

Prepared by
Finance
City of Greater Sudbury
Ontario



2016

City of Greater Sudbury Annual Report

For the year ended December 31, 2016



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Prepared by:
Finance
City of Greater Sudbury

Audited by:
KPMG, LLP

2016

City of Greater Sudbury Annual Report

For the year ended December 31, 2016

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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, 2015

Executive Director/CEO

Message from the Chief Administrative Officer



The 2016 City of Greater Sudbury Annual Report describes the City's financial performance based on a fiscal framework endorsed by Council. It provides critical information necessary for assessing the City's financial condition.

A team of committed staff assembled the information and analysis required for this report and I am grateful to them for their work. Greater Sudbury also benefits from having a Council that understands the value of long range financial planning, and of regularly monitoring the city's financial sustainability while at the same time making investments that help the community make progress.

Last December, the City of Greater Sudbury approved its 2017 Budget with a theme of "Moving Our City Forward". It provided information about our operating environment, key risks and our understanding of the costs required to support our programs and services. It is a business plan that outlines not only our services and the expected benefits they help create for residents of Greater Sudbury, but also how we are going to pay for them.

The Annual Report serves as a bookend to the Budget – the Budget describes the plan and the Annual Report describes the results. It is built on reporting practices recommended by the Public Sector Accounting Board to describe sustainability, flexibility and vulnerability when assessing the financial health of the City.

You will find a variety of data to support assessments of the city's financial condition. For example, one sign of the city's sustainability is its currently low level of residential taxes per household compared to other Ontario municipalities. Greater Sudbury has the fourth lowest property taxes in the Province amongst municipalities with a population of 100,000 or more.

However, Greater Sudbury also has a relatively high level of operating costs for Ontario municipalities. This reflects the challenge of serving a population of just over 160,000 residents with not only infrastructure like roads, pipes and public buildings, but also with daily programs and services over an area that covers 3,627 square kilometres.

Like other municipalities, Greater Sudbury faces the pressures of increasing input costs for our services, aging infrastructure, and declining transfer payments under the Ontario Municipal Partnership Fund (OMPF). We need to find approaches for service delivery and asset renewal that help maintain the City's low-cost position.

The 2016 budget benefited from significant federal and provincial investments that allow the City to grow and maintain essential infrastructure, including roads, water, wastewater and public transit. These investments have been reflected in the 2017 capital budget.

At the same time, the City continues to deliver a wide array of daily services, including emergency, garbage and recycling, animal control and leisure. As staff, we recognize the significant influence public services can have on residents' daily lives and want to ensure value is provided for the taxes people and businesses pay as citizens of our community.

This document is part of a series of actions designed to strengthen the public's trust in the organization and to build confidence in our ability to produce results. It provides a basis for demonstrating accountability.

I am confident that staff will continue to demonstrate our focus on service and performance so that residents will readily see positive effects in their daily lives and throughout the whole community.

Sincerely,

Ed Archer, Chief Administrative Officer,
City of Greater Sudbury

Message from the Mayor



It is the role of Council to prioritize spending choices that will build and rebuild our community's foundation. The Annual Report is an essential resource to ensure that tax dollars are invested wisely to provide value for the services you receive.

We took some major steps in 2016 toward sustainable infrastructure, a key pillar of Council's Strategic Plan. Significant federal and provincial investments announced last year will help ensure the growth of our community in the short term and will have a lasting impact on our future.

- The long-awaited Maley Drive Extension was given the green light under the Building Canada Fund, a one-third cost sharing partnership with the Government of Canada, the Province of Ontario and the City of Greater Sudbury.

Construction of Phase One of this important new east-west access began immediately and is well underway. Our City's \$26.7 million share of this project is an excellent example of financial planning. Since 2008, \$2.3 million has been allocated each year to a dedicated account to fund this project, meaning our City's investment could be repaid in less than seven years.

- Safeguarding our natural resources is a priority. A \$2.3 million investment from the Province of Ontario and annual contributions of \$250,000 from the City of Greater Sudbury will advance stormwater management through capital improvements to the end of March 2018.

- An additional \$10.5 million through the Government of Canada's Clean Water and Wastewater Fund is available for replacement of aging water and wastewater mains and culverts to the end of March 2018. The City is contributing approximately \$3.5 million to preserve the quality of these municipal services.
- The Public Transit Infrastructure Fund, a cost-matching partnership with the Government of Canada administered by the Ontario Ministry of Transportation, is making substantial improvements to Greater Sudbury Transit. A total of \$7.3 million will deliver a more efficient transit route network, renovate the Downtown Transit Terminal, upgrade the Transit and Fleet Centre and restore bus shelters throughout the city to the end of March 2018.

An asset management plan was completed by the end of 2016. The plan identifies an approximate \$1.9 billion infrastructure deficit to replace aging water and wastewater services and to rebuild municipal roads. The plan also identified a need to replace, renovate or improve municipal buildings constructed in the 1960s and 1970s, including arenas, pools, fire and paramedic stations, public works depots and Tom Davies Square.

It is clear that the financial decisions we make today are critical to maintain and grow our service levels at an acceptable cost to taxpayers. I thank Council and staff for their dedication to creating a culture of excellence in public service and for their commitment to transparency and accountability of the financial resources held in trust for our citizens.

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 four key pillars that form the foundation of planning and service delivery for the next several years:

- Growth and Economic Development
- Responsive, Fiscally Prudent, Open Governance
- Quality of Life and Place
- Sustainable Infrastructure

Employees are committed to producing results for the community that reflects Council's desired outcomes. This is why, to support the pillars of Council, a Corporate Implementation Plan was developed. It is 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. The performance metrics included help track and report progress to demonstrate accountability.

Vision, Mission, Values

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.

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.

2017 Budget

The 2017 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 defined in the Corporate Strategic Implementation Plan, with summary financial information included. The programs and services outlined in the plan are reflected in their summary budget information. Each summary business plan includes:

- Financial information
- An overview of the service area and the services provided
- Issues and opportunities
- Key accomplishments for 2016
- Key deliverables for 2017, as defined by the Corporate Implementation Plan.

The City approved a 3.6% operating budget increase and a 7.4% increase in water/wastewater user rates.

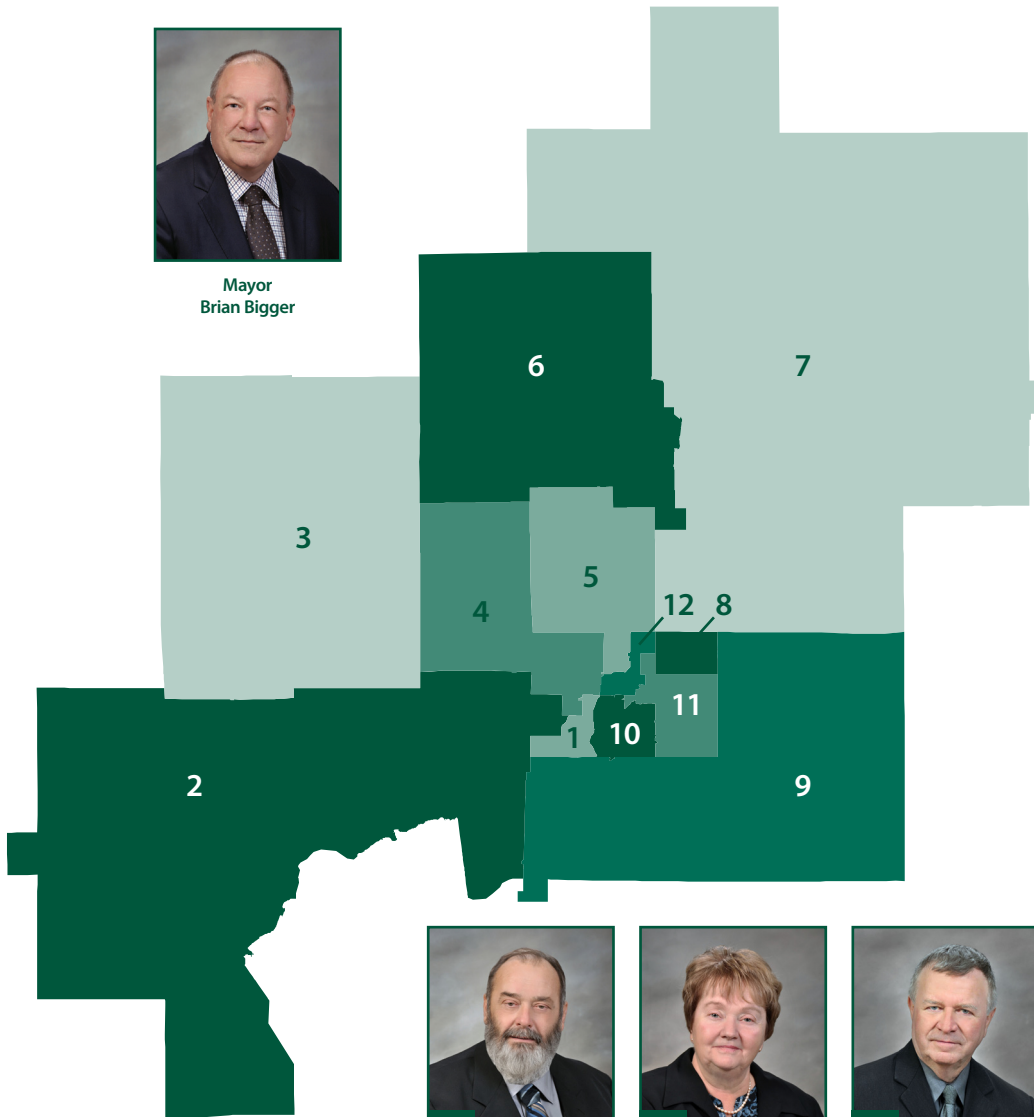
City Council

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

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



Mayor
Brian Bigger



1
Mark Signoretti
Ward 1



2
Michael Vagnini
Ward 2



3
Gerry Montpellier
Ward 3



4
Evelyn Dutrisac
Ward 4



5
Robert Kirwan
Ward 5



6
René Lapierre
Ward 6



7
Mike Jakubo
Ward 7



8
Al Sizer
Ward 8



9
Deb McIntosh
Ward 9



10
Fern Cormier
Ward 10



11
Lynne Reynolds
Ward 11



12
Joscelyne
Landry-Altman
Ward 12

Community Profile



About Greater Sudbury

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 3,267 square kilometres in area, making it geographically the largest municipality in Ontario and second largest in Canada.

In 2016, Greater Sudbury was home to approximately 161,500 people. It is a multicultural and truly bilingual community. Over 26 per cent of people living in the City reported French as their mother tongue in 2011. There are 38 per cent of people that identified themselves as being bilingual. Italian, Finnish, German, Ukrainian and Polish are the top five non official languages spoken in the City. More than 8 per cent of people living in the City are First Nations.

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 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.

Greater Sudbury at a Glance

Local Economy

As an economic centre for northeastern Ontario, the growth of Greater Sudbury is affected by the growth of this area of the province. Greater Sudbury is a great place to live, work, shop and play, and plays 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

7.4%

UNEMPLOYMENT
RATE
October 2016

ONTARIO

6.4%

Labour Force Survey, October 2016, Statistics Canada

\$90,837

MEDIAN
HOUSEHOLD INCOME
2015

\$90,504

2016 BMA Study

Economic Indicators

Economic Indicators	2014	2015	2016	2017f	2018f	2019f	2020f	2021f
Real GDP at basic prices (2007 \$ millions)	8,265	8,064	8,173	8,290	8,392	8,494	8,577	8,676
percentage change	-0.1	-2.4	1.4	1.4	1.2	1.2	1.0	1.2
Total employment (000s)	83	82	82	82	82	83	83	84
percentage change	-0.4	-0.7	-0.8	0.8	-0.1	0.7	0.8	0.7
Unemployment rate (per cent)	6.5	7.4	7.9	7.4	7.2	6.8	6.8	6.7
Personal income per capita (\$)	44,607	45,412	46,149	47,548	48,855	50,442	52,038	53,689
percentage change	0.4	1.8	1.6	3.0	2.7	3.2	3.2	3.2
Population (000s)	165	165	165	164	164	164	164	164
percentage change	-0.2	-0.3	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Total housing starts	271	247	265	326	317	329	344	354
Retail sales (\$ millions)	1,928	1,960	2,002	2,044	2,069	2,107	2,142	2,174
percentage change	1.7	1.7	2.1	2.1	1.3	1.8	1.7	1.5
CPI (2002 = 1.0)	1.259	1.274	1.3	1.325	1.35	1.379	1.408	1.438
percentage change	2.3	1.2	2.0	1.9	1.9	2.1	2.1	2.1

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

f = forecast

Prepared by Analytics and GIS, Community & Strategic Planning Section, City of Greater Sudbury

17-May-17



MUNICIPAL STATISTICS

Population
161,500

Households
75,337

EMPLOYEES

Full time employees
1,990

SERVICE INFORMATION

Building Permit Values (in 1000's)
\$254,506

Average monthly social assistance case load
3,450

Kilometers of roads
3,625

Annual volume of treated waste water (megalitres)
30,368

Annual volume of treated drinking water (megalitres)
18,766

Annual disposal of solid waste (tonnes)
103,429

Annual diversion of solid waste (tonnes)
31,675

Regular service passenger transit trips
4,171,000

TAXABLE ASSESSMENT (\$ millions)

Residential, multi-residential, and miscellaneous assessment
\$14,368

Commercial assessment
\$1,937

Industrial and large industrial assessment
\$513

BENCHMARK INFORMATION

% of paved lane km where condition is rated good to very good
51.0%

of conventional transit passenger trips per person in service area per year
30.2

of waste water main backups per 100 km of waste water main per year
4.4

% of waste water estimated to have bypassed treatment
1.1%

of water main breaks per 100 km of water distribution pipe per year
9.0

% of residential solid waste diverted for recycling
43.0%

GREATER TOGETHER IN 2016, BY THE NUMBERS

Growth and Economic Development

1.2M

Visitors to the City of Greater Sudbury

\$179.9M

Total visitor spending

2,083

Building permits issued

108

Businesses assisted in starting up and expanding, resulting in

126

Jobs created

604

External job postings

288

Summer student employment opportunities

18

Film and television projects filmed locally

\$21.1M

Spent on local film and television projects

100

Festival and events throughout the community

62

Tournaments held in Greater Sudbury. Notably: Silver Stick

360

Land use-planning applications

\$550,000

Investment in Arts and Culture

Quality of Life and Place

1,476

Sightings reported via Report-a-Bear

700,000

Visits to Libraries and Citizen Service Centres

110,000

Trees and shrubs planted

9.6M

Total planted since 1978

89

Flags on the Bridge of Nations

1,896

Children registered in summer day camp and programs

100

Fire education visits to schools, daycares and events

17

Concerts and events at the Sudbury Community Arena

400

Residents trained in Hands Only Bystander CPR

25,600

Calls to Paramedic Services

4,500

Calls to Fire Services

2

New Automated External Defibrillators (AEDs) (122 total)

85

Wedding ceremonies performed

Responsive, Fiscally Prudent, Open Governance

99

Council/Committee Meetings

280

Freedom of Information requests

35

Open Data sets

4,000

Visitor sessions

2,900

Citizens took part in the Citizen Survey

244,000

Calls to 311

4.7M

Website page views

21,400

Total views via Livestream

9,400

Facebook page likes

9,000

Twitter Followers

425

Public Releases including traffic notices/updates

200

Projects tendered, including Police and Airport

249

New or revised By-laws

450

Submissions during budget public engagement

Sustainable Infrastructure

49

Infrastructure capital projects tendered totaling **\$55M** In capital investment

80

Single lane kms of roadway rebuilt or repaired

1.8km

Sidewalk and curb repaired

15

Bridges/culverts repaired

11

Pedestrian crossings installed

\$2.3M

Funding for nine watershed studies

5km

New water mains

5km

new sanitary sewer systems

1,361

Fire inspections conducted at various properties

18,800

Tonnes of recyclables diverted from the landfill

360

Tonnes of household hazardous waste diverted

Organization Profile

The City of Greater Sudbury is a single-tier municipality, which means it is responsible for all municipal services and for maintaining all City infrastructure and assets across 3,267 square kilometers. The operating budget funds the day-to-day operations of the City, such as maintaining services, program delivery, employee salaries and benefits, and more.

- Resident Safety: Police, Fire, Ambulance, By-Law Enforcement, Building Inspections, Animal Control

- Public Health: water treatment and distribution, drainage and flood management, wastewater collection and treatment, Sudbury & District Health Unit
- Resident Transportation: Roads and bridges, transit, winter road maintenance, traffic control, sidewalks and bike lanes
- Resident Quality of Life: parks and playgrounds, recreation programs and facilities, land use planning oversight, community grants, social services

Executive Leadership Team

Greater Sudbury's operations are overseen by the Office of the CAO and managed through the following departments: Corporate Services, Community Development, Community Safety and Growth and Infrastructure. These departments work

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



**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
Trevor Bain**

- Fire Services
- 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
- Roads and Transportation Services
- Water/Wastewater Services

Message from Executive Director of Finance, Assets and Fleet



It is my pleasure to submit the 2016 Annual Financial Report for the City of Greater Sudbury. In addition to the consolidated financial results for the year ended December 31, 2016, 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.

Greater Sudbury continues to ensure that it is financially prudent/sustainable by:

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

Open government data/financial reporting:

- Regular reports to Council: operating budget variance, capital variance reports for completed projects, water/wastewater variance,
- Revised 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 received for 2015 Annual Financial Report
- Completing the Financial Information Return as required by the Ministry of Municipal Affairs and Housing
- Leading the City's participation 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 for the continuous effort made to produce the financial report and audited statements in a timely manner.

Sincerely,

Ed Stankiewicz
 Executive Director of Finance,
 Assets and Fleet
 June 27, 2017



Financial Reporting

Annual Report and Consolidated Financial Statement

The City of Greater Sudbury's management is responsible for all information contained in the Annual Financial Report. This report provides the annual consolidated financial results for the City of Greater Sudbury for the year ending December 31, 2016 prepared in accordance with legislation and in accordance with generally accepted accounting principles for public sector entities as defined in the Public Sector Accounting Handbook.

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

Fully consolidated entities include:

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

Government Business Enterprises include:

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

The budget presented in the 2016 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 2016 approved operating and capital budgets, as approved by Council, adding the approved consolidated board budgets, in year budget adjustments in accordance with the Operating Budget Policy and adjusted for the items noted above.

External Auditors

The City's external auditors are 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, 2016, 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 and consists of full Council. The Committee's responsibilities are to review internal and external reports including reviewing the Auditor General's reports, work plans, and the approval of the External Auditors Annual Audit Plan, review the annual audited consolidated financial statements and external audit finding reports.

Financial Accountability

Performance Measurement and Benchmarking

By measuring progress towards goals and objectives, Key Performance Indicators (KPIs) enhance the explanation of achieved outcomes in the delivery of municipal services. Greater Sudbury participates annually 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

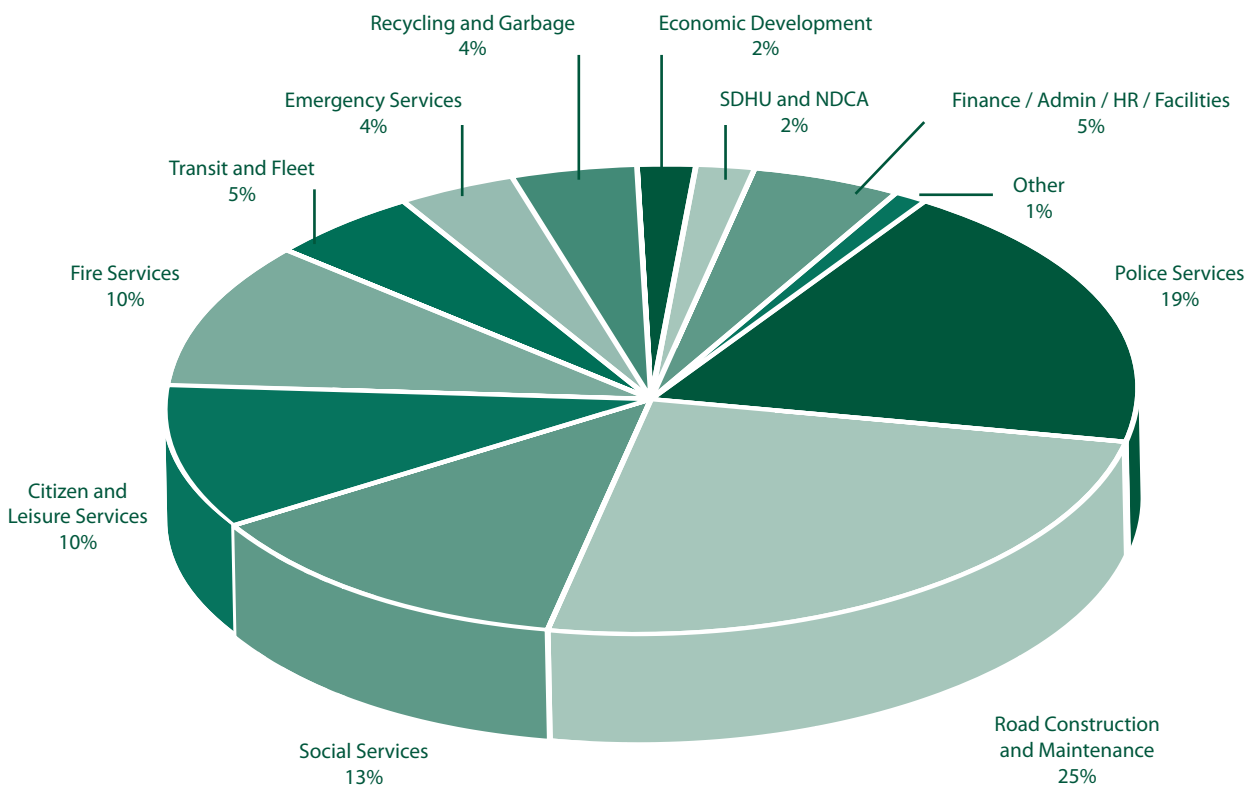
Ministry of Municipal Affairs and Housing, and tax roll and assessment data provided by the Municipal Property Assessment Corporation (MPAC).

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.

During the 2017 Budget deliberations Council approved an option to join the Municipal Benchmarking Network Canada and will report on its 2016 performance measures.

Municipal Services received for \$1,000 in 2016 based on Budget

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



About 46% of the operating budget comes from property taxes. Without these revenues, it would not be possible for the City to provide the services residents rely on every day.

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) financial 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 to be presented to Council in early 2017 which will be in effect for ten years from 2018 to 2027.

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

Budget Process

The 2017 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.

Consistent, reliable services are what residents expect from their municipality. The 2017 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 2017 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 Practice for governments to support discussions about a government’s financial condition.

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 requirements without significantly increasing the relative debt or property taxes.

The City shows positive sustainability even with the increase in debt per household, as the City still has a low ratio of debt to revenue.

Sustainability Indicators	2016	2015	2014	2013	2012
Ratio of Financial Assets to Liabilities	1.67	1.62	1.54	1.80	1.86
Ratio of Debt to Revenue	0.15	0.16	0.06	0.07	0.08
Debt per Household	\$1,096	\$1,178	\$434	\$502	\$588

Flexibility

Flexibility is the ability the City has to increase its financial resources to address additional commitments and service levels. This is done by increasing property tax revenues or by taking on additional debt.

The City’s taxes as a percentage of household income have been slightly decreasing over the last five years. This is a result of the City’s efforts to maintain low property taxes, coupled with continuous efforts to be fiscally sustainable.

Flexibility Indicators	2016	2015	2014	2013	2012
Ratio of Debt Charges to Total Revenue	0.02	0.01	0.01	0.01	0.00
Municipal Taxes as a % of Household Income	3.63%	3.76%	4.01%	3.71%	4.11%

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 funding grants from senior levels of government, including Provincial and Federal gas taxes and Ontario Municipal Partnership Fund allocations, to name a few.

Total provincial and federal funding provided to the City has fluctuated over the past few years, while revenues from our own sources, such as taxation revenue and user fees, have increased. This shows the City has the ability to maintain existing services while not relying heavily on other sources of government funding.

Vulnerability Indicator	2016	2015	2014	2013	2012
Ratio of Government Transfers to Total Revenue	0.25	0.27	0.26	0.26	0.26

Summary

The City of Greater Sudbury’s current financial condition is stable and trends show we are headed in the right direction. However, the City is facing 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. Staff are 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.

2016 Financial Results

Consolidated Statement of Financial Position

Financial assets summary

The City's financial assets are mostly comprised of cash, accounts receivable, investments in Government Business Enterprises (GBE) and investments. Financial assets have increased by 9% from \$453 million to \$495 million.

Investment in GBEs is the City's investment in the Sudbury Airport Community Development Corporation and Greater Sudbury Utilities Inc. The investment is comprised of notes receivable and the accumulated surplus of the two corporations. The investment has increased from \$95 million to \$106 million.

The City's investments have increased from \$291 million to \$323 million.

Financial liabilities summary

The City's financial liabilities are mostly comprised of accounts payable, employee benefit obligations and long term liabilities. Financial liabilities have increased from \$279 million to \$297 million.

Accounts payable and accrued liabilities increased by 16% or \$13 million and are amounts owing to government agencies, suppliers and employees.

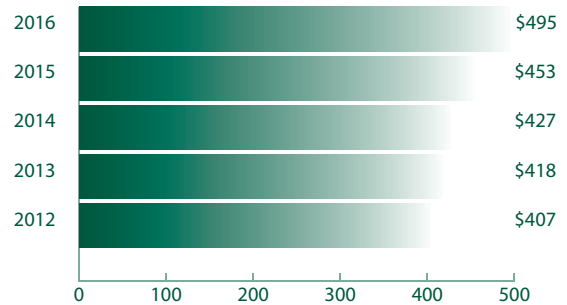
Employee benefit obligations have increased by 5% from 2015. These obligations are for WSIB, sick leave benefits, other post-employment benefits and vacation pay.

Long term liabilities for 2016 total \$83 million and have decreased from 2015 due to payments made during the year and are comprised of long term debt to acquire tangible capital assets and accrued obligations for Health Sciences North and Northern Ontario School of Architecture among others.

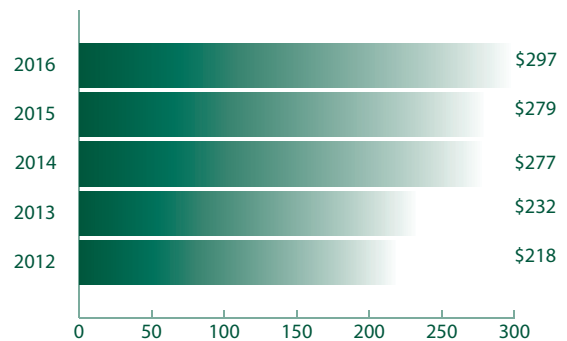
Accumulated surplus breakdown

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

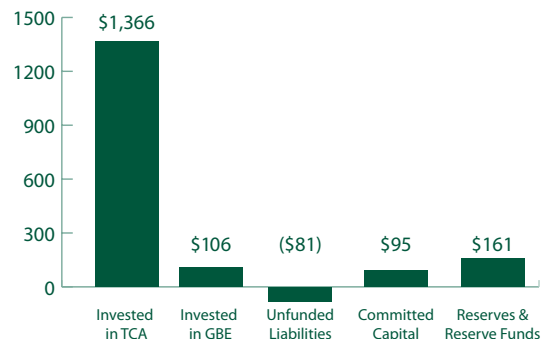
2016 Financial Assets (in millions \$)



2016 Financial Liabilities (in millions \$)



2016 Accumulated surplus (in millions \$)

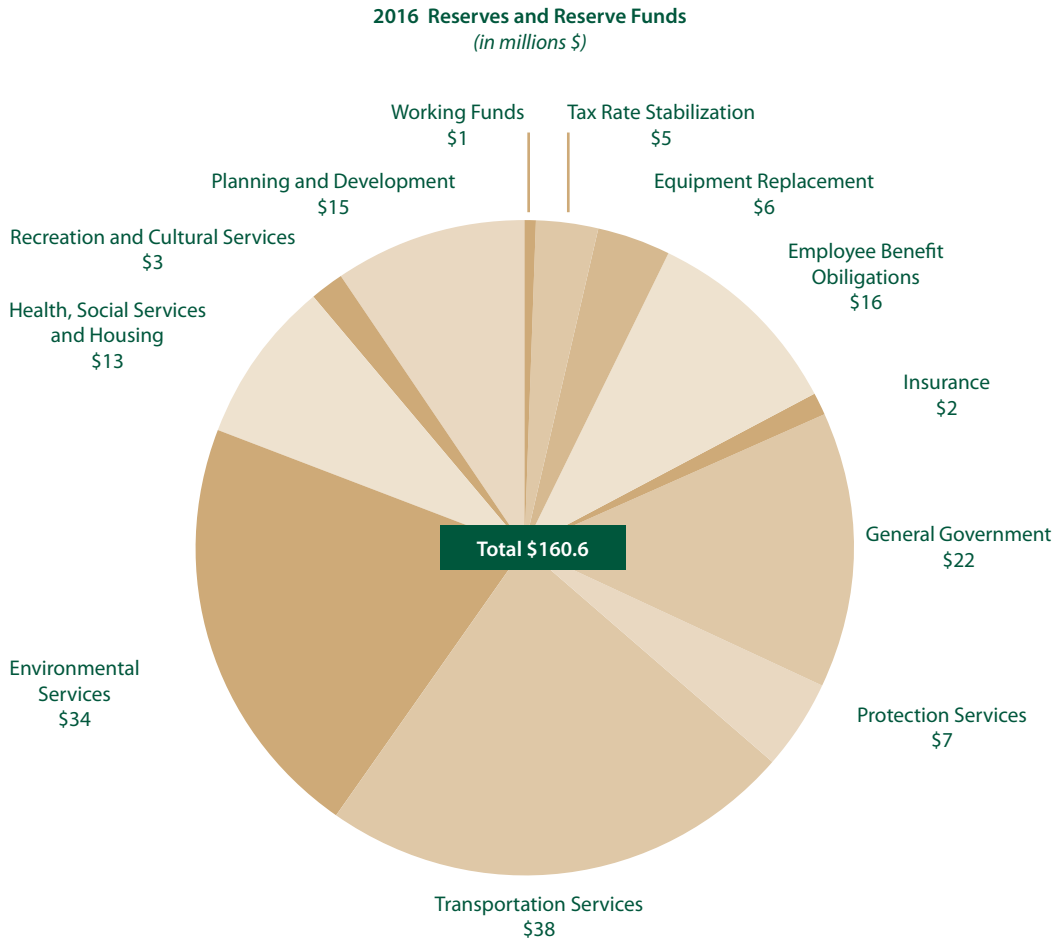
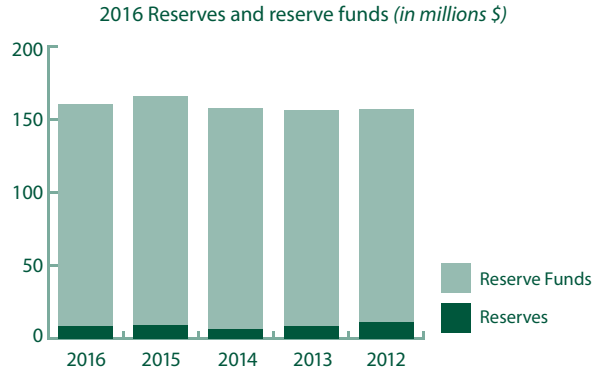


Reserves and Reserve Funds

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

Reserves offer liquidity which enhances the municipality's flexibility and the level of reserves and reserve funds is a key measure of the financial health of a municipality.

Reserves and Reserve funds total \$161 million compared to 2015 balances of \$166 million. 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 in reserve funds until spent on the related project. Approximately \$83 million of the total relates to reserve funds previously committed by City Council that are unspent.



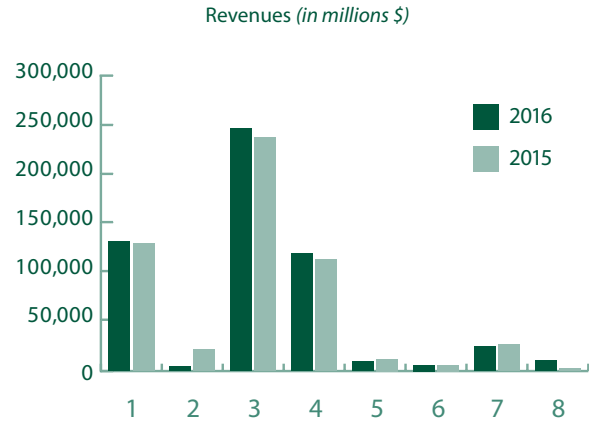
Consolidated Statement of Operations

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 1% from \$550 in 2015 to \$556 million.

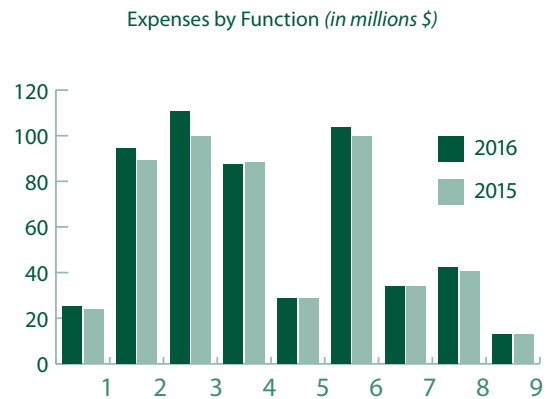
- | | |
|-------------------------------------|------------------------|
| 1. Government Transfers, Provincial | 5. Investment Income |
| 2. Government Transfers, Federal | 6. Fines and Penalties |
| 3. Taxation | 7. Other |
| 4. User Charges | 8. GBE Net Earnings |



Expenses

Expenses increased in 2016 by 4.3% from \$517 in 2015 to \$539 million to maintain existing service levels.

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

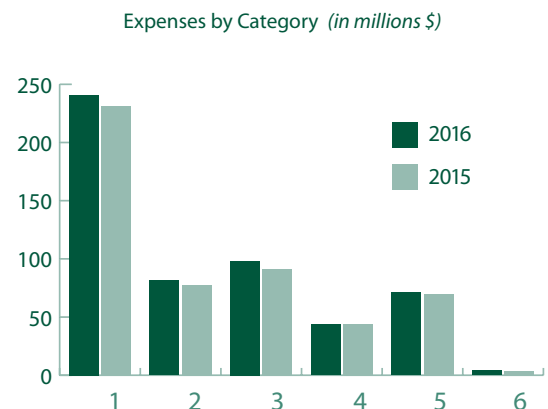


Expenses by type

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

Salaries, wages and benefits have increased \$9.5 million due to employee benefit obligation adjustments, labour pay adjustments and increased benefit costs.

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



Consolidated Financial Statements of

CITY OF GREATER SUDBURY

Year ended December 31, 2016

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



KPMG LLP
 Claridge Executive Centre
 144 Pine Street
 Sudbury Ontario P3C 1X3
 Canada
 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, 2016, the consolidated statements of operations and accumulated surplus, change in 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, 2016, 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.

Other Matters

The consolidated financial statements of the City of Greater Sudbury as at and for the year ended December 31, 2015 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 27, 2016.

Chartered Professional Accountants, Licensed Public Accountants

June 28, 2017
Sudbury, Canada

DRAFT

CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position

(in thousands of dollars)

December 31, 2016, with comparative figures for 2015

	2016	2015
Financial assets		
Cash	\$ 7,044	\$ 6,136
Taxes receivable (note 3)	7,122	7,355
Accounts receivable (note 4)	48,252	51,646
Inventory held for resale	3,044	1,335
Investment in Government Business Enterprises (note 5 (a))	105,986	95,217
Investments (note 6)	323,144	290,917
	494,592	452,606
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	93,650	80,631
Deferred revenue - obligatory reserve funds (note 9)	43,463	36,644
Deferred revenue - other (note 10)	3,366	2,802
Employee benefit obligations (note 11)	59,075	56,458
Solid waste management facility liability (note 12)	14,429	14,222
Long-term liabilities (note 13)	82,597	88,531
	296,580	279,288
Net financial assets	\$ 198,012	\$ 173,318
Non-financial assets		
Tangible capital assets (note 14)	1,439,235	1,447,939
Inventory of supplies	4,785	4,205
Prepaid expenses	4,723	4,528
	1,448,743	1,456,672
Contractual obligations and commitments (note 16)		
Accumulated Surplus (note 17)	\$ 1,646,755	\$ 1,629,990

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, 2016, with comparative figures for 2015

	2016 Budget	2016 Actual	2015 Actual
	(note 18)		
Revenues			
Government transfers - Provincial	\$ 130,194	132,062	\$ 129,582
- Federal	4,463	4,592	21,573
Taxation (note 19)	247,129	246,972	237,142
User charges	120,927	119,971	113,823
Investment income	10,155	10,063	12,454
Fines and penalties	6,047	6,012	6,099
Other revenues (note 20)	24,349	25,440	27,336
Government Business Enterprises net earnings (note 5 (b))	2,085	10,769	2,277
	545,349	555,881	550,286
Expenses			
General government	20,124	25,269	23,145
Protection services	91,001	94,588	89,388
Transportation services	102,263	110,610	99,526
Environmental services	95,857	87,338	88,107
Health services	28,838	28,713	29,242
Social and family services	102,406	103,845	99,894
Social housing	32,330	33,912	33,912
Recreation and cultural services	41,107	42,112	40,685
Planning and development	13,397	12,729	12,849
	527,323	539,116	516,748
Annual Surplus	18,026	16,765	33,538
Accumulated surplus, beginning of the year	1,629,990	1,629,990	1,596,452
Accumulated surplus, end of the year	\$ 1,648,016	\$ 1,646,755	\$ 1,629,990

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, 2016, with comparative figures for 2015

	2016 Budget (note 17)	2016 Actual	2015 Actual
Annual Surplus	\$ 18,026	16,765	\$ 33,538
Acquisition of tangible capital assets	(117,348)	(66,476)	(81,051)
Amortization of tangible capital assets	66,339	70,905	69,706
Loss on sale of tangible capital assets	-	2,344	1,959
Proceeds on sale of tangible capital assets	-	1,930	571
	(32,983)	25,468	24,723
Inventory of supplies	-	(579)	(1,465)
Prepaid expenses	-	(195)	(155)
Change in net financial assets	\$ (32,983)	\$ 24,694	\$ 23,103
Net financial assets, beginning of the year	173,318	173,318	150,215
Net financial assets, end of the year	\$ 140,335	\$ 198,012	\$ 173,318

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, 2016

	2016	2015
Cash flows from operating activities		
Annual Surplus	\$ 16,765	\$ 33,538
Items not involving cash:		
Amortization of tangible capital assets	70,905	69,706
Loss on sale of tangible capital assets	2,530	1,959
Developer contributions of tangible capital assets	(3,158)	(3,936)
Change in employee benefit obligations	2,617	700
Change in solid waste management facility liability	207	959
Equity income in Government Business Enterprises	(10,769)	(2,277)
Change in non-cash working capital:		
Increase (decrease) in accounts and taxes receivable	3,627	(7,937)
Decrease (increase) in inventory held for resale	(1,709)	1,847
Increase in inventory of supplies	(580)	(1,465)
Increase in prepaid expenses	(195)	(155)
(Decrease) increase in accounts payable and accrued liabilities	13,019	(52,987)
Increase (decrease) in deferred revenue - obligatory reserve funds	6,819	(1,317)
(Decrease) increase in deferred revenue - other	564	(1,198)
	100,642	37,437
Cash flows from financing activities		
Debt issued	-	61,081
Debt principal repayments	(5,907)	(4,827)
Financial obligations	(20)	(60)
Capital lease issued	50	-
Capital lease payments	(57)	(182)
	(5,934)	56,012
Cash flows from capital activities		
Proceeds on sale of tangible capital assets	1,931	571
Cash used to acquire tangible capital assets	(63,504)	(77,115)
	(61,573)	(76,544)
Cash flows from investing activities		
Purchase (Sale) of investments	(32,227)	(27,986)
Net (decrease) increase in cash	908	(11,081)
Cash, beginning of the year	6,136	17,217
Cash, end of the year	\$ 7,044	\$ 6,136
Supplementary Information		
Interest received	\$ 5,571	\$ 7,625
Interest paid	\$ 3,203	\$ 2,543

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, 2016

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

1. Significant accounting policies

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

(a) Reporting entity

(i) Consolidated entities

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

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

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

(ii) Related entities

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

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

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

(ii) Related entities (continued)

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

	2016	2015
Nickel District Conservation Authority	\$ 701	\$ 655
Sudbury & District Health Unit	5,917	5,773
City of Greater Sudbury Community Development Corporation	1,528	1,597
	\$ 8,146	\$ 8,025

(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), 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, 2016

1. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Taxation and related revenues

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

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

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

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

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

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

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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, 2016

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 2016 was \$15,954 (2015 - \$16,227). As of December 31, 2016 the OMERS plan, with approximately 470,000 members, has a funding deficit of \$2,341,000 (2015 - \$5,259,000).

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, 2016

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, 2016

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, 2016

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, 2016

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

Section PS 3041, Portfolio Investments, 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, 2019. While early adoption is permitted, all four of the standards must be adopted in the same year. 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. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

3. Taxes receivable

	2016	2015
Current taxes and grants in lieu of taxes	\$ 7,587	\$ 7,126
Taxes in arrears	6,925	6,564
	14,512	13,690
Less: allowance for doubtful accounts	(7,390)	(6,335)
Net taxes receivable	\$ 7,122	\$ 7,355

4. Accounts receivable

Accounts receivable consists of the following:

	2016	2015
Government of Canada	\$ 7,704	\$ 5,154
Province of Ontario	5,072	3,922
Other municipalities	68	162
School boards	23	198
Other receivables	36,399	43,829
	\$ 49,266	\$ 53,265
Less: allowance for doubtful accounts	(1,014)	(1,619)
Net accounts receivable	\$ 48,252	\$ 51,646

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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	2016 Total	2015 Total
Balance, beginning of year	\$ 12,505	\$ 82,712	\$ 95,217	\$ 92,940
City's share of operating income for the year	646	10,123	10,769	2,277
Balance, end of year	\$ 13,151	\$ 92,835	\$ 105,986	\$ 95,217

The investment of \$92,835 in GSU includes a promissory note receivable of \$52,340 (2015 - \$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) The following tables provide condensed supplementary financial information for the year ended December 31, 2016:

Financial Position

	SACDC	GSU	2016 Total	2015 Total
Current assets	\$ 667	\$ 31,946	\$ 32,613	\$ 35,673
Capital assets	25,873	105,838	131,711	129,055
Other assets	-	10,926	10,926	12,915
Total assets	26,540	148,710	175,250	177,643
Current liabilities	727	19,695	20,422	22,648
Note payable to the City of Greater Sudbury	1,499	52,340	53,839	55,324
Long term liabilities	11,163	36,180	47,343	56,794
Total liabilities	13,389	108,215	121,604	134,766
Net assets	\$ 13,151	\$ 40,495	\$ 53,646	\$ 42,877

The \$1,499 (2015 -\$2,984) 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, 2016

5. Investment in Government Business Enterprises (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, 2016, the City is in compliance with the requirements of By-Law 2017-16.

Results of Operations

	SACDC	GSU	2016	2015
			Total	Total
Revenue	\$ 7,545	\$ 154,198	\$ 161,743	\$ 152,480
Expenses	(6,899)	(148,405)	(155,304)	(145,817)
Interest paid to the City of Greater Sudbury	-	(3,795)	(3,795)	(3,795)
Other	-	3,032	3,032	(1,057)
Other comprehensive income	-	5,093	5,093	466
Net income	\$ 646	\$ 10,123	\$ 10,769	\$ 2,277
Budgeted net income	\$ 1,483	\$ 602	\$ 2,085	3,456

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

- (i) At December 31, 2016, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$2,153 (2015 - \$943) for water billings collected by GSU on behalf of the City.

A payable of \$60 (2015 - \$64) 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:

	2016	2015
Property taxes	\$ 195	\$ 188
Interest on promissory note receivable	3,795	3,795
	\$ 3,990	\$ 3,983

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

5. Investment in Government Business Enterprises (continued)

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

	2016	2015
Billing and collection services for water and wastewater	\$ 1,354	\$ 1,329
Streetlighting maintenance services	510	522
Streetlighting infrastructure	329	491
Electricity	7,651	6,355
Telecommunications	546	535
	\$ 10,390	\$ 9,232

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

		2016		2015	
	2016 Interest Rates	Market	Cost	Market	Cost
Short term investments	(1.10% to 4.22%)	\$ 219,591	218,001	\$ 174,025	172,721
Long term investments	(1.50% to 6.73%)	106,629	105,143	121,483	118,196
		\$ 326,220	323,144	\$ 295,508	290,917

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 1.10% 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 2017 to 2035 (2015 – 2016 to 2033).

By-Law 2013-179 adopted the Investment Policy which allows up to \$150,000 to be invested in long-term instruments (greater than one year). The remainder of the portfolio is restricted to short-term investments (one year and shorter). At December 31, 2016, 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, 2016

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2016	2015
Government of Canada	\$ 2,524	\$ 3,845
Province of Ontario	7,843	2,977
Other municipalities	69	113
School boards	270	13
Other payables	82,944	73,683
Total accounts payable and accrued liabilities	\$ 93,650	\$ 80,631

8. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2015 - \$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 2.2 % (2015 - 2.2%) per annum. No amounts were drawn against the facility as at December 31, 2016 and 2015.

9. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2015	Externally restricted inflows	Revenue earned	December 31, 2016
Gasoline Tax - Federal	\$ 10,797	\$ 9,976	\$ (2,766)	\$ 18,007
Gasoline Tax - Provincial	1,373	2,570	(3,869)	74
Ontario Community Infrastructure Fund (OCIF)	-	2,264	(2,264)	-
Social Housing Apartment Retrofit Program (SHARP)	-	2,008	(371)	1,637
Children's Services - Transition mitigation funding	6,296	58	(58)	6,296
Development Charges Act	1,321	3,936	(3,700)	1,557
Recreational land (Planning Act)	1,035	200	(375)	860
Sub-divider contributions	8,728	841	(734)	8,835
Building permit revenues (Bill 124)	7,094	123	(1,020)	6,197
	\$ 36,644	\$ 21,976	\$ (15,157)	\$ 43,463

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

10. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31, 2015	Externally restricted inflows	Revenue earned	December 31, 2016
Federal government	\$ 15	\$ 100	\$ (80)	\$ 35
Provincial government	1,942	3,223	(2,569)	2,596
Municipal government	31	22	(40)	13
School boards	41	-	(41)	-
Other	568	860	(887)	541
Consolidated entities	205	181	(205)	181
	\$ 2,802	\$ 4,386	\$ (3,822)	\$ 3,366

11. Employee benefit obligations

Employee benefit obligations consist of the following:

	2016	2015
Future payments required for:		
WSIB obligations	\$ 3,762	\$ 2,504
Accumulated sick leave benefits	6,696	6,763
Other post-employment benefits	32,009	30,957
Liability for Stop Loss Insurance	1,435	1,435
Vacation pay	15,173	14,799
	\$ 59,075	\$ 56,458

The City has established reserve funds in the amount of \$15,715 (2015 - \$15,818) 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, 2016

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, 2016 for each of the plans.

	WSIB	Sick leave	Other Post-Employment Benefits	2016 Total	2015 Total
Accrued benefit liability, beginning of year	\$ 9,674	6,474	33,758	49,906	39,963
Benefit cost	1,045	321	1,210	2,576	2,699
Interest cost	342	238	1,275	1,855	1,589
Benefit payments	(1,400)	(577)	(2,259)	(4,236)	(4,282)
Actuarial gain (loss)	468	77	1,227	1,772	9,937
Accrued benefit liability, end of year	10,130	6,533	35,211	51,873	49,906
Unamortized actuarial gain (loss)	(6,368)	163	(3,202)	(9,407)	(9,682)
	\$ 3,762	6,696	32,009	42,466	40,224

The total employee benefits expense include the following components:

	WSIB	Sick Leave	Other Post-Employment Benefits	2016 Total	2015 Total
Current period benefit cost	\$ 2,390	321	1,210	3,921	\$ 4,134
Amortization of actuarial loss	1,372	(49)	826	2,149	841
Interest expense	342	238	1,275	1,855	1,589
Total employee benefit expense	\$ 4,104	510	3,311	7,925	\$ 6,564

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%
Expected level of salary increases		N/A	3.1%
Discount rate		3.60%	3.60%

For other post employment benefits, as at December 31, 2016, the initial health care trend rate is 7.6% (2015 – 7.6 %) and the ultimate trend rate is 4.5% (2015 – 4.5%) which is expected to be reached in 2029 (2015 – 2029).

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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% (2015 - 4.0%) minus an inflation rate of 2.07% (2015 - 2.22%) (10-year average of CPI from 2006 to 2016). The estimated total landfill closure and post-closure care expenses are calculated to be \$24,333 (2015 - \$23,580). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2016 an amount of \$14,429 (2015 - \$14,222) with respect to landfill closure and post-closure liabilities has been accrued.

Active sites

The estimated remaining capacity of the Sudbury landfill site is 48% (3,724,087 cubic meters) (2015 - 49%) of its total estimated capacity and its estimated remaining life is 33 years (2015 - 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 38% (628,409 cubic meters) (2015 - 33%) of its total estimated capacity and its estimated remaining life is 24 years (2015 - 25 years), after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Rayside-Balfour landfill site is 49% (718,212 cubic meters) (2015 - 50%) of its total estimated capacity and its estimated remaining life is 32 years (2015 - 37 years), after which the period for post-closure care is estimated to be 25 years.

13. Long-term liabilities

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

	2016	2015
Debentures (i)	\$ 55,300	\$ 58,484
Other loans (ii)	17,827	18,450
Capital lease obligations (iii)	40	47
Accrued financial obligations (iv)	9,430	11,550
	<u>\$ 82,597</u>	<u>\$ 88,531</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

13. Long-term liabilities (continued)

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

- (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 2026.
- (iv) Accrued financial obligations consist of the following:

	Last Year of Obligation	2016	2015
Health Sciences North	2023	\$ 4,684	\$ 5,383
Northeastern Ontario Regional Cancer Centre	2023	2,016	2,317
Laurentian University (School of Architecture)	2019	2,500	3,500
Advanced Medical Research Institute of Canada	2018	200	300
Physician Service Agreements	2017	30	50
		\$ 9,430	\$ 11,550

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

2017	\$ 6,125
2018	6,281
2019	5,877
2020	5,582
2021	5,788
Thereafter	52,944
	\$ 82,597

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

General municipal revenues	\$ 35,587
Water/wastewater user fees	47,010
	\$ 82,597

(d) The City expensed \$3,203 in 2016 (2015 - \$ 2,543) in interest on these borrowings.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

14. Tangible capital assets

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, 2016

14. Tangible capital assets (continued):

Cost	Balance December 31, 2014	Additions	Disposals / Transfers	Balance at December 31, 2015
General Capital:				
Land	\$ 69,783	\$ 930	(103)	\$ 70,610
Landfill and land improvements	35,418	1,873	-	37,291
Buildings	331,113	5,160	(1,216)	335,057
Machinery, furniture and equipment	101,297	19,354	(11,799)	108,852
Vehicles	73,078	5,428	(4,089)	74,417
Infrastructure:				
Land improvements	22,713	-	-	22,713
Plants and facilities	329,792	84,110	(859)	413,043
Roads infrastructure	1,164,313	30,766	(10,833)	1,184,245
Water and sewer infrastructure	490,516	9,245	(421)	499,340
Assets under construction	112,658	22,029	(97,843)	36,844
Total	\$ 2,730,681	\$ 178,895	\$ (127,163)	\$ 2,782,412

Accumulated amortization	Balance December 31, 2014	Amortization expense	Disposals / Transfers	Balance at December 31, 2015
General Capital:				
Land	\$ -	\$ -	-	\$ -
Landfill and land improvements	14,521	1,334	-	15,855
Buildings	145,258	9,772	(747)	154,283
Machinery, furniture and equipment	64,496	7,237	(11,631)	60,102
Vehicles	42,948	4,640	(4,071)	43,517
Infrastructure:				
Land improvements	2,662	316	-	2,978
Plants and facilities	184,242	10,216	(484)	193,974
Roads infrastructure	685,750	29,352	(9,578)	705,524
Water and sewer infrastructure	151,680	6,839	(279)	158,240
Assets under construction	-	-	-	-
Total	\$ 1,291,557	\$ 69,706	\$ (26,790)	\$ 1,334,473

	Net book value December 31, 2014	Net book value December 31, 2015
General Capital:		
Land	\$ 69,783	\$ 70,610
Landfill and land improvements	20,897	21,436
Buildings	185,856	180,774
Machinery, furniture and equipment	36,801	48,750
Vehicles	30,130	30,900
Infrastructure:		
Land improvements	20,051	19,735
Plants and facilities	145,550	219,069
Roads infrastructure	478,562	478,721
Water and sewer infrastructure	338,836	341,100
Assets under construction	112,658	36,844
Total	\$ 1,439,124	\$ 1,447,939

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

14. Tangible capital assets (continued)

a) Assets under construction

Assets under construction having a value of \$35,983 (2015 - \$36,844) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$20,502 (2015 - \$22,029) to assets under construction and transferred \$21,363 (2015 - \$97,843) 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 \$3,158 (2015 - \$3,936) comprised of the following:

	2016	2015
General Capital		
Land	\$ 88	\$ 44
Machinery and equipment	495	345
Land improvements	255	-
Infrastructure		
Land improvements	25	-
Roads network	1,000	1,406
Water and wastewater network	1,295	2,141
Total	\$ 3,158	\$ 3,936

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:

	2016	2015
Taxation	\$ 56,231	\$ 54,093
Payments in lieu of taxes	140	139
	\$ 56,371	\$ 54,232

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

16. Contractual obligations and commitments

(a) Contracts for capital projects

The balance of capital works uncompleted under contracts in progress at December 31, 2016 amounts to approximately \$33,279 (2015 - \$12,211). The proposed financing of these obligations is \$11,633 (2015 - \$8,611) from surplus funds and \$21,645 (2015 - \$3,600) 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:

2017	29,207
2018	21,991
2019	16,081
2020	14,054
2021 and onwards	53,780
	\$ 135,113

(c) Contingent liabilities

As at December 31, 2016, 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, 2016 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 SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

17. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 1,365,836	\$ 1,370,710
Invested in government business enterprise	105,986	95,217
Other	3,365	1,656
Committed capital:		
Capital projects not completed	112,473	99,538
Unfinanced capital projects to be recovered through taxation or user charges	(20,072)	(22,392)
Unfunded:		
Landfill closure costs	(14,429)	(14,222)
Employee benefits	(57,640)	(55,022)
Accrued financial obligations	(9,400)	(11,500)
	1,486,119	1,463,985
Reserves	8,507	9,258
Reserve funds	152,129	156,747
	\$ 1,646,755	\$ 1,629,990

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

18. Budget data

Budget data presented in these consolidated financial statements are based on the 2016 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.

	2016
Revenues	
Approved budget:	
Operating	\$ 509,286
Capital	110,079
Consolidated Boards	19,955
	<u>639,320</u>
Adjustments:	
Transfer from reserves to operating	(8,144)
Recognize revenues from obligatory reserve funds	(17,223)
In year budget adjustments	9,236
Operating transfer to capital and future years funding	(77,964)
Contributed tangible capital assets	3,158
Reclass between revenues and expenses	(894)
Reclassification of taxation bad debt expense	(2,140)
Total revenues	<u>\$ 545,349</u>
Expenses	
Approved budget:	
Operating	509,286
Capital	110,079
Consolidated Boards (A)	17,869
	<u>637,234</u>
Adjustments:	
Amortization of tangible capital assets	66,339
Transfer to reserves and capital	(72,477)
Reduction due to tangible capital assets	(120,506)
Post employment benefit expense	1,163
Landfill closure and post closure expense	1,904
In year budget adjustments	9,236
Reclassification of taxation	(2,140)
Debt principal repayments	(5,907)
Reclass between revenues and expenses	(894)
Operating expenses budgeted in capital expensed in current year	13,371
Total expenses	<u>\$ 527,323</u>
Annual surplus	<u>\$ 18,026</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
(in thousands of dollars)
Year ended December 31, 2016

19. Taxation

Taxation consists of:

	2016 Budget	2016 Actual	2015 Actual
Municipal tax levy	\$ 239,156	239,156	\$ 231,360
Supplementary taxation	2,200	3,042	2,180
Payment in lieu of property taxes	7,854	7,797	7,715
Local improvements	59	229	230
	249,269	250,224	241,485
Rebates and tax concessions	(2,140)	(3,252)	(4,343)
Net municipal taxation	\$ 247,129	\$ 246,972	\$ 237,142

20. Other revenues

Other revenues consist of:

	2016 Budget	2016 Actual	2015 Actual
Gaming and casino revenues	\$ 2,250	\$ 2,158	\$ 2,130
Loss on sale of land and tangible capital assets	-	(631)	(1,887)
Donated tangible capital assets	3,158	3,158	3,936
Donations	1,078	1,084	1,293
Development Charges earned	3,700	3,700	4,759
Sub-divider contributions	1,811	1,811	1,923
Miscellaneous recoveries/revenues	12,352	14,160	15,182
	\$ 24,349	\$ 25,440	\$ 27,336

21. Trust funds

Trust funds amounting to \$15,349 (2015 - \$16,101) 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, 2016

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

(in thousands of dollars)

Year ended December 31, 2016

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, 2016

23 Segmented Disclosure (continued)

December 31, 2015	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	28,509		3,774	11,443	12,445	89,781	1,447	1,498	-	148,897
Taxation	(32,072)		81,237	76,859	17,665	55,980	26,597	10,877	-	237,142
User Charges	5,042		4,877	9,891	67,189	18,059	7,952	814	-	113,823
Other	17,523		3,309	13,126	6,653	2,811	1,924	2,801	2,277	50,424
	19,002		93,197	111,318	103,951	166,631	37,920	15,990	2,277	550,286
Expenses										
Salaries, Wages and Benefits	24,753		72,327	30,262	18,497	58,455	19,482	7,562	-	231,338
Materials	6,152		7,112	19,260	13,833	18,564	10,268	2,272	-	77,462
Contract Services	3,809		1,672	13,783	34,207	34,321	2,517	697	-	91,006
Grants and Transfer Payments	941		664	59	50	39,073	1,422	1,438	-	43,647
Amortization	1,016		3,657	34,250	18,780	6,870	4,774	361	-	69,706
Other	979		244	334	1,443	443	97	50	-	3,589
Allocation of shared expenses	(13,764)		3,712	1,578	1,297	4,574	2,128	466	-	-
	23,895		89,388	99,527	88,107	162,298	40,667	12,846	-	516,748
Annual Surplus (Deficit)	\$ (4,893)		\$ 3,809	\$ 11,790	\$ 15,844	\$ 4,333	\$ (2,767)	\$ 3,144	\$ 2,277	\$ 33,538

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2016

24. Supplementary financial information

i) Schedule of Revenues and Expense - Library

	2016	2015
Revenues:		
Government transfers (note 1)	\$ 427	\$ 451
Fines and fees	132	141
Other	18	16
	<u>577</u>	<u>608</u>
Expenses:		
Salaries, wages and benefits	\$ 4,687	\$ 4,624
Materials and contract services	1,731	1,710
	<u>6,418</u>	<u>6,334</u>
Excess of expenses over revenues	\$ (5,841)	\$ (5,726)

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	32
	<u>\$ 427</u>	<u>\$ 435</u>

Federal

Human Resources Development Canada	-	16
	<u>\$ -</u>	<u>\$ 16</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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)			Total
	Ministry of Education	Legislated Cost Share (Calculated)		
Full Flexibility				
Core Services Delivery (100%)	2,389	0%	-	2,389
Core Services Delivery - (80/20)	6,159	20%	1,540	7,699
Core Service Delivery - (50/50)	355	50%	355	710
Language	2,068	0%	-	2,068
Aboriginal	148	0%	-	148
Cost of Living	288	0%	-	288
Rural/Remote	978	0%	-	978
FDK Transition	544	0%	-	544
Repairs and Maintenance	24	0%	-	24
Transformation	47	0%	-	47
Utilization Adjustment	0	0%	-	0
Capping Adjustment	2,677	0%	-	2,677
Total (full flexibility)	15,677		1,895	17,574
Limited Flexibility				
Capacity Building	62	0%	-	62
Capital Retrofits	18	0%	-	18
Total (limited flexibility)	80		0	80
No Flexibility				
Wage Enhancement/HCCE Grant	2,969	0%	0	2,969
Wage Enhancement/HCCE Administration	148	0%	0	148
TOTAL	18,874		1,895	20,771

(1) Most recent Amended Service agreement

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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	5,599	-	5,599
Fee Subsidy - Regular	7,947	(1,317)	6,630
Ontario Works and LEAP - Formal	517	-	517
Pay Equity Memorandum of Settlement	216	-	216
Special Needs Resourcing	1,645	-	1,645
Administration	1,431	-	1,431
Repairs and Maintenance	1,089	-	1,089
Transformation	136	-	136
Total (full flexibility)	18,580	(1,317)	17,263
Limited Flexibility			
Capacity Building	86	-	86
Total (limited flexibility)	86	-	86
No Flexibility			
Wage Enhancement/HCCE Grant	2,051	-	2,051
Wage Enhancement/HCCE Admin	148	-	148
TOTAL	20,865	(1,317)	19,548

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2016

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 Cost Share %	Calculated	Total	Total
Full Flexibility					
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	831		197	1,028	(0)

Financial Statements of

**CITY OF GREATER SUDBURY
TRUST FUNDS**

Year ended December 31, 2016



KPMG LLP
Claridge Executive Centre
144 Pine Street
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Canada
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 financial statements of The City of Greater Sudbury Trust Funds, which comprise the statement of financial position as at December 31, 2016, 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, 2016 and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Comparative Information

The financial statements of The City of Greater Sudbury Trust Funds as at and for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 28, 2016.

Chartered Professional Accountants, Licensed Public Accountants

June 27, 2017
Sudbury, Canada

DRAFT

CITY OF GREATER SADBURY TRUST FUNDS

Statement of Financial Position

December 31, 2016, with comparative information for 2015
(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 2016	Total 2015
Assets								
Cash	\$ 208	1,148	-	-	-	-	1,356	1,397
Due from City of Greater Sudbury (note 2)	-	4,767	39	-	1,250	7,937	13,993	14,704
Loans receivable	-	-	-	117	-	-	117	117
Allowance for doubtful loans	-	-	-	(117)	-	-	(117)	(117)
	\$ 208	5,915	39	-	1,250	7,937	15,349	16,101
Liabilities and Fund Balances								
Accounts payable	\$ 80	-	-	-	-	-	80	90
Fund balances	128	5,915	39	-	1,250	7,937	15,269	16,011
	\$ 208	5,915	39	-	1,250	7,937	15,349	16,101

See accompanying notes to financial statements.

CITY OF GREATER SUDBURY TRUST FUNDS

Statement of Changes in Fund Balances

Year ended December 31, 2016, with comparative information for 2015
(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 2016	Total 2015
Revenue:									
Plot sales	\$	-	-	-	-	105	269	374	370
Receipts from or on behalf of others		1,315	-	4	-	-	-	1,319	1,402
Interest earned		1	11	-	-	23	251	286	298
Subdividers' deposits		-	451	-	-	-	-	451	1,298
		1,316	462	4	-	128	520	2,430	3,368
Expenses:									
Disbursements to or on behalf of residents		1,322	-	-	-	-	-	1,322	1,400
Refunds		-	1,549	-	-	-	-	1,549	1,895
Transfer to City of Greater Sudbury		-	-	-	-	50	251	301	317
		1,322	1,549	-	-	50	251	3,172	3,612
Change in fund balance in year		(6)	(1,087)	4	-	78	269	(742)	(244)
Fund balance, beginning of year		134	7,002	35	-	1,172	7,668	16,011	16,255
Fund balance, end of year	\$	128	5,915	39	-	1,250	7,937	15,269	16,011

See accompanying notes to financial statements.

THE CITY OF GREATER SUDBURY

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2016
(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, 2016, the Funds have amounts due from the City of \$13,993 (2015 - \$14,704) 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 \$1,250 and \$7,937 which bear interest at the rates of 1.83% and 3.33% respectively (2015 - \$1.97% and 3.47%) 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 this advance or the advance may be forgiven. To date, Fednor has not asked for repayment or forgiven the advance.

2016

City of Greater Sudbury

Statistical Information

For the year ended December 31, 2016

Statistical Information

Consolidated Statement of Financial Position

(in thousands of dollars)

	2016	2015	2014	2013	2012
Financial assets					
Cash	7,044	6,136	17,217	10,797	10,104
Taxes receivable	7,122	7,355	6,569	7,939	7,334
Accounts receivable	48,252	51,646	44,495	39,961	38,072
Inventory held for resale	3,044	1,335	3,182	1,616	1,435
Investment in GBE	105,986	95,217	92,940	89,755	82,702
Investments	323,144	290,917	262,931	267,842	267,017
	494,592	452,606	427,334	417,910	406,664
Financial liabilities					
Accounts payable and accrued liabilities	93,650	80,631	133,618	86,827	78,074
Deferred revenue - obligatory reserve funds	43,463	36,644	37,961	38,796	29,538
Deferred revenue - other	3,366	2,802	4,000	2,896	5,461
Employee benefit obligations	59,075	56,458	55,758	54,595	50,354
Solid waste management facility liability	14,429	14,222	13,263	11,359	11,375
Long-term liabilities	82,597	88,531	32,519	37,345	43,542
	296,580	279,288	277,119	231,818	218,344
Net financial assets	198,012	173,318	150,215	186,092	188,320
Non-financial assets					
Tangible capital assets	1,439,235	1,447,939	1,439,124	1,375,254	1,336,882
Other	9,508	8,733	7,113	7,072	6,282
	1,448,743	1,456,672	1,446,237	1,382,326	1,343,164
Accumulated Surplus	1,646,755	1,629,990	1,596,452	1,568,418	1,531,484

Statistical Information (continued)

Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)

	2016	2015	2014	2013	2012
Revenues	\$	\$	\$	\$	\$
Government Transfers, Provincial	132,062	129,582	123,459	130,617	132,334
Government Transfers, Federal	4,592	21,573	14,752	9,750	8,329
Taxation	246,972	237,142	238,467	231,004	222,639
User Charges	119,971	113,823	116,141	112,073	108,934
Investment Income	10,063	12,454	11,385	10,567	10,381
Fines and Penalties	6,012	6,099	5,802	6,226	5,190
Other	25,440	27,336	25,016	31,631	41,260
GBE net earnings	10,769	2,277	3,185	7,053	2,737
TOTAL REVENUES	555,881	550,286	538,207	538,921	531,804
Expenses by Object					
Salaries wages and benefits	240,816	231,338	229,598	225,886	216,915
Materials	81,597	77,462	82,332	76,280	78,631
Contract Services	98,348	91,006	88,895	89,604	78,192
Grants and Transfer Payments	43,392	43,647	40,760	42,972	42,654
Amortization	70,905	69,707	66,228	65,178	66,707
Other	4,058	3,588	2,360	2,066	2,234
TOTAL EXPENSES	539,116	516,748	510,174	501,986	485,333
ANNUAL SURPLUS	16,765	33,538	28,033	36,935	46,471
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,629,990	1,596,452	1,568,419	1,531,484	1,485,013
ACCUMULATED SURPLUS, END OF YEAR	1,646,755	1,629,990	1,596,452	1,568,419	1,531,484

Analysis of Expenses by Function

(in thousands of dollars)

	2016	2015	2014	2013	2012
General Government	25,269	23,145	23,543	22,052	22,023
Protection Services	94,588	89,388	87,293	85,142	81,273
Transportation Services	110,610	99,526	101,352	98,467	94,621
Environmental Services	87,338	88,107	84,165	79,814	70,798
Health Services	28,713	29,242	27,566	27,113	25,992
Social and Family Services	103,845	99,894	97,347	95,877	93,839
Social Housing	33,912	33,912	34,793	38,680	41,340
Recreation and Cultural Services	42,112	40,685	41,103	40,226	39,490
Planning and Development	12,729	12,849	13,011	14,616	15,957
TOTAL EXPENSES	539,116	516,748	510,173	501,987	485,333

Statistical Information (continued)

Reserves and Reserve Funds

(In thousands of dollars)

	2016	2015	2014	2013	2012
RESERVES	\$	\$	\$	\$	\$
Working Funds	629	642	1,726	1,813	2,056
Tax rate stabilization	4,884	5,544	2,661	4,165	4,619
General government	433	762	875	1,014	1,569
Health, social services and housing	1,706	1,537	659	641	1,694
Recreation and cultural services	-	-	-	-	105
Planning and development	855	773	701	712	923
TOTAL RESERVES	8,507	9,258	6,622	8,345	10,966
RESERVE FUNDS	2016	2015	2014	2013	2012
Equipment replacement	6,076	5,351	5,708	5,968	9,986
Employee benefit obligations	15,715	15,817	14,737	12,382	10,210
Insurance	1,610	1,650	1,791	1,663	1,502
General government	21,711	27,236	26,312	32,154	28,151
Protection services	6,834	6,476	5,865	5,321	7,900
Transportation services	37,630	40,981	38,973	31,793	27,241
Environmental services	34,057	31,813	30,085	34,122	37,580
Health, social services and housing	11,394	11,515	11,930	11,507	11,222
Recreation and cultural services	3,288	3,610	4,684	3,577	2,718
Planning and development	13,814	12,298	10,589	9,709	6,447
Other	-	-	-	-	2,876
TOTAL RESERVE FUNDS	152,129	156,747	150,674	148,196	145,833
TOTAL RESERVE AND RESERVE FUNDS	160,636	166,005	157,296	156,541	156,799

Additional Information

(in thousands of dollars)

	2016	2015	2014	2013	2012
NET FINANCIAL ASSETS	198,012	173,318	150,215	186,092	188,320
NET DEBT PER CAPITA	511	547	201	231	269
LONG-TERM LIABILITIES					
Supported by					
Property taxation	35,587	39,740	29,401	34,054	40,087
Water/wastewater user fees	47,010	48,791	3,118	3,291	3,455
	82,597	88,531	32,519	37,345	43,542

Statistical Information (continued)

Additional Information (continued)

Municipal Statistics	2016	2015	2014	2013	2012
Population	161,500	161,900	161,900	161,900	161,900
Households	75,337	75,158	74,851	74,405	74,069
Employees					
Full time employees	1,990	2,021	2,011	2,019	2,008
Service Information					
Building Permit Values (in 1000's)	254,506	237,362	344,303	287,333	247,525
Average monthly social assistance case load	3,450	3,706	3,703	3,548	3,407
Lane Kilometers of roads	3,625	3,623	3,619	3,617	3,613
Annual volume of treated waste water *	30,368	32,506	36,715	32,847	27,728
Annual volume of treated drinking water *	18,766	21,553	20,804	20,877	19,791
Annual disposal of solid waste (tonnes)	103,429	100,723	102,725	105,509	100,753
Annual diversion of solid waste (tonnes)	31,675	33,740	35,345	36,424	34,482
Regular service passenger Transit trips	4,171,000	4,262,000	4,458,000	4,362,000	4,444,719
Tax collection rate	2.4%	2.6%	2.3%	2.8%	2.7%
Property Tax Collection (in 1000's)	289,203	276,665	278,246	266,939	256,624
*(megalitres)					
TAXABLE ASSESSMENT (\$ millions)					
Residential assessment	\$14,368	13,695	12,863	12,009	11,174
Commercial assessment	\$1,937	1,833	1,737	1,634	1,540
Industrial assessment	\$513	490	473	446	425
BENCHMARK INFORMATION					
% of paved lane km where condition is rated good to very good	51.0%	51.0%	51.0%	51.0%	51.0%
# of conventional transit passenger trips per person in service area per year	30.2	30.9	32.3	31.6	32.2
# of waste water main backups per 100 km of waste water main per year	4.4	5.1	6.7	8.9	6.0
% of waste water estimated to have bypassed treatment	1.1%	0.9%	2.1%	1.4%	0.5%
# of water main breaks per 100 km of water distribution pipe per year	9.0	19.4	14.7	11.1	8.4
% of residential solid waste diverted for recycling	43.0%	44.0%	45.0%	37.8%	45.0%

Statistical Information (continued)

Additional Information (continued)

Principal Corporate Taxpayers

Vale Canada Limited
Hoop Realty Inc
Glencore Canada Corporation
Union Gas Limited
Zulich Enterprises Limited

Top Employers

Vale
Health Services North
Government of Canada - Tax Services
City of Greater Sudbury
Laurentian University