flows from financing activities		
Long-term debt issued	1,000	-
Debt principal repayments	(3,985)	(3,807)
Financial obligations payments	(2,130)	(2,120)
Capital lease issued	-	50
Capital lease payments	(10)	(57)
	(5,125)	(5,934)
Cash flows from capital activities		
Proceeds on sale of tangible capital assets	353	1,931
Cash used to acquire tangible capital assets	(119,349)	(63,504)
	(118,996)	(61,573)
Cash flows from investing activities		
Sale (purchase) of investments	24,787	(32,227)
Net (decrease) increase in cash	(856)	908
Cash, beginning of the year	7,044	6,136
Cash, end of the year	\$ 6,188	\$ 7,044
Supplementary Information		
Interest received	\$ 6,214	\$ 5,571
Interest paid	\$ 3,022	\$ 3,203

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, 2017

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 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
Board of Health for the Sudbury & District Health Unit
The City of Greater Sudbury Community Development Corporation

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

(ii) Related entities (continued)

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

	2017	2016
Nickel District Conservation Authority	\$ 683	\$ 701
Board of Health for the Sudbury & District Health Unit	6,029	5,917
The City of Greater Sudbury Community Development Corporation	1,542	1,528
	<u>\$ 8,254</u>	<u>\$ 8,146</u>

(iii) Investment in Government Business Enterprises

Government Business Enterprises (GBE) include the Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. (GSU), and the Sudbury Airport Community Development Corporation (SACDC), and 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, 2017

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 June.

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 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, 2017

1. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Taxation and related revenues (continued)

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

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

User charges

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

Fines and penalties

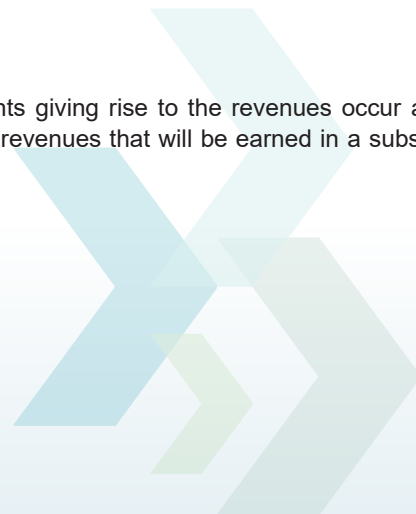
Fines and penalties revenue is primarily generated from the Provincial Offences Administration (POA) office.

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

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

Other revenue

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



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

1. Significant accounting policies (continued)

(c) Investments and investment income

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

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

(d) Inventory held for resale

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

(e) Pensions and employee benefits

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

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

The amount contributed to OMERS and expensed in 2017 was \$16,686 (2016 - \$15,954). As of December 31, 2017 the OMERS plan, with approximately 482,000 members, has a funding surplus of \$605,000 (2016 – deficit \$2,341,000).

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, 2017

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 (TCA) 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, 2017

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, 2017

1. Significant accounting policies (continued)

(j) Use of estimates

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

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

Actual results could differ from these estimates.

2. Accounting standards issued but not yet adopted

Section 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.

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

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

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

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

2. Accounting standards issued but not yet adopted (continued)

Section PS 3041, Portfolio Investments, PS 3280, Asset Retirement Obligations, PS 3450, Financial Instruments, PS 2601, Foreign Currency Translation and PS 1201, Financial Statement Presentation are effective for fiscal years beginning on or after April 1, 2021. While early adoption is permitted, all four of the standards must be adopted in the same year except for PS 3280. PS 3041, Portfolio Investments provides guidance on how to account for and report portfolio investments. PS 3450, Financial Instruments 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. PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of tangible capital assets. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

3. Taxes receivable

	2017	2016
Current taxes and grants in lieu of taxes	\$ 7,351	\$ 7,587
Taxes in arrears	8,109	6,925
	15,460	14,512
Less: allowance for doubtful accounts	(6,100)	(7,390)
Net taxes receivable	\$ 9,360	\$ 7,122

4. Accounts receivable

Accounts receivable consists of the following:

	2017	2016
Government of Canada	\$ 21,813	\$ 7,704
Province of Ontario	12,778	5,072
Other municipalities	69	68
School boards	134	23
Other receivables	35,245	36,399
	70,039	49,266
Less: allowance for doubtful accounts	(613)	(1,014)
Net accounts receivable	\$ 69,426	\$ 48,252

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

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	2017 Total	2016 Total
Balance, beginning of year	\$ 13,151	\$ 92,835	\$ 105,986	\$ 95,217
City's share of operating income for the year	515	1,649	2,164	10,769
Balance, end of year	\$ 13,666	\$ 94,484	\$ 108,150	\$ 105,986

The investment of \$94,484 in GSU includes a promissory note receivable of \$52,340 (2016 - \$52,340) which is unsecured and bears interest at a rate of 7.25% per annum. The note is repayable in full upon six months written notice from the City.

(b) Supplementary Information

The following tables provide condensed supplementary financial information for the year ended December 31, 2017:

Financial Position

	SACDC	GSU	2017 Total	2016 Total
Current assets	\$ 1,293	\$ 26,439	\$ 27,732	\$ 32,613
Capital assets	24,645	110,338	134,983	131,711
Other assets	-	13,774	13,774	10,926
Total assets	25,938	150,551	176,489	175,250
Current liabilities	1,054	15,254	16,308	20,422
Note payable to the City of Greater Sudbury	847	52,340	53,187	53,839
Long term liabilities	10,372	40,813	51,185	47,343
Total liabilities	12,273	108,407	120,680	121,604
Net assets	\$ 13,665	\$ 42,144	\$ 55,809	\$ 53,646

The \$847 (2016 -\$1,499) note payable to the City from SACDC accrues interest at the City's average monthly rate of return on investments plus 1% and has no specified terms of repayment.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

5. Investment in Government Business Enterprises (continued)

b) Supplementary Information (continued)

By-Law 2017-16 authorized an increased loan to the Sudbury Airport Community Development Corporation to \$7,500. The By-Law provides flexibility to temporarily exceed the \$7,500 limit for bridge financing in order to complete subsidized projects. As at December 31, 2017, the City is in compliance with the requirements of By-Law 2017-16.

	SACDC	GSU	2017 Total	2016 Total
Revenue	\$ 8,569	\$ 143,354	\$ 151,923	\$ 161,743
Expenses	(8,014)	(136,266)	(144,280)	(155,241)
Interest paid to the City of Greater Sudbury	(40)	(3,795)	(3,835)	(3,858)
Other	-	(553)	(553)	3,032
Other comprehensive income	-	(1,091)	(1,091)	5,093
Net income	\$ 515	\$ 1,649	\$ 2,164	\$ 10,769
Budgeted net income	\$ 578	\$ 1,027	\$ 1,605	2,085

(c) Related Party Transactions

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

- (i) At December 31, 2017, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$749 (2016 - \$2,153) for water billings collected by GSU on behalf of the City.

A payable of \$33 (2016 - \$60) 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:

	2017	2016
Property taxes	\$ 425	\$ 443
Interest on promissory note receivable	3,835	3,858
	\$ 4,260	\$ 4,301

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

5. Investment in Government Business Enterprises (continued)

c) Related Party Transactions (continued)

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

	2017	2016
Billing and collection services for water and wastewater	\$ 1,565	\$ 1,354
Streetlighting maintenance services	524	510
Streetlighting infrastructure	298	329
Electricity	7,789	7,651
Telecommunications	487	546
	<u>\$ 10,663</u>	<u>\$ 10,390</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.

6. Investments

	2017 Interest Rates	Market	2017 Cost	Market	2016 Cost
Short term investments	(1.38% to 6.73%)	\$ 170,310	168,825	\$ 219,591	218,001
Long term investments	(0.00% to 4.60%)	130,420	129,532	106,629	105,143
		<u>\$ 300,730</u>	<u>298,357</u>	<u>\$ 326,220</u>	<u>323,144</u>

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 0.00% 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 2019 to 2035 (2016 – 2017 to 2035).

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, 2017, the City is in compliance with the requirements of By-Law 2013-179.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2017	2016
Government of Canada	\$ 2,619	\$ 2,524
Province of Ontario	5,832	7,843
Other municipalities	44	69
School boards	11	270
Other payables	90,694	82,944
Total accounts payable and accrued liabilities	\$ 99,200	\$ 93,650

8. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2016 - \$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 2.95 % (2016 – 2.2%) per annum. No amounts were drawn against the facility as at December 31, 2017 and 2016.

9. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2016	Externally restricted inflows	Revenue earned	December 31, 2017
Gasoline Tax - Federal	\$ 18,007	\$ 10,259	\$ (14,952)	\$ 13,314
Gasoline Tax - Provincial	74	2,617	(2,691)	-
Ontario Community Infrastructure Fund (OCIF)	-	4,290	(3,918)	372
Social Housing Apartment Retrofit Program (SHARP)	1,637	31	(678)	990
Children's Services - Transition Mitigation Funding	6,296	58	(58)	6,296
Development Charges Act	1,557	3,912	(3,689)	1,780
Recreational Land (Planning Act)	860	171	(132)	899
Subwatershed Provincial Fund	-	1,551	(913)	638
Sub-Divider Contributions	8,835	1,003	(1,016)	8,822
Building Permit Revenues (Bill 124)	6,197	1,300	(119)	7,378
	\$ 43,463	\$ 25,192	\$ (28,166)	\$ 40,489

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

10. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31, 2016	Externally restricted inflows	Revenue earned	December 31, 2017
Federal government	\$ 35	\$ 34	\$ (45)	\$ 24
Provincial government	2,596	13,213	(13,095)	2,714
Municipal government	13	27	(40)	-
Other	541	665	(542)	664
Consolidated entities	181	188	(181)	188
	\$ 3,366	\$ 14,127	\$ (13,903)	\$ 3,590

11. Employee benefit obligations

Employee benefit obligations consist of the following:

	2017	2016
Future payments required for:		
WSIB obligations	\$ 5,189	\$ 3,762
Accumulated sick leave benefits	6,760	6,696
Other post-employment benefits	33,545	32,009
Liability for Stop Loss Insurance	1,305	1,435
Vacation pay	15,724	15,173
	\$ 62,523	\$ 59,075

The City has established reserve funds in the amount of \$15,149 (2016 - \$15,715) to mitigate the future impact of these obligations.

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

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

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

Liability for stop loss insurance represents 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, 2017

11. Employee benefit obligations (continued)

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2017 for each of the plans.

	WSIB	Sick leave	Other Post- Employment Benefits	2017 Total	2016 Total
Accrued benefit liability, beginning of year	\$ 10,130	6,533	35,211	51,874	49,906
Benefit cost	1,017	338	1,576	2,931	2,576
Interest cost	340	233	1,257	1,830	1,855
Benefit payments	(1,373)	(465)	(2,178)	(4,016)	(4,236)
Actuarial gain	-	-	-	-	1,772
Accrued benefit liability, end of year	10,114	6,639	35,866	52,619	51,873
Unamortized actuarial gain (loss)	(4,925)	121	(2,321)	(7,125)	(9,407)
	\$ 5,189	6,760	33,545	45,494	42,466

The total employee benefits expense include the following components:

	WSIB	Sick Leave	Other Post- Employment Benefits	2017 Total	2016 Total
Current period benefit cost	\$ 2,322	338	1,576	4,236	\$ 3,921
Amortization of actuarial loss	1,353	(42)	881	2,192	2,149
Interest expense	340	233	1,257	1,830	1,855
Total employee benefit expense	\$ 4,015	529	3,714	8,258	\$ 7,925

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

	WSIB	Sick Leave	Other Post- Employment Benefits
Expected inflation rate	2.0%	2.0%	2.0%
Expected level of salary increases	N/A	3.1%	3.1%
Discount rate	3.60%	3.60%	3.60%

For other post employment benefits, as at December 31, 2017, the initial health care trend rate is 7.6% (2016 – 7.6 %) and the ultimate trend rate is 4.5% (2016 – 4.5%) which is expected to be reached in 2029 (2016 – 2029).

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

12. 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 3.85% (2016 – 3.85%) minus an inflation rate of 2.17% (2016 - 2.07%) (10-year average of CPI from 2007 to 2017). The estimated total landfill closure and post-closure care expenses are calculated to be \$24,738 (2016 - \$24,333). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2017, an amount of \$14,944 (2016 - \$14,429) with respect to landfill closure and post-closure liabilities has been accrued.

Active sites

The estimated remaining capacity of the Sudbury landfill site is 46% (3,579,984 cubic meters) (2016 - 48%) of its total estimated capacity and its estimated remaining life is 32 years (2016 - 33 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 36% (589,516 cubic meters) (2016 - 38%) of its total estimated capacity and its estimated remaining life is 21 years (2016 - 24 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 48% (715,340 cubic meters) (2016 - 49%) of its total estimated capacity and its estimated remaining life is 31 years (2016 - 32 years), after which the period for post-closure care is estimated to be 25 years.

Inactive Sites

The City has identified three (2016 – three) inactive landfill sites for which it retains responsibility for all costs relating to closure and post-closure care.

Post-closure care activities for landfill sites are expected to occur in perpetuity and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and maintenance of the landfill cover.

The estimated liability for the care of inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs discounted using the City's average long-term borrowing rate of 3.85% (2016 – 3.85%). The estimated present value of future expenditures for post-closure care is \$2,225 (2016 - \$2,344).

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

13. Long-term liabilities

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

	2017	2016
Debentures (i)	\$ 51,975	\$ 55,300
Other loans (ii)	17,167	17,827
Capital lease obligations (iii)	30	40
Accrued financial obligations (iv)	8,300	9,430
	<u>\$ 77,472</u>	<u>\$ 82,597</u>

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

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

(iii) The capital lease obligations bear interest at a rate of 0%, repayable in aggregate blended monthly payments of \$1, maturing in April 2021.

(iv) Accrued financial obligations consist of the following:

	Last Year of Obligation	2017	2016
Health Sciences North (PET Scanner)	2025	\$ 1,000	\$ -
Health Sciences North	2023	3,985	4,684
Northeastern Ontario Regional Cancer Centre	2023	1,715	2,016
Laurentian University (School of Architecture)	2019	1,500	2,500
Advanced Medical Research Institute of Canada	2018	100	200
Physician Service Agreements	2017	-	30
		<u>\$ 8,300</u>	<u>\$ 9,430</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

13. Long-term liabilities (continued)

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

2017	\$	6,381
2018		5,977
2019		5,682
2020		6,488
2021		6,016
Thereafter		46,928
	\$	77,472

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

General municipal revenues	\$	32,315
Water/wastewater user fees		45,157
	\$	77,472

(d) The City expensed \$3,022 in 2017 (2016 - \$ 3,203) in interest on these borrowings.



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

14. Tangible capital assets

Cost	Balance December 31, 2016	Additions	Disposals / Transfers	Balance at December 31, 2017
General Capital:				
Land	\$ 74,114	\$ 2,273	(64)	\$ 76,323
Landfill and land improvements	39,236	1,102	-	40,338
Buildings	336,672	9,615	(2,007)	344,280
Machinery, furniture and equipment	114,094	5,672	(2,249)	117,517
Vehicles	75,945	5,681	(5,484)	76,142
Infrastructure:				
Land improvements	22,811	145	-	22,956
Plants and facilities	423,908	3,443	(1,150)	426,201
Roads infrastructure	1,195,806	50,765	(11,229)	1,235,342
Water and sewer infrastructure	507,291	17,277	(515)	524,053
Assets under construction	35,983	50,135	(21,428)	64,690
Total	\$ 2,825,860	\$ 146,108	\$ (44,126)	\$ 2,927,842

Accumulated amortization	Balance December 31, 2016	Amortization expense	Disposals / Transfers	Balance at December 31, 2017
General Capital:				
Land	\$ -	\$ -	-	-
Landfill and land improvements	17,274	1,522	-	18,796
Buildings	161,100	9,969	(1,050)	170,019
Machinery, furniture and equipment	65,441	8,174	(2,128)	71,487
Vehicles	42,333	4,910	(5,233)	42,010
Infrastructure:				
Land improvements	3,294	319	-	3,613
Plants and facilities	202,208	10,141	(1,147)	211,202
Roads infrastructure	730,142	29,921	(9,650)	750,413
Water and sewer infrastructure	164,834	7,073	(486)	171,421
Assets under construction	-	-	-	-
Total	\$ 1,386,626	\$ 72,028	\$ (19,694)	\$ 1,438,961

	Net book value December 31, 2016	Net book value December 31, 2017
General Capital:		
Land	\$ 74,114	\$ 76,323
Landfill and land improvements	21,962	21,542
Buildings	175,572	174,261
Machinery, furniture and equipment	48,654	46,030
Vehicles	33,613	34,132
Infrastructure:		
Land improvements	19,517	19,343
Plants and facilities	221,700	214,999
Roads infrastructure	465,664	484,929
Water and sewer infrastructure	342,455	352,632
Assets under construction	35,983	64,690
Total	\$ 1,439,234	\$ 1,488,881

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

14. Tangible capital assets (continued):

Cost	Balance December 31, 2015	Additions	Disposals / Transfers	Balance at December 31, 2016
General Capital:				
Land	\$ 70,610	\$ 4,032	(528)	\$ 74,114
Landfill and land improvements	37,291	1,945	-	39,236
Buildings	335,057	6,339	(4,724)	336,672
Machinery, furniture and equipment	108,852	8,257	(3,015)	114,094
Vehicles	74,417	8,211	(6,683)	75,945
Infrastructure:				
Land improvements	22,713	98	-	22,811
Plants and facilities	413,043	12,937	(2,072)	423,908
Roads infrastructure	1,184,245	17,413	(5,852)	1,195,806
Water and sewer infrastructure	499,340	8,290	(339)	507,291
Assets under construction	36,844	20,502	(21,363)	35,983
Total	\$ 2,782,412	\$ 88,024	\$ (44,576)	\$ 2,825,860

Accumulated amortization	Balance December 31, 2015	Amortization expense	Disposals / Transfers	Balance at December 31, 2016
General Capital:				
Land	\$ -	\$ -	-	-
Landfill and land improvements	15,855	1,419	-	17,274
Buildings	154,283	9,855	(3,038)	161,100
Machinery, furniture and equipment	60,102	8,262	(2,923)	65,441
Vehicles	43,517	4,693	(5,877)	42,333
Infrastructure:				
Land improvements	2,978	316	-	3,294
Plants and facilities	193,974	9,809	(1,575)	202,208
Roads infrastructure	705,524	29,631	(5,013)	730,142
Water and sewer infrastructure	158,240	6,921	(327)	164,834
Assets under construction	-	-	-	-
Total	\$ 1,334,473	\$ 70,905	\$ (18,753)	\$ 1,386,625

	Net book value December 31, 2015	Net book value December 31, 2016
General Capital:		
Land	\$ 70,610	\$ 74,114
Landfill and land improvements	21,436	21,962
Buildings	180,774	175,572
Machinery, furniture and equipment	48,750	48,654
Vehicles	30,900	33,613
Infrastructure:		
Land improvements	19,735	19,517
Plants and facilities	219,069	221,700
Roads infrastructure	478,721	465,664
Water and sewer infrastructure	341,100	342,455
Assets under construction	36,844	35,983
Total	\$ 1,447,939	\$ 1,439,235

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

14. Tangible capital assets (continued)

a) Assets under construction

Assets under construction having a value of \$64,690 (2016 - \$35,983) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$50,135 (2016 - \$20,502) to assets under construction and transferred \$21,428 (2016 - \$21,363) 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 \$5,329 (2016 - \$3,158) comprised of the following:

	2017	2016
General Capital		
Land	\$ 426	\$ 88
Machinery and equipment	298	495
Land improvements	33	255
Infrastructure		
Land improvements	234	25
Roads network	1,484	1,000
Water and wastewater network	2,854	1,295
Total	\$ 5,329	\$ 3,158

15. 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:

	2017	2016
Taxation	\$ 51,623	\$ 56,231
Payments in lieu of taxes	139	140
	\$ 51,762	\$ 56,371



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
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Year ended December 31, 2017

16. Contractual obligations and commitments

(a) Contracts for capital projects

The balance of capital works uncompleted under contracts in progress at December 31, 2017 amounts to approximately \$68,519 (2016 - \$33,279). The proposed financing of these obligations is \$37,175 (2016 - \$11,633) from surplus funds and \$31,344 (2016 - \$21,645) from external sources.

(b) Contracts for services

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

2018	30,259
2019	27,688
2020	22,108
2021	9,119
2022 and onwards	56,230
	\$ 145,404

(c) Contingent liabilities

As at December 31, 2017, 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, 2017 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.



CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements
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Year ended December 31, 2017

17. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Surplus		
Invested in tangible capital assets	\$ 1,419,491	\$ 1,365,836
Invested in government business enterprises	108,150	105,986
Other	2,828	3,365
Committed capital:		
Capital projects not completed	122,619	112,473
Unfinanced capital projects to be recovered through taxation or user charges	(21,304)	(20,072)
Unfunded:		
Landfill closure costs	(14,944)	(14,429)
Employee benefits	(61,127)	(57,640)
Accrued financial obligations	(8,100)	(9,400)
	1,547,613	1,486,119
Reserves	9,417	8,507
Reserve funds	136,283	152,129
	\$ 1,693,313	\$ 1,646,755



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

18. Budget data

Budget data presented in these consolidated financial statements are based on the 2017 operating and capital budgets approved by Council and Local Boards. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

	2017
Revenues	
Approved budget:	
Operating	\$ 526,812
Capital	229,663
Consolidated Boards	19,719
	<u>776,194</u>
Adjustments:	
Transfer from reserves to operating	(9,453)
Recognize revenues from obligatory reserve funds	(66,163)
In year budget adjustments - operating	3,797
Operating transfer to capital and future years funding	(105,752)
Contributed tangible capital assets	5,329
Reclass between revenues and expenses	(1,003)
Reclassification of taxation bad debt expense	(2,140)
Total revenues	<u>\$ 600,809</u>
Expenses	
Approved budget:	
Operating	526,812
Capital	229,663
Consolidated Boards (A)	18,114
	<u>774,589</u>
Adjustments:	
Amortization of tangible capital assets	69,885
Transfer to reserves and capital	(77,415)
Reduction due to tangible capital assets	(232,394)
Post employment benefit expense	700
Landfill closure and post closure expense	959
In year budget adjustments - operating	3,797
In year budget adjustments - capital	172
Reclassification of taxation bad debt expense	(2,140)
Debt principal repayments	(6,085)
Reclass between revenues and expenses	(1,003)
Operating expenses budgeted in capital expensed in current year	15,891
Total expenses	<u>\$ 546,956</u>
Annual surplus	<u>\$ 53,853</u>

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

(A) The approved budgets of the Consolidated Boards include amortization. Their budgets also provide figures for the acquisition of tangible capital assets.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
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Year ended December 31, 2017

19. Taxation

Taxation consists of:

	2017 Budget	2017 Actual	2016 Actual
Municipal tax levy	\$ 249,689	249,701	\$ 239,156
Supplementary taxation	2,200	3,039	3,042
Payment in lieu of property taxes	8,025	7,656	7,797
Local improvements	59	59	229
	259,973	260,455	250,224
Rebates and tax concessions	(2,140)	(2,894)	(3,252)
Net municipal taxation	\$ 257,833	\$ 257,561	\$ 246,972

20. Other revenues

Other revenues consist of:

	2017 Budget	2017 Actual	2016 Actual
Gaming and casino revenues	\$ 2,175	\$ 2,255	\$ 2,158
Loss on sale of land and tangible capital assets	-	(2,588)	(631)
Donated tangible capital assets	5,329	5,329	3,158
Donations	691	86	1,084
Development Charges earned	3,689	3,689	3,700
Sub-divider contributions	1,135	2,049	1,811
Miscellaneous recoveries/revenues	13,741	12,942	14,160
	\$ 26,760	\$ 23,762	\$ 25,440

21. Trust funds

Trust funds amounting to \$15,912 (2016 - \$15,349) 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.

22. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. These changes have no effect on the annual surplus previously reported in the prior year.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

23. Segmented disclosure

The City is a diversified municipal government institution that provides a wide range of services to more than 161,000 citizens. Services include water, roads, fire, police, emergency medical services, waste management, public transit, recreation programs, economic development, land use planning and health and social services. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

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.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
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Year ended December 31, 2017

23. Segmented disclosure (continued)

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.

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, 2017

23. Segmented Disclosure (continued)

December 31, 2017	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
Revenues									
Transfer Payments	\$ 23,799	3,808	39,097	6,174	105,269	713	1,383	-	180,243
Taxation	(20,119)	83,344	81,530	20,024	54,252	27,481	11,050	-	257,561
User Charges	5,401	5,718	10,017	74,713	18,733	8,639	831	-	124,053
Other	15,576	5,565	7,047	7,954	2,270	1,477	1,523	2,164	43,577
	24,656	98,435	137,692	108,865	180,524	38,310	14,788	2,164	605,434
Expenses									
Salaries, Wages and Benefits	25,323	78,486	32,173	19,546	59,960	20,908	7,283	-	243,678
Materials	7,569	8,460	29,605	21,497	20,382	11,697	2,234	-	101,444
Contract Services	4,040	1,470	14,019	29,020	36,482	1,388	538	-	86,957
Grants and Transfer Payments	520	694	48	54	46,227	1,411	1,635	-	50,589
Amortization	1,060	4,755	34,917	18,793	7,165	5,005	334	-	72,028
Other	770	327	441	2,096	303	189	54	-	4,179
Allocation of shared expenses	(15,581)	3,849	2,317	1,754	4,978	2,313	370	-	-
	23,700	98,041	113,519	92,760	175,497	42,911	12,448	-	558,876
Annual Surplus (Deficit)	\$ 956	\$ 394	\$ 24,173	\$ 16,105	\$ 5,027	\$ (4,602)	\$ 2,340	\$ 2,164	\$ 46,558



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

23. Segmented Disclosure (continued)

December 31, 2016	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
Revenues									
Transfer Payments	26,033	4,023	6,475	1,682	94,011	862	1,304	-	134,390
Taxation	(22,836)	80,187	79,835	18,549	54,202	26,693	10,343	-	246,973
User Charges	5,116	4,996	9,981	72,360	18,271	8,488	760	-	119,972
Other	14,300	3,950	12,411	5,854	2,659	2,909	1,694	10,769	54,546
	<u>22,613</u>	<u>93,156</u>	<u>108,702</u>	<u>98,445</u>	<u>169,143</u>	<u>38,952</u>	<u>14,101</u>	<u>10,769</u>	<u>555,881</u>
Expenses									
Salaries, Wages and Benefits	30,391	74,691	30,970	18,584	58,486	20,041	7,653	-	240,816
Materials	7,167	8,149	20,144	15,013	19,339	9,435	2,350	-	81,597
Contract Services	5,622	1,950	20,890	31,239	35,359	2,830	458	-	98,348
Grants and Transfer Payments	121	726	50	54	39,653	1,606	1,182	-	43,392
Amortization	1,049	4,560	34,636	18,347	7,040	4,926	347	-	70,905
Other	748	272	485	2,080	318	112	43	-	4,058
Allocation of shared expenses	(19,829)	4,240	3,435	2,021	6,275	3,162	696	-	-
	<u>25,269</u>	<u>94,588</u>	<u>110,610</u>	<u>87,338</u>	<u>166,470</u>	<u>42,112</u>	<u>12,729</u>	<u>-</u>	<u>539,116</u>
Annual Surplus (Deficit)	<u>\$ (2,656)</u>	<u>\$ (1,432)</u>	<u>\$ (1,908)</u>	<u>\$ 11,107</u>	<u>\$ 2,673</u>	<u>\$ (3,160)</u>	<u>\$ 1,372</u>	<u>\$ 10,769</u>	<u>\$ 16,765</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

24. Supplementary financial information

i) Schedule of Revenues and Expenses - Library

	2017	2016
Revenues		
Government transfers (note 1)	\$ 403	\$ 427
Fines and fees	147	132
Other	20	18
	570	577
Expenses		
Salaries, wages and benefits	\$ 4,670	\$ 4,687
Materials and contract services	1,698	1,731
	6,368	6,418
Excess of expenses over revenues	\$ (5,798)	\$ (5,841)

1. The government transfers are comprised of the following:

Provincial

Ministry of Tourism and Culture - Operating	\$ 403	\$ 403
Ministry of Tourism and Culture - Other	-	24
	\$ 403	\$ 427



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

24. Supplementary financial information (continued)

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

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

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

	REVENUES (1)			
	Ministry of Education	Legislated Cost Share (Calculated)	Total	
Full Flexibility				
Core Services Delivery (100%)	\$ 4,490	0%	-	4,490
Core Services Delivery - (80%/20%)	6,159	20%	1,540	7,699
Core Service Delivery - (50%/50%)	355	50%	355	710
Language	2,618	0%	-	2,618
Aboriginal	188	0%	-	188
Cost of Living	364	0%	-	364
Rural/Remote	1,239	0%	-	1,239
Repairs and Maintenance	28	0%	-	28
Utilization Adjustment	137	0%	-	137
Capping Adjustment	2,584	0%	-	2,584
Total (full flexibility)	\$ 18,162	70%	1,895	20,057
Limited Flexibility				
Capacity Building	\$ 78	0%	-	78
Total (limited flexibility)	\$ 78		0	78
No Flexibility				
Wage Enhancement/HCCE Grant	\$ 2,300	0%	0	2,300
Wage Enhancement/HCCE Administration	148	0%	0	148
TOTAL	\$ 20,688		1,895	22,583

(1) Most recent Amended Service agreement



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

24. Supplementary financial information (continued)

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

	EXPENSES		
	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures
Full Flexibility			
General Operating	\$ 6,348	-	6,348
Fee Subsidy - Regular	8,744	(1,440)	7,304
Ontario Works and LEAP - Formal	305	-	305
Pay Equity Memorandum of Settlement	190	-	190
Special Needs Resourcing	1,592	-	1,592
Administration	1,618	-	1,618
Repairs and Maintenance	694	-	694
Transformation	196	-	196
Total (full flexibility)	\$ 19,687	(1,440)	18,247
Limited Flexibility			
Capacity Building	\$ 130	-	130
Total (limited flexibility)	130	-	130
No Flexibility			
Wage Enhancement/HCCE Grant	\$ 2,083	-	2,083
Wage Enhancement/HCCE Admin	149	-	149
TOTAL	\$ 22,049	(1,440)	20,609



CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2017

24. Supplementary financial information (continued)

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

Family Support Program

	REVENUES			ADJUSTED GROSS EXPENDITURES	SURPLUS/DEFICIT
	Ministry of Education	Legislated Cost Share	Total	Total	Total
	Cost Share %	Calculated			
Full Flexibility					
A466 - Data Analysis Services	73	0%	0	73	0
A525 - ECD Planning	28	0%	0	28	0
Limited Flexibility					
A525 - ECD Aboriginal	17	0%	0	17	0
No Flexibility					
A386 - Delivery Agent - Resource Centres	786	80%	197	983	0
TOTAL	904		197	1,101	0



Financial Statements of

CITY OF GREATER SUDBURY TRUST FUNDS

Year ended December 31, 2017





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INDEPENDENT AUDITORS' 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, 2017, the statement of changes in fund balances for the year then ended, and notes, comprising 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.

Auditors' 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 disclosure in the financial statements. The procedures selected depend on our 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, we consider 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The City of Greater Sudbury Trust Funds as at December 31, 2017 and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 26, 2018
Sudbury, Canada



CITY OF GREATER SUDBURY TRUST FUNDS

Statement of Financial Position

December 31, 2017, with comparative information for 2016
(in thousands of dollars)

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 3)	Cemetery Pre-Need	Cemetery Care and Maintenance	Total 2017	Total 2016
Assets								
Cash	\$ 184	1,121	-	-	-	-	1,305	1,356
Due from City of Greater Sudbury (note 2)	-	5,053	50	-	1,305	8,199	14,607	13,993
Loans receivable	-	-	-	117	-	-	117	117
Allowance for doubtful loans	-	-	-	(117)	-	-	(117)	(117)
	\$ 184	6,174	50	-	1,305	8,199	15,912	15,349
Liabilities and Fund Balances								
Accounts payable	\$ 72	-	-	-	-	-	72	80
Fund balances	112	6,174	50	-	1,305	8,199	15,840	15,269
	\$ 184	6,174	50	-	1,305	8,199	15,912	15,349

See accompanying notes to financial statements.

CITY OF GREATER SUDBURY TRUST FUNDS

Statement of Changes in Fund Balances

Year ended December 31, 2017, with comparative information for 2016
(in thousands of dollars)

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 3)	Cemetery Pre-Need	Cemetery Care and Maintenance	Total 2017	Total 2016
Revenue:								
Plot sales	\$ -	-	-	-	103	262	365	374
Receipts from or on behalf of others	1,239	-	12	-	-	-	1,251	1,319
Interest earned	-	13	-	-	25	273	311	286
Subdividers' deposits	2	1,052	-	-	-	-	1,054	451
	1,241	1,065	12	-	128	535	2,981	2,430
Expenses:								
Disbursements to or on behalf of residents	1,257	-	-	-	-	-	1,257	1,322
Refunds	-	806	-	-	-	-	806	1,549
Transfer to City of Greater Sudbury	-	-	1	-	73	273	347	301
	1,257	806	1	-	73	273	2,410	3,172
Change in fund balance in year	(16)	259	11	-	55	262	571	(742)
Fund balance, beginning of year	128	5,915	39	-	1,250	7,937	15,269	16,011
Fund balance, end of year	\$ 112	6,174	50	-	1,305	8,199	15,840	15,269

See accompanying notes to financial statements.

THE CITY OF GREATER SUDBURY

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2017
(in thousands of dollars)

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

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

1. 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 Chartered Professional Accountants of Canada.

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 Fund's financial statements are the responsibility of management and have been prepared in accordance with the accounting policy set out below.

2. Due from the City of Greater Sudbury:

At December 31, 2017, the Funds have amounts due from the City of \$14,607 (2016 - \$13,993) 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 \$1,305 and \$8,199 which bear interest at the rates of 1.88% and 3.38% respectively (2016 - 1.83% and 3.33%) and are due on demand.

3. Fednor Project Business Planning Initiative:

Fednor has advanced \$117 to be used by the Regional Business Centre, a division of the City, 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 its advance or the advance may be forgiven. To date, Fednor has not asked for repayment or forgiven the advance.



2017

City of Greater Sudbury

Statistical Information

For the year ended December 31, 2017



Statistical Information

Consolidated Statement of Financial Position

(in thousands of dollars)

	2017	2016	2015	2014	2013
Financial assets	\$	\$	\$	\$	\$
Cash	6,188	7,044	6,136	17,217	10,797
Taxes receivable	9,360	7,122	7,355	6,569	7,939
Accounts receivable	69,426	48,252	51,646	44,495	39,961
Inventory held for resale	2,474	3,044	1,335	3,182	1,616
Investment in GBE	108,150	105,986	95,217	92,940	89,755
Investments	298,357	323,144	290,917	262,931	267,842
Total Assets	493,955	494,592	452,606	427,334	417,910
Financial liabilities					
Accounts payable and accrued liabilities	99,200	93,650	80,631	133,618	86,827
Deferred revenue - obligatory reserve funds	40,489	43,463	36,644	37,961	38,796
Deferred revenue - other	3,590	3,366	2,802	4,000	2,896
Employee benefit obligations	62,523	59,075	56,458	55,758	54,595
Solid waste management facility liability	14,944	14,429	14,222	13,263	11,359
Long-term liabilities	77,472	82,597	88,531	32,519	37,345
Total Liabilities	298,218	296,580	279,288	277,119	231,818
Net financial assets	195,737	198,012	173,318	150,215	186,092
Non-financial assets					
Tangible capital assets	1,488,881	1,439,235	1,447,939	1,439,124	1,375,254
Other	8,696	9,508	8,733	7,113	7,072
	1,497,577	1,448,743	1,456,672	1,446,237	1,382,326
ACCUMULATED SURPLUS	1,693,313	1,646,755	1,629,990	1,596,452	1,568,418



Statistical Information (continued)

Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)

	2017	2016	2015	2014	2013
Revenues	\$	\$	\$	\$	\$
Government Transfers, Provincial	148,686	132,062	129,582	123,459	130,617
Government Transfers, Federal	31,557	4,592	21,573	14,752	9,750
Taxation	257,561	246,972	237,142	238,467	231,004
User Charges	124,053	119,971	113,823	116,141	112,073
Investment Income	10,150	10,063	12,454	11,385	10,567
Fines and Penalties	7,501	6,012	6,099	5,802	6,226
Other	23,762	25,440	27,336	25,016	31,631
GBE net earnings	2,164	10,769	2,277	3,185	7,053
TOTAL REVENUES	605,434	555,881	550,286	538,207	538,921
Expenses by Object					
Salaries wages & employee benefits	243,678	240,816	231,338	229,598	225,886
Materials	101,446	81,597	77,462	82,332	76,280
Contract Services	86,957	98,348	91,006	88,895	89,604
Grants and Transfer Payments	50,589	43,392	43,647	40,760	42,972
Amortization	72,028	70,905	69,707	66,228	65,178
Other	4,179	4,058	3,588	2,360	2,066
TOTAL EXPENSES	558,876	539,116	516,748	510,174	501,987
ANNUAL SURPLUS	46,558	16,765	33,538	28,033	36,934
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,646,755	1,629,990	1,596,452	1,568,418	1,531,484
ACCUMULATED SURPLUS, END OF YEAR	1,693,313	1,646,755	1,629,990	1,596,452	1,568,418

Analysis of Expenses by Function

(in thousands of dollars)

	2017	2016	2015	2014	2013
General Government	23,700	25,269	23,145	23,543	22,052
Protection Services	98,041	94,588	89,388	87,293	85,142
Transportation Services	113,519	110,610	99,526	101,352	98,467
Environmental Services	92,760	87,338	88,107	84,165	79,814
Health Services	30,493	28,713	29,242	27,566	27,113
Social and Family Services	105,405	103,845	99,894	97,347	95,877
Social Housing	39,599	33,912	33,912	34,793	38,680
Recreation and Cultural Services	42,911	42,112	40,685	41,103	40,226
Planning and Development	12,448	12,729	12,849	13,011	14,616
TOTAL EXPENSES	558,876	539,116	516,748	510,174	501,987

Statistical Information (continued)

Reserves and Reserve Funds

(In thousands of dollars)

	2017	2016	2015	2014	2013
RESERVES	\$	\$	\$	\$	\$
Working funds	625	629	642	1,726	1,813
Tax rate stabilization	4,072	4,884	5,544	2,661	4,165
General government	742	433	762	875	1,014
Health, social services and housing	3,442	1,706	1,537	659	641
Planning and development	536	855	773	701	712
TOTAL RESERVES	9,417	8,507	9,258	6,622	8,345
RESERVE FUNDS	2017	2016	2015	2014	2013
Equipment Replacement	5,359	6,076	5,351	5,708	5,968
Employee benefit obligations	15,150	15,715	15,817	14,737	12,382
Insurance	1,714	1,610	1,650	1,791	1,663
General government	21,890	21,711	27,236	26,312	32,154
Protection services	7,423	6,834	6,476	5,865	5,321
Transportation services	24,034	37,630	40,981	38,973	31,793
Environmental Services	32,508	34,057	31,813	30,085	34,122
Health, social services and housing	11,836	11,394	11,515	11,930	11,507
Recreation and cultural services	2,765	3,288	3,610	4,684	3,577
Planning and development	13,604	13,814	12,298	10,589	9,709
TOTAL RESERVE FUNDS	136,283	152,129	156,745	150,674	148,196
TOTAL RESERVE AND RESERVE FUNDS	145,700	165,254	166,005	157,296	156,541

Additional Information

(in thousands of dollars)

	2017	2016	2015	2014	2013
NET FINANCIAL ASSETS	195,737	198,012	173,318	150,215	186,092
NET DEBT PER CAPITA	480	511	547	201	231
LONG-TERM LIABILITIES					
Supported by					
Property taxation	32,315	35,587	39,740	29,401	34,054
Water/wastewater user fees	45,157	47,010	48,791	3,118	3,291
	77,472	82,597	88,531	32,519	37,345

Statistical Information (continued)

Additional Information (continued)

Municipal Statistics	2017	2016	2015	2014	2013
Population	161,500	161,500	161,900	161,900	161,900
Households	75,434	75,337	75,158	74,851	74,405
Employees					
Full time employees	1,993	1,990	2,021	2,011	2,019
Service Information					
Building Permit Values (in 1000's)	384,024	254,506	237,362	344,303	287,333
Average monthly social assistance case load	3,474	3,450	3,706	3,703	3,548
Lane Kilometers of roads	3,535	3,625	3,623	3,619	3,617
Annual volume of treated waste water *	30,766	30,368	32,506	36,715	32,847
Annual volume of treated drinking water *	18,339	18,766	21,553	20,804	20,877
Annual disposal of solid waste (tonnes)	97,283	103,429	100,723	102,725	105,509
Annual diversion of solid waste (tonnes)	32,223	31,675	33,740	35,345	36,424
Regular service passenger Transit trips	4,063,000	4,171,000	4,262,000	4,458,000	4,362,000
Tax collection rate	3.1%	2.4%	2.6%	2.3%	2.8%
Property Tax Collection (in 1000's)	295,671	289,203	276,665	278,246	266,939
*(megalitres)					
TAXABLE ASSESSMENT (\$ millions)					
Residential assessment	\$14,419	\$14,368	13,695	12,863	12,009
Commercial assessment	\$1,983	\$1,937	1,833	1,737	1,634
Industrial assessment	\$706	\$513	490	473	446
BENCHMARK INFORMATION					
% of paved lane km where condition is rated good to very good	38.0%	38.0%	51.0%	51.0%	51.0%
# of conventional transit passenger trips per person in service area per year	27.1	30.2	30.9	32.3	31.6
# of waste water main backups per 100 km of waste water main per year	2.5	4.4	5.1	6.7	8.9
% of waste water estimated to have bypassed treatment	0.7%	1.1%	0.9%	2.1%	1.4%
# of water main breaks per 100 km of water distribution pipe per year	9.3	9.0	19.4	14.7	11.1
% of residential solid waste diverted for recycling	44.5%	43.0%	44.0%	45.0%	37.8%

Statistical Information (continued)

Additional Information (continued)

Major Property Taxpayers in 2017

Registered Owner	Total Taxable Assessment	% of Total Taxable Assessment
HOOP Realty Inc	\$165,566,000	0.98%
Vale Canada Limited	\$96,999,882	0.58%
Union Gas Limited	\$56,400,476	0.33%
Dalron Leasing Limited	\$54,270,514	0.32%
Calloway Reit (Sudbury) Inc	\$39,685,001	0.24%
2046735 Ontario Limited	\$37,315,502	0.22%
Riocan Holdings Ontario Inc	\$35,004,750	0.21%
Heddington Holdings Inc	\$31,134,977	0.18%
Zulich Enterprises Limited	\$30,384,789	0.18%
Glencore Canada Corporation	\$28,152,842	0.17%
Sudbury Finnish Rest Home	\$28,115,639	0.17%
1721169 Ontario Inc	\$25,626,275	0.15%
Dalron Construction Limited	\$25,541,550	0.15%
Sudbury Regent Street Inc	\$20,995,750	0.12%
2610026 Ontario Inc	\$19,597,501	0.12%
Total	\$694,791,448	4%
Total Taxable Assessment for 2017	\$16,838,096,592	100%

The list of major taxpayers does not include properties where grant or payments in lieu of property tax are paid.

Top Employers

Vale	3,900
Health Sciences North	3,890
Government of Canada - Tax Services	2,000
City of Greater Sudbury	2,959
Laurentian University	850