



AUDIT COMMITTEE AGENDA

Audit Committee Meeting
Tuesday, June 21, 2016
Tom Davies Square

COUNCILLOR DEB MCINTOSH, CHAIR

Mike Jakubo, Vice-Chair

4:15 p.m. AUDIT COMMITTEE MEETING
COUNCIL CHAMBER

Council and Committee Meetings are accessible. For more information regarding accessibility, please call 3-1-1 or email clerks@greatersudbury.ca.

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

PRESENTATIONS

1. Report dated May 31, 2016 from the Acting Chief Financial Officer/City Treasurer regarding 2015 Audit Findings Report. **5 - 43**
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)
 - Michael Hawtin, Partner, PricewaterhouseCoopers LLP(This report provides the audit findings with respect to the 2015 year-end.)
2. Report dated June 1, 2016 from the Acting Chief Financial Officer/City Treasurer regarding 2015 Annual Financial Statements. **44 - 118**
(ELECTRONIC PRESENTATION) (RESOLUTION PREPARED)
 - Ed Stankiewicz, Acting Chief Financial Officer/City Treasurer(This report recommends that the Consolidated Financial Statements of the City of Greater Sudbury and the Financial Statements of the City of Greater Sudbury Trust Funds for the year ended December 31, 2015 be adopted by Council.)

CONSENT AGENDA

(For the purpose of convenience and for expediting meetings, matters of business of repetitive or routine nature are included in the Consent Agenda, and all such matters of business contained in the Consent Agenda are voted on collectively.

A particular matter of business may be singled out from the Consent Agenda for debate or for a separate vote upon the request of any Councillor. In the case of a separate vote, the excluded matter of business is severed from the Consent Agenda, and only the remaining matters of business contained in the Consent Agenda are voted on collectively.

Each and every matter of business contained in the Consent Agenda is recorded separately in the minutes of the meeting.)

ROUTINE MANAGEMENT REPORTS

- C-1. Report dated June 1, 2016 from the Acting Chief Financial Officer/City Treasurer regarding 2015 Operating Budget Variance Report - December. **119 - 123**
(RESOLUTION PREPARED)
(This report provides a year end projection based on expenditures and revenues to the end of December, 2015.)
- C-2. Report dated June 2, 2016 from the Acting Chief Financial Officer/City Treasurer regarding 2015 Water Wastewater Variance Report. **124 - 127**
(RESOLUTION PREPARED)
(This report provides a year end position for the Water Wastewater Division based on the expenditures and revenues for the year ended December 31, 2015.)

CORRESPONDENCE FOR INFORMATION ONLY

- C-3. Report dated June 7, 2016 from the Acting Chief Financial Officer/City Treasurer regarding Consolidated Reserves and Reserve Funds Balances as of December 31, 2015. **128 - 139**
(FOR INFORMATION ONLY)
(This report advises of the balances in the Reserves and Reserve Funds at December 31, 2015.)
- C-4. Report dated June 7, 2016 from the Acting Chief Financial Officer/City Treasurer regarding 2015 Capital Projects in Progress and Completed Capital Projects. **140 - 163**
(FOR INFORMATION ONLY)
(This report provides a year end position of Capital Projects in Progress which includes Committed Capital and Committed Reserve Funds for capital projects for the year ended December 31, 2015. It also includes completed capital projects from October 2015 to March 2016.)
- C-5. Report dated May 31, 2016 from the Auditor General regarding Audit of Contract ENG11-42. **164 - 175**
(FOR INFORMATION ONLY)
(Audit of Contract ENG11-42)
- C-6. Report dated June 2, 2016 from the Auditor General regarding Follow-up Audit of Procurement. **176 - 182**
(FOR INFORMATION ONLY)
(Follow-up Audit of Competitive Procurement)

REGULAR AGENDA

MANAGERS' REPORTS

ADDENDUM

CIVIC PETITIONS

NOTICES OF MOTION

QUESTION PERIOD AND ANNOUNCEMENTS

ADJOURNMENT

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Tuesday, May 31, 2016
Type:	Presentations

For Information Only

2015 Audit Findings Report

Resolution

For Information Only

BACKGROUND

For entities with public accountability, auditing standards require auditors to communicate specific information to an Audit Committee. The City's external auditors will be presenting their Audit Findings Report with respect to the 2015 year-end to the Audit Committee. Their presentation will cover the following issues:

- Audit Opinion
- Independence
- Audit Highlights and Findings
- Internal Control Recommendations

The purpose of their presentation will be to communicate to the Committee a summary of any significant findings and other matters which our external auditors believe should be brought to your attention, thereby assisting this Committee with respect to their review and recommendation to Council for approval of the 2015 Financial Statements. Attached is the complete Audit Findings Report prepared by the external auditors.

In addition to reporting all financial transactions appropriately following Generally Accepted Accounting Principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Professional Accountants of Canada, management also has a responsibility to apply their best judgement at the time in preparing accounting estimates and/or disclosures in the financial statements.

The concept of materiality is applied in determining whether or not the statements are considered to be a fair representation. Materiality includes both qualitative and quantitative factors which are assessed in the light of whether or not they may be likely to influence the decisions made by persons relying on the financial statements. The external auditors have confirmed that there are no material unadjusted financial statement misstatements.

Signed By

Report Prepared By

Christina Dempsey
Co-ordinator of Accounting
Digitally Signed May 31, 16

Division Review

Lorraine Laplante
Manager of Accounting
Digitally Signed May 31, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Jun 2, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 6, 16

A further requirement of any audit is to obtain sufficient understanding of internal controls and to test those internal controls so that the external auditors can place reliance on them as part of the audit. The Audit Findings Report comments on weaknesses that have been identified as part of the audit and those identified in the report relate to information technology recommendations.

City of Greater Sudbury

*2015 year-end report
to the Audit Committee*

*Prepared as of
May 31, 2016*





May 31, 2016

Members of the Audit Committee
City of Greater Sudbury

Dear Members of the Audit Committee:

We have substantially completed our audit of the consolidated financial statements of the City of Greater Sudbury (the City) prepared in accordance with Canadian generally accepted accounting standards as established by the Public Sector Accounting Board (Public Sector GAAP) for the year ended December 31, 2015. We propose to issue an unqualified report on those consolidated financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included as Appendix A.

We prepared the accompanying report to assist you in your review of the consolidated financial statements. It includes an update on the status of our work, as well as a discussion on the significant accounting and financial reporting matters dealt with during the audit process.

We will review the key elements of this report at the upcoming meeting and discuss our findings with you.

We would like to express our sincere thanks to the management and staff of the City who have assisted us in carrying out our work, and we look forward to our meeting on June 21, 2016. If you have any questions or concerns prior to the Audit Committee meeting, please do not hesitate to contact me in advance.

Yours very truly,

PricewaterhouseCoopers LLP

Michael Hawtin
Partner
Assurance

c.c.: Mr. Ed Stankiewicz, Interim Chief Financial Officer

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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Appendices

Appendix A: Draft independent auditor's report

Appendix B: Draft management representation letter

Appendix C: Independence letter

Appendix D: Internal control recommendations

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. Comments and conclusions should only be taken in context of the financial statements as a whole, as we do not mean to express an opinion on any individual item or accounting estimate. This report has been prepared solely for your use. It was not prepared for, and is not intended for, any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.

1. *Executive summary*

a. *Status of the audit*

We have substantially completed our audit of the 2015 consolidated financial statements (the financial statements).

This document includes the required communications between an auditor and the Audit Committee.

We performed our audit using the timeline and plan discussed with you at the October 27, 2015 Audit Committee meeting.

These items need to be addressed before we can issue our auditor's report. We will provide an update on the status of these items at our upcoming meeting.

Outstanding items

- i. Legal letters from lawyers.
- ii. Completion of subsequent event procedures up to the date of our auditor's report.
- iii. Receipt of signed management representation letter.
- iv. Audit Committee approval of the financial statements by Council.

b. *Matters for discussion*

<i>Discussion item</i>	<i>Summary</i>	<i>For further reference</i>
Significant audit, accounting and financial reporting matters	<ul style="list-style-type: none"> Section 2 of our report discusses the areas that we focused on in conducting our audit and significant accounting matters which we believe should be brought to your attention. These areas comprise the following: <ul style="list-style-type: none"> Significant estimates and areas of management judgment; Revenue recognition; and Management override of controls. 	Section 2
Summary of unadjusted and adjusted items	<ul style="list-style-type: none"> During our audit, we identified an unadjusted item included in Section 3. We concur with management that the unadjusted item is not material to the financial statements as a whole. During our audit, we identified no adjusted items. In our opinion, the financial statements, taken as a whole, are free of material misstatement. A copy of our draft auditor's report can be found in Appendix A. 	Section 3 and Appendix A

2. *Significant audit, accounting and financial reporting matters*

To prepare the financial statements, management needs to select accounting policies, as well as make critical accounting estimates and disclosures that may involve significant judgment and measurement uncertainty. These matters can significantly impact the City's reported results.

We are responsible for discussing with the Audit Committee our views about the significant qualitative aspects of the City's accounting practices, including accounting policies, the accounting estimates and financial statement disclosures.

We are sharing our views with you to facilitate an open dialogue. Consider our comments and views in this report in the context of the financial statements taken as a whole, and not as an opinion on any individual item or accounting estimate.

<i>Item 1</i>	<i>Significant estimates and areas of management judgment</i>
Background information	<p>There are a number of complex and significant accounting estimates that require management judgment in preparing the City's consolidated financial statements as at December 31, 2015.</p> <p>Significant provisions and estimates include:</p> <ul style="list-style-type: none"> a) provision for property tax appeals; b) landfill closure and post closure costs for active and inactive landfill sites; c) liability for contaminated sites; and d) employee benefit obligations. <p>Management has processes and controls in place for formulating these estimates as summarized below:</p> <ul style="list-style-type: none"> a) The provision for property tax appeals is based on management's estimates of losses relating to successful appeals by taxpayers. The provision is based on historical arbitration experience as adjusted by management based on specific facts and circumstances related to open appeals at year-end. b) Management, through the use of internal and external specialists, determines the landfill liabilities by estimating the costs to be incurred during the closure and post-closure periods. The liability is calculated using significant estimates for discount and inflation rates as well as estimates of expenditures for closure and post-closure care of the landfill sites, site capacity and remaining useful lives and the post-closure care period. c) A listing of contaminated or potentially contaminated sites is maintained and monitored by management, in consultation with the City's real estate and asset services group, for those assets that are no longer in productive use or assets where there may be a potential change in the intended use that may give rise to an obligation under this accounting standard. Management reviewed the listing of sites under the scope of this standard at year-end and determined that at present they do not need to recognize any liabilities associated with contaminated sites under the accounting standard PS 3260.

	<p>d) The City engages a third party actuary to determine the liability for post-employment benefit obligations for sick leave benefits, WSIB and other post-retirement benefits. The liabilities associated with these employee benefit arrangements are calculated by the City's actuary and involve the use of significant assumptions, including but not limited to, the discount rate, salary growth, inflation and health care increases for dental, drugs and medical costs.</p>
PwC's views	<p>We held discussions with management responsible for establishing these estimates to understand the key assumptions as well as validate and benchmark these judgments against our expectations as summarized below:</p> <p>a) For property taxes we corresponded directly with Municipal Property Assessment Corporation (MPAC) to obtain the assessment of properties used in determining property taxation revenue for the year to assist in our validation of management's calculations.</p> <p>We also validated the historical arbitration information with respect to the rate of successful appeals to assess the reasonability of the estimates used by management at year-end. We compared management's "at-risk" rates used to calculate the provision to the average rates as calculated from the historical arbitration information for the past several years and found them to be comparable. We also reviewed management's adjustments to the provision for specific open appeals and found them to be reasonable.</p> <p>b) For landfill liabilities, our audit approach involved the reliance on the work of the City's external environmental specialist for their calculation of the landfill liability and expense for the year. In accordance with generally accepted auditing standards, we relied on the environmental specialist for its calculation of the landfill liability and expense for the year.</p> <p>Our audit procedures mainly consist of reviewing the reasonableness of the data and assumptions used by the specialist, including benchmarking the data to prior years and obtaining explanations for significant variances and independent validation of the assumptions used for inflation and discount rates.</p> <p>We met with management responsible for establishing these provisions to understand the key assumptions and validate and benchmark these estimates against our own expectations. We tested management's calculations, supporting data and assumptions used in these calculations.</p> <p>We have no matters to report as a result of completing these audit procedures.</p> <p>c) For liabilities related to contaminated sites, our audit approach involved discussions with financial and non-financial management within the City that have responsibility for addressing matters related to contaminated sites to assess the City's process with respect to the identification of contaminated or potentially contaminated sites under the scope of PS 3260. We note that the review of contaminated and potentially contaminated sites involves management judgment with respect to the assets' intended use as well as management's assessment regarding the likelihood of expected loss as outlined in the standard. We reviewed management's assessment of contaminated or potentially contaminated sites with respect to the recognition and measurement criteria under the standard. Where third party assessments were available, we reviewed the reports from 3rd party specialists to support management's conclusions. We found management's approach and methodology with respect to the identification of contaminated sites reasonable and are in agreement with the accounting conclusions reached.</p>

	<p>d) For employee benefit obligations, our audit approach involves the reliance on the work of the City's actuary. In accordance with generally accepted auditing standards, we relied on the actuary for its calculation of the employee benefit liabilities and expense for the year. Our audit procedures mainly consist of reviewing the reasonableness of the data and assumptions used by the actuary and do not include a re-performance of the actuarial calculations. Accordingly, we performed the following audit procedures when relying on the work of specialists:</p> <ul style="list-style-type: none"> • Tested the participant data provided to the actuary by comparing the data to source documents maintained by the City's payroll department; • Assessed the significant actuarial assumptions (i.e. discount rates, medical cost increases, etc.) to determine that they are within a reasonable range and consistent with the provisions in the City's employee benefit plans; and • Assessed that the City is in compliance with the appropriate accounting principles for the calculation, presentation and disclosure of the employee benefit obligations in the consolidated financial statements of the City. <p>We have no matters to report as a result of completing these audit procedures.</p>
Item 2	<i>Revenue recognition</i>
Background information	<p>There is a presumption under generally accepted auditing standards that fraud in revenue recognition is a higher risk.</p> <p>The City has established revenue recognition accounting policies in accordance with the accounting standards for the Public Sector.</p> <p>In addition, the City has processes, controls and other procedures in place to ensure that revenue is appropriately measured and recognized, including monitoring the activity within deferred revenue accounts and obligatory reserve funds during the year.</p> <p>The City conducted an annual review of significant agreements with other governments, including a review of eligibility criteria and stipulations (if any), to ensure that government transfers are appropriately accounted for under the Handbook Section PS 3410.</p>
PwC's views	<p>During our audit, we updated our understanding of management processes and internal controls surrounding revenue recognition and reassessed the accounting policies adopted by the City for recognizing revenue and ensure that they are in accordance with Canadian GAAP.</p> <p>We performed substantive tests of detail across all revenue streams vouching to supporting documents. We further performed substantive tests of detail for accounts receivable and deferred revenue accounts including examination of reconciliations of deferred revenue accounts (by obligatory reserve fund), obtaining confirmation of annual funding with third party sources (i.e. various Ministries) and testing other movements in the deferred revenue accounts to supporting documentation (i.e. agree to contracts, bank deposits, budgets and progress payments, etc.) and to the corresponding entry in the revenue general ledger accounts.</p> <p>We also reviewed management's analysis of the eligibility criteria and stipulations for material funding agreements and tested a sample to ensure compliance with the revenue recognition provisions contained in PS 3410.</p> <p>We have no matters to report as a result of completing these audit procedures.</p>

Item 3	Management override of controls
Background information	<p>Canadian auditing standards require auditors to plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.</p> <p>The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error, because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.</p> <p>We note that the City has developed policies and procedures to ensure appropriate segregation of duties to mitigate the risk of fraud and management override of controls.</p> <p>In addition, the City has policies in place to prevent and detect fraud, including an employee handbook (provided to all employees) that comprises employment rules and policies including areas related to conduct at work, conflict of interest, duty of fidelity, compliant process as well as an Auditor General Office, processes relating to the review and approval of manual journal entries and management reviews of the divisional operating results of the City.</p>
PwC's views	<p>During our audit, we executed the following procedures in order to fulfill our responsibilities:</p> <ul style="list-style-type: none"> • Inquired of management, legal offices and others related to any knowledge of fraud or suspected fraud; • Performed test of details primarily over revenue, including consideration of unusual or unexpected relationships; • Incorporated an element of unpredictability in the selection of the nature, timing and extent of our audit procedures; and • Performed additional required procedures to address the risk of management's override of controls, including: <ul style="list-style-type: none"> ○ examined journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud; ○ reviewed accounting estimates for biases that could result in material misstatement due to fraud; and ○ evaluated the business rationale of significant unusual transactions. • As a result of completing these procedures, we did not encounter any instances of management override of controls.

3. *Summary of unadjusted and adjusted items*

Our responsibility is to issue an opinion as to whether the financial statements are free of material misstatement.

Taken as a whole, the financial statements are free of material misstatement. Pending the completion, to our satisfaction, of the outstanding matters identified in Section 1 we are prepared to issue an unqualified opinion on the financial statements.

Under Canadian auditing standards, we are required to communicate to you the unadjusted items (including disclosures) and the effect that they may have on our opinion and to request that unadjusted items be corrected.

a. Unadjusted item

As a result of our audit, we identified the following item with an impact on the consolidated balance sheet and consolidated statement of operations and accumulated surplus of \$591,388:

<i>Description</i>	<i>Assets as at December 31, 2015 \$</i>	<i>Liabilities as at December 31, 2015 \$</i>	<i>Accumulated surplus, beginning of the year \$</i>	<i>Annual surplus for the year ended December 31, 2015 \$</i>
To adjust the opening accumulated surplus balance for the impact on investment in GBE and related net earnings resulting from change in accounting framework of Greater Sudbury Utilities Inc. on transition to IFRS	-	-	(591,388)	591,388
Total	-	-	(591,388)	591,388

As a result of our audit, we conclude that the above unadjusted item is immaterial individually and in the aggregate to the financial statements taken as a whole.

b. Adjusted items

There were no unadjusted items as a result of our work.

4. *Other required communications*

Auditing standards require that the external auditor communicate certain matters to the Audit Committee that may assist you in overseeing management's financial reporting and disclosure process.

Below is a summary of how this applies to you:

<i>Matter to be communicated</i>	<i>Our response</i>
Management's representations	We need to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix B.
Independence	We confirm our independence with respect to the City in our annual independence letter attached as Appendix C to this report.
Significant deficiencies in internal control	See Appendix D of this report for the observations and recommendations resulting from our review of the information technology (IT) internal controls during the 2015 audit. None were noted to be significant.
Fraud and illegal acts	No fraud involving senior management or employees with a significant role in internal control or that would cause a material misstatement of the financial statements and no illegal acts came to our attention.

5. *Internal control recommendations*

The purpose of our audit was so that we could express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation 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 internal control.

In prior years, we issued a report summarizing our IT internal control observations and recommendations as they related to the prior year audits (most of them were identified as part of the 2011 and 2012 audits). These recommendations have been remediated by management, including two that were remediated in 2015.

During the 2015 audit, one IT internal control observation was identified. A summary of the observation and related recommendation is noted in Appendix D.

6. 2015 audit fees

Our audit fees are in accordance with our response to the City's request for a quote dated June 2, 2014 and our audit engagement letter dated October 21, 2014, covering the two-year contract period for the year ended December 31, 2014 and the year ended December 31, 2015. Our fees for the 2015 audit of the financial statements of the City are \$93,000.

7. Accounting and financial reporting update

As part of our commitment to quality service, we now draw your attention to new and emerging accounting, auditing and regulatory developments on City of Greater Sudbury's financial reporting:

a. Related party disclosures

Section PS 2200, Related Party Disclosures, was issued in March 2015 and is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted and this section would be applied prospectively. This section provides guidance on the definition and identification of related parties including key management personnel and establishes disclosures required for related party transactions.

b. Inter-entity transactions

Section PS 3420, Inter-entity Transactions, was issued in March 2015 and is effective for fiscal years beginning on or after April 1, 2017. Earlier 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.

c. Assets, contingent assets and contractual rights

Section PS 3210, Assets, Section PS 3320, Contingent assets and Section PS 3380, Contractual rights were issued in September 2015 and are effective for fiscal year 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.

d. Restructuring transactions

Section PS 3430, Restructuring transactions, was issued in September 2015 and 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.

e. Financial instruments and financial statement presentation

Section PS 3450, Financial Instruments, is effective for governments for periods beginning on or after April 1, 2019. This section provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Derivatives and portfolio investments that are equity instruments quoted in an active market are measured at fair value. Other financial instruments may be elected as measured at fair value under certain conditions.

Concurrent with the adoption of Section PS 3450, organizations must adopt Section PS 1201, Financial Statement Presentation (replacing Section PS 1200), Section PS 2601, Foreign Currency Translation (replacing PS 2600) and Section PS 3041, Portfolio Investments (replacing PS 3040). These new standards require presentation of a new primary statement – the statement of re-measurement gains and losses – reporting various unrealized gains and losses and may also change the accounting for long-term foreign currency monetary items.

f. Other projects

Other significant projects that are in progress by the Public Sector Accounting Board:

- *Asset Retirement Obligations* – This project will address the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of long-lived tangible capital assets currently in productive use. In August 2014, PSAB issued a Statement of Principles that addresses the accounting and reporting of retirement obligations associated with tangible capital assets controlled by a public sector entity. An exposure draft for a new standard is expected in the second half of fiscal 2016. Our audit national public sector leader is the chair of the PSAB task force on this project.
- *Revenues* – This project is to develop additional principles for revenue recognition principles that apply to sources of revenue other than government transfers and tax revenue. It is a wide-reaching project seeking to address recognition, measurement and presentation of revenues that are common in the public sector. In August 2013, PSAB issued a statement of principles containing proposals that will affect the reporting of a broad range of revenues. An exposure draft for a new standard is expected in the first quarter of fiscal 2017.

Appendix A: Draft independent auditor's report



June @@, 2016

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the City of Greater Sudbury

We have audited the accompanying consolidated financial statements of the City of Greater Sudbury, which comprise the consolidated statements of financial position as at December 31, 2015 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Greater Sudbury as at December 31, 2015 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

The accompanying financial statement schedules as at and for the year ended December 31, 2015 are presented as supplementary information only and are not a required part of the basic consolidated financial statements. The information in these schedules has been subject to audit procedures only to the extent necessary to express an opinion on the consolidated financial statements of the City of Greater Sudbury.

DRAFT**Chartered Professional Accountants, Licensed Public Accountants**

Appendix B: Draft management representation letter

[Client letterhead]

June XX, 2016

PricewaterhouseCoopers LLP
Attention: Michael Hawtin
PwC Tower
18 York Street, Suite 2600
Toronto ON M5J 0B2

Dear Mr.Hawtin:

We are providing this letter in connection with your audit of the consolidated financial statements (the financial statements) of the City of Greater Sudbury (the City) as at December 31, 2015 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements are presented fairly, in all material respects, the financial position, the financial performance, the results of its operations and the cash flows in accordance with the requirements of Canadian public sector accounting standards.

Management responsibilities

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 21, 2014 and the addendum to the engagement letter dated November 12, 2015. In particular, we confirm to you that:

- We are responsible for the preparation and the fair presentation of the financial statements in accordance with the requirements of Canadian public sector accounting standards;
- We are responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and the reporting of financial information in accordance with the requirements of Canadian public sector accounting standards;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Preparation of the financial statements

The financial statements include all disclosures necessary for fair presentation in accordance with the requirements of Canadian public sector accounting standards and disclosures otherwise required to be included therein by the laws and regulations to which we are subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance.

There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account and vice versa. All consolidating entries have been properly recorded. All inter-governmental unit accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Accounting policies

We confirm that we have reviewed our accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation of the financial statements is appropriate in our particular circumstances to be prepared fairly, in all material respects, in accordance with the requirements of Canadian public sector accounting standards.

Internal controls over financial reporting

We have designed disclosure controls and procedures to ensure material information relating to the City, including its consolidated subsidiaries, is made known to us by others within those entities.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the requirements of Canadian public sector accounting standards.

We have performed an assessment of the effectiveness of our internal controls over financial reporting and concluded that we have maintained effective disclosure controls and procedures and internal control over financial reporting as of December 31, 2015.

Disclosure of information

We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
 - Contracts and related data;
 - Information regarding significant transactions and arrangements that are outside of the normal course of business;
 - Minutes of the meetings of Council and related committees. The most recent meetings held were Planning Committee on May 9, 2016, City Council on May 10, 2016, Operations Committee on May 16, 2016 and Finance and Administration Committee on May 17, 2016;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Completeness of transactions

All contractual arrangements entered into by us with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

Fraud

We have disclosed to you:

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All information in relation to fraud or suspected fraud, of which we are aware, affecting us, involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and

- All information in relation to any allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators or others.

Compliance with laws and regulations

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We are not aware of any illegal or possibly illegal acts committed by our directors, officers or employees acting on our behalf.

Accounting estimates and fair value measurements

Significant assumptions used by the City in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the City's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Handbook - Accounting, Part II, Section 1508, *Measurement Uncertainty*, have been appropriately disclosed.

Related parties

We confirm that we have disclosed to you the identity of the City's related parties as defined by the requirements of Canadian Auditing Standard 550, *Related Parties*, and all the related party relationships and transactions.

The list of related parties summarized in note 1 of the financial of the City accurately and completely describes our related parties and the relationships with such parties.

Going concern

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

Assets and liabilities

We have satisfactory title or control over all assets. There are no liens or encumbrances on our assets and there are no assets pledged as collateral.

Receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet date and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts that are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which we are contingently liable in accordance with the requirements of Canadian public sector accounting standards, have been disclosed to you and are appropriately reflected in the financial statements.

Litigation and claims

All known, actual or possible litigation and claims, which existed at the financial statements date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

Misstatements detected during the audit

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements, including omissions.

The effects of the uncorrected misstatements in the financial statements, as summarized in the accompanying schedule (Appendix A), are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We confirm that we are not aware of any uncorrected misstatements other than that included in Appendix A.

We confirm that there is no adjusted misstatement identified during your audit.

Events after the financial statements

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Cash and banks

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the City.

All cash balances are under the control of the City, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the City.

All cash and bank accounts and all other properties and assets of the City of which we are aware are included in the financial statements as at December 31, 2015.

Restricted assets and revenues

All assets and revenues subject to restrictions are disclosed in the financial statements.

All externally restricted inflows have been recognized as revenue in the year in which the resources were used for the purposes specified. All externally restricted inflows received before this criterion has been met have been reported as liabilities until the resources are used for the purposes specified.

Accounts receivable

All amounts receivable by the City were recorded in the books and records.

Amounts receivable amounted to \$53.3 million and are considered to be fully collectible, except to the extent of \$1.6 million, in respect of which, a full allowance has been made in the accounts.

All receivables were free from hypothecation or assignment as security for advances to the City.

Receivables recorded in the financial statements represent bona fide claims against debtors' charges arising on or before the statement of financial position date. Receivables classified as current do not include any material amounts that are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

Financial assets (other than loans and receivables)

All securities which were owned by the City were recorded in the accounts.

All income earned on the financial assets has been recorded in the accounts, and any interest income has been accrued using the effective interest rate method.

We are not aware of any objective evidence of impairment that would result in the recognition of an impairment loss on any financial asset.

You have been informed of the acquisition of or the formation of all government units, business enterprises, partnerships, joint ventures or other participations during the year.

All transactions with governmental units, business enterprises, partnerships or joint ventures have been recorded in the accounts presented to you. All investments in and advances to governmental units, business enterprises, partnerships, joint ventures or other participations are appropriately recorded, and there is no evidence of impairment in value below the resulting balances shown in the financial statements.

There has been no activity in any dormant or inactive government units, business enterprises, partnerships, joint ventures or other participations, except as disclosed to you.

The modified equity method is used to account for the City's investment in the following government business enterprises; Sudbury Airport Community Development Corporation and Greater Sudbury Utilities Inc.

Tangible capital assets

All charges to tangible capital asset accounts represented the actual cost of additions to tangible capital assets.

All contributed tangible capital assets have been recorded at fair value at the date of the contribution.

No significant tangible capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of tangible capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Tangible capital assets owned by the City are being depreciated on a systematic basis over their estimated useful lives, and the provision for depreciation was calculated on a basis consistent with that of the previous date.

All lease agreements covering assets leased by or from the City have been disclosed to you and classified as leased tangible capital assets or operating leases.

Leased tangible capital assets are being amortized on a systematic basis over the period of expected use.

There have been no events, conditions or changes in circumstances that indicate that a tangible capital asset no longer contributes to the City's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. We believe that the carrying amount of the City's long-lived tangible capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook, PS 3150.

We have reviewed our records and have recorded an appropriate value for all tangible capital assets (TCA) owned by the City. We believe all TCA's to which the future benefit accrues to the City are appropriately accounted for.

Long-term debt

All borrowings and financial obligations of the City of which we are aware are included in the financial statements as at December 31, 2015, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

Deferred revenue

All material amounts of deferred revenue meet the definition of a liability and were appropriately recorded in the books and records.

Retirement benefits, post-employment benefits, compensated absences and termination benefits

All arrangements to provide retirement benefits, post-employment benefits, compensated absences and termination benefits have been identified to you and have been included in the actuarial valuation as required.

The actuarial valuation dated December 31, 2015, incorporates management's best estimates, detailed as follows:

- a) The actuarial assumptions and methods used to measure liabilities and costs for financial accounting purposes for all post-retirement benefits are appropriate in the circumstances.
- b) The City does not plan to make frequent amendments to the post-retirement benefit plans.

All changes to the plan and the employee group and the fund's performance since the last actuarial valuation have been reviewed and considered in determining the post-retirement expense.

The City's actuaries have been provided with all information required to complete their valuation as at December 31, 2015.

The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with CPA Canada Public Sector Accounting Handbook, PS 3250, *Retirement Benefits* and CPA Canada Public Sector Accounting Handbook, PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*. In particular:

- a) The significant accounting policies that the City has adopted in applying CPA Canada Public Sector Accounting Handbook, Section PS 3250 and CPA Canada Public Sector Accounting Handbook, Section PS 3255 are accurately and completely disclosed in the notes to the financial statements.

- b) Each of the best estimate assumptions used reflects management's judgment of the most likely outcomes of future events.
- c) The best estimate assumptions used are, as a whole, internally consistent, and consistent with the asset valuation method adopted.
- d) The discount rate used to determine the accrued benefit obligation was determined by reference to the City's borrowing rate, at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.
- e) The assumptions included in the actuarial valuation are those that management instructed Collins Barrow Toronto to use in computing amounts to be used by management in determining Post-employment Benefits, Compensated Absences and Termination Benefits and in making required disclosures in the above-named financial statements, in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3250.
- f) In arriving at these assumptions, management has obtained the advice of a consulting actuary who assisted in reaching best estimates, but has retained the final responsibility for them.
- g) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- h) The disclosure of the City's share of the risks and benefits under joint defined benefit plans, the total financial status of any joint plans, significant policies and a description of the unique nature and terms of any joint plans are accurate and complete.
- i) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of benefit costs and obligations and as such have been communicated to you as well as to the actuary.

Statements of operations and net financial assets

All transactions entered into by the City have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations and net financial assets.

The accounting principles and policies followed throughout the year were consistent with prior period practices (except as disclosed in the financial statements).

We provided you a complete listing of government transfer agreements as part of our assessment on the impact of adopting CPA Canada Public Sector Accounting Handbook, Section PS 3410, *Government Transfers*.

Government transfers

Transfers without eligibility criteria or stipulations have been recognized as revenue once the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria but with stipulations have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook, PS 3200, *Liabilities*.

Environmental matters

There are no liabilities or contingencies arising from environmental matters that have not already been disclosed to the auditor. We have provided you a listing of all locations which we believe are in the scope of PS 3260, *Liability for Contaminated Sites*.

Liabilities or contingencies related to environmental matters have been recognized, measured and disclosed, as appropriate, in the financial statements.

We have considered the effect of environmental matters and the carrying value of the relevant assets is recognized, measured and disclosed, as appropriate, in the financial statements.

All material commitments related to environmental matters have been measured and disclosed, as appropriate in the financial statements and, with respect to contaminated sites, have been measured and disclosed in accordance with CPA Canada Public Sector Accounting Handbook, Section PS 3260.

Use of a specialist

We assume responsibility for the findings of other specialists in evaluating the employee benefit obligation and landfill closure and post-closure liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Minutes

All matters requiring disclosure to or approval by City Council has been brought before them at appropriate meetings and are reflected in the minutes.

General

There are no proposals, arrangements or actions completed, in process, or contemplated that would result in the suspension or termination of any material part of the City's operations.

Information relative to any matters handled on behalf of the City by any legal counsel, including all correspondence and other files, has been made available to you.

Segment disclosures

Pursuant to CPA Canada Public Sector Accounting Handbook, PS 2700, *Segment Disclosures*, in identifying segments, management has considered the definition of a segment and other factors, including:

- The objectives of disclosing financial information by segment;
- The expectations of members of the community and their elected or appointed representatives regarding the key activities and accountabilities of the government;
- The qualitative characteristics of financial reporting as set out in CPA Canada Public Sector Accounting Handbook, PS 1000, *Financial Statement Concepts*;
- The homogeneous nature of the activities, service delivery, or recipients of the services;
- Whether the activities relate to the achievement of common outcomes or services as reflected in government performance reports and plans; whether discrete financial information is reported or available; and

- The nature of the relationship between the government and its organizations (within the reporting entity).

Management has identified following operating segments: General Government, Transportation Services, Protection Services, Environmental Services, Health and Social Services, Recreation and Cultural Services and Planning and Development Services.

The financial statements disclose all the relevant factors used to identify the City's reportable segments.

There has been no change in accounting policies related specifically to segment reporting.

Events after the balance sheet date

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Yours truly,

City of Greater Sudbury

Ed Archer, Chief Administration Officer

Ed Stankiewicz, Interim Chief Financial Officer

Appendix A: Summary of unadjusted item

<i>Description</i>	<i>Assets as at December 31, 2015 \$</i>	<i>Liabilities as at December 31, 2015 \$</i>	<i>Accumulated surplus, beginning of the year \$</i>	<i>Annual surplus for the year ended December 31, 2015 \$</i>
To adjust the opening accumulated surplus balance for the impact on investment in GBE and related net earnings resulting from change in accounting framework of Greater Sudbury Utilities Inc. on transition to IFRS	-	-	(591,388)	591,388
Total	-	-	(591,388)	591,388

Appendix C: Independence letter



May 31, 2016

Members of the Audit Committee
City of Greater Sudbury
200 Brady Street
Sudbury ON P3A 5P3

Dear Members of the Audit Committee:

We have been engaged to audit the consolidated financial statements of the City of Greater Sudbury (the City) for the year ended December 31, 2015.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the City, its management and us that may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider The Rules of Professional Conduct of the Chartered Professional Accountants of Canada and applicable legislation covering such matters as:

- a. Holding a financial interest, either directly or indirectly, in a client;
- b. Serving as an officer or director of a client;
- c. Performance of management functions for an assurance client;
- d. Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or its management;
- e. Economic dependence on a client;
- f. Long association of senior personnel with a listed entity audit client;
- g. Audit Committee approval of services to a listed entity audit client; and
- h. Provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since May 20, 2015, the date of our last letter.

We are not aware of any relationships between the City or its management and PricewaterhouseCoopers LLP that may reasonably be thought to bear on our independence that have occurred from May 20, 2015 to May 31, 2016.

We hereby confirm that we are independent with respect to the City within the meaning of The Rules of Professional Conduct of the Chartered Professional Accountants of Canada as of May 31, 2016.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca



This report is intended solely for the use of the Audit Committee, Council, management and others within the City and should not be used for any other purpose.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on June 21, 2016.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Appendix D: Internal control recommendations

Internal Control Recommendations

City of Greater Sudbury

*Year ended
December 31, 2015*





May 31, 2016

Mr. Ed Stankiewicz
Interim Chief Financial Officer
City of Greater Sudbury
200 Brady Street
Sudbury ON P3A 5P3

Dear Mr. Stankiewicz:

**Management Letter
2015 Audit of the City of Greater Sudbury**

We have substantially completed our audit examination of the consolidated financial statements of the City of Greater Sudbury (the City). Our audit was directed at providing the basis for our opinion on the consolidated financial statements for the year ended December 31, 2015. In prior years, we had noted several areas where we believed that controls and procedures could be improved and accordingly we had provided management with recommendations designed to address those matters. Most of them were remediated by management in 2013 and 2014. During the 2015 audit, one internal control observation was identified. A summary of the observation and related recommendations is set forth below.

Our examination was designed in accordance with Canadian generally accepted auditing standards to enable us to express an opinion on the consolidated financial statements as a whole and our work involved evaluating only those systems and internal controls in your organization upon which we intend to rely. The objective of an audit is to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. Therefore, this memorandum does not necessarily include all matters that may be of interest to management, which a more extensive or special internal controls examination might develop. It is not designed to identify and cannot necessarily be expected to uncover fraud, defalcations and other irregularities.

The responsibility for the maintenance of an adequate system of internal control, as well as for the prevention and detection of irregularities rests with management.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

*PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca*



We would like to take this opportunity to thank the management and staff of the City of Greater Sudbury for the co-operation that we received during the course of our audit. Please do not hesitate to contact us if there are any matters in this letter that you would like to discuss further.

Yours truly,

PricewaterhouseCoopers LLP

Michael Hawtin
Partner
Assurance

Encl.

Medium Risk

1) Developer access to PeopleSoft production environment and monitoring of super-user/administrative application transactions or activities

Observation:

It was noted that 5 developers/functional analysts have read/write/delete/update privileges to both the PeopleSoft HRMS and Finance production environments. In addition, there is an inherent segregation of duties conflict in the design of the control to monitor the activity of super-users since the control relies on activity logs that are manually maintained by the database administrators, who are themselves, super-users.

Impact:

Developer access to the production environment can lead to untested and potentially unauthorized changes. Unauthorized access or changes to the production environment may not be detected by the current monitoring control.

Recommendations:

Efforts should be taken to:

- Review the access granted to developers in the production environment and remove any unnecessary privileges.
- In the event that developers require ad hoc write/update/delete access in production, maintain the developers' accounts locked and granted access based on specific requests. Requests should clearly specify the intended activities and indicate the tables that the user plans to access. Once the specified activities are completed, access should be revoked. Maintain evidence of access request and approvals.
- Enable auditing on tables where update/delete privileges have been granted to developers/super-users to log changes, and monitor the logs on a regular basis. Maintain evidence of monitoring activities.

Management Response:

The IT department will turn on auditing on any tables where developers have access in production. In the event of an issue, those tables can be referenced to determine who made changes to those tables.

Request for Decision

2015 Annual Financial Statements

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Wednesday, Jun 01, 2016
Type:	Presentations

Resolution

THAT the City of Greater Sudbury accepts the Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2015 as presented.

Background

Find attached the City of Greater Sudbury Annual Financial Report for the year ended December 31, 2015. The Annual Financial Report includes the Consolidated Financial Statements of the City of Greater Sudbury and the City of Greater Sudbury Trust Funds for the year ended December 31, 2015. These financial statements have been audited and the Independent Auditor's Report expresses an unqualified audit opinion.

At a later date, you will receive a comprehensive package that includes the following financial reports for the year ended December 31, 2015:

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

Signed By

Report Prepared By

Christina Dempsey
Co-ordinator of Accounting
Digitally Signed Jun 1, 16

Division Review

Lorraine Laplante
Manager of Accounting
Digitally Signed Jun 1, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Jun 2, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 7, 16

Prepared by
Financial Services,
City of Greater Sudbury



2015

City of Greater Sudbury Annual Financial Report

For the year ended December 31, 2015



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Prepared by the Financial Services,
City of Greater Sudbury

2015

City of Greater Sudbury
Annual
Financial Report

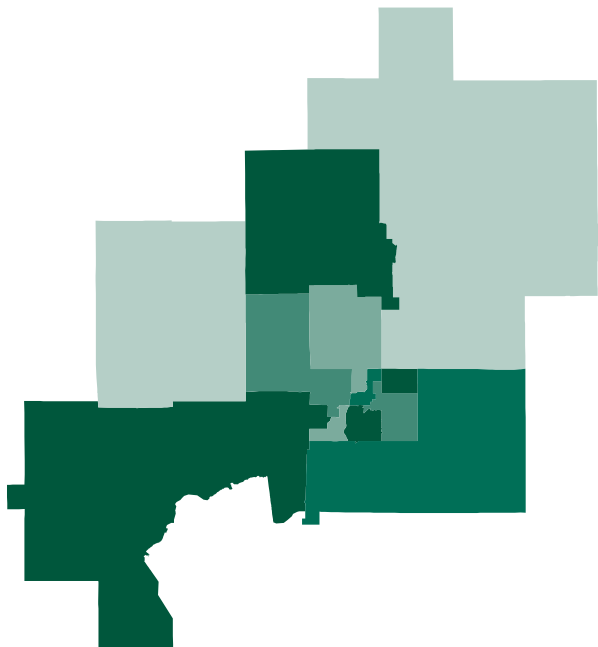
For the year ended December 31, 2015

PO Box 5000, STN 'A',
200 Brady Street
Sudbury, ON, P3A 5P3

Dial 3-1-1 or (705) 671-2489
www.greatersudbury.ca



About Greater Sudbury



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 (Sudbury, Capreol, Nickel Centre, Onaping Falls, Rayside-Balfour, Valley East and Walden), as well as several unincorporated townships (Fraileck, Parkin, Aylmer, Mackelcan, Rathbun, Scadding, Dryden, Cleland and Dill).

The City of Greater Sudbury 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. Greater Sudbury is 3,267 square kilometres in area, making it the geographically largest municipality in Ontario and second largest in Canada. Greater Sudbury is considered a city of lakes, containing 330 lakes and the largest lake contained within a city, Lake Wanapitei.

In 2015, Greater Sudbury was home to approximately 161,900 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.

Greater Sudbury is a world class mining centre. The City's mining companies employ approximately 6,000 people and support a 300-company mining supply and service sector cluster that employs a further 10,000 people. The City is also a regional centre in financial and business services, tourism, health care and research, education and government for Northeastern Ontario - an area that stretches from the Quebec border west to the eastern shore of Lake Superior and north to the James and Hudson's Bay coastlines – a market of 555,000.

Greater Sudbury is a regional hub for many Ontario residents who live in nearby communities. These visitors come to the city to visit with family and friends, for cultural and educational experiences, for health care, for entertainment, for shopping and for conducting business.

Greater Sudbury at a Glance



MUNICIPAL STATISTICS

Population

161,900

Households

75,158

EMPLOYEES

Full time employees

2,021

SERVICE INFORMATION

Building Permit Values (in 1000's)

\$237,362

Average monthly social assistance case load

3,706

Kilometers of roads

3,623

Annual volume of treated waste water
(megalitres)

32,506

Annual volume of treated drinking water
(megalitres)

21,553

Annual disposal of solid waste (tonnes)

100,723

Annual diversion of solid waste (tonnes)

33,740

Regular service passenger transit trips

4,262,000

TAXABLE ASSESSMENT (\$ millions)

Residential, multi-residential, and
miscellaneous assessment

\$13,695

Commercial assessment

\$1,833

Industrial and large industrial assessment

\$490

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

30.9

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

5.1

% of waste water estimated to have
bypassed treatment

0.9%

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

19.4

% of residential solid waste
diverted for recycling

44.0%

Message from Mayor



Every day, City Council works to ensure your tax dollars are being spent in a fiscally responsible manner. But it's just as important for the future of our community, and for the quality of life of our residents, to invest, seize opportunity and embrace change.

The 2015 municipal budget was passed with a 0 per cent tax increase, partially achieved by an approximate \$6 million draw from reserves. As a result, City staff was directed to find \$6 million in permanent savings.

Project 6 Million was launched in May and over six months, staff received more than 800 ideas from citizens and employees. We focused on finding the \$6 million while maintaining service levels and customer service excellence, as well as improving business processes and identifying efficiencies and opportunities. Staff worked diligently to ensure the project was a resounding success, with a total of \$6,050,249 in savings identified.

Here's a look at some of our key successes in 2015:

Growth and Economic Development: Grow the economy and attract investment

Large-scale initiatives are critical to the future of our city. In November 2015, Council hosted a public input session for organizations planning large projects with significant and lasting impacts on the future of our community. Sixteen bold, innovative projects were presented and four projects were chosen as a priority: Art Gallery of Sudbury/New Main Library, an Event Centre, Place des arts and the Synergy Centre.

Quality of Life and Place: Strengthen the high quality of life we already know and love

In June, Greater Sudbury had the honour of being a stop on the PAN AM Torch Run. The Grace Hartman Amphitheatre was packed with proud community members as local hockey gold medalist, Tessa Bonhomme, accepted the flame at Bell Park. We are so proud of our many successful athletes who are critical to encouraging a healthy lifestyle for our youth.

Responsive, Fiscally Prudent, Open Governance: Lead in public service excellence

Open Government is a concept endorsed by governments at all levels, and moves accountability and transparency to a higher and more comprehensive level. In 2015, Council adopted an Open Government model based on the principles of Open Information, Open Data, Open Dialogue and Open Doors. A big step in this initiative was the launch of the Open Data Portal, which provides residents access to our municipal government data and information to foster a transparent and open government. Open data is based on the idea that certain data should be freely available to everyone to use and republish, without restrictions from copyright, patents or other mechanisms of control.

Sustainable Infrastructure: Prioritize, build and rebuild our community's foundation

As a resident of Greater Sudbury, I understand how important the quality of our roads is to your everyday life. There were countless road projects in 2015, including the completion of the improvements at the intersection at Lasalle and Notre Dame, a project which began in 2013. This is one of the busiest intersections in the city, with more than 50,000 vehicles travelling through per day.

We have taken some major steps forward in 2015 with key improvements to our infrastructure, investments in our recreational facilities, and efficiencies found in our operational procedures. I am looking forward to seizing many opportunities to ensure the growth of our community in the short term, but that will also have a lasting impact on our future.

Yours sincerely,

Brian Bigger
Mayor

Message from Interim CAO



It's been a year of accomplishments for the City of Greater Sudbury. These successes are reflective of our Vision, Mission and Values as an organization, and also support City Council's four strategic pillars of Growth and Economic Development; Quality of Life and Place; Sustainable Infrastructure; and Responsive, Fiscally Prudent, Open Governance.

The City's path is shaped by Greater Together, the 2015-2018 Corporate Strategic Plan, which outlines actions and goals based on these four pillars. It contributes to the future success and growth of our city, and to the improvement of services for our residents, and the community as a whole.

With more than 160,000 citizens spread out across 3,267 square kilometres, we are committed to managing our resources efficiently, and are always looking for ways to improve. We strive for excellence in service for residents across our great city, which just happens to be one of the largest geographic areas of any municipality in Ontario.

In 2015, the City managed an operating budget of \$514 million, dedicated to day-to-day operations, including programs and services in more than 30 diverse sectors. Within that amount, the City managed a capital budget of \$110 million, for one-time expenditures and projects such as road construction, recreational facilities, building upgrades, and equipment renewal and replacements. Approximately 24 per cent of the municipal tax levy was spent on roads. Public safety, including police, fire and emergency medical service amounted to 32 per cent and other services, such as health and social services, leisure and recreation, growth and development, libraries, transit, and garbage and recycling, accounted for the remaining 44 per cent.

The 2015 municipal budget was passed with a 0 per cent tax increase, partially achieved by an approximate \$6 million draw from reserves. As a result, City staff was directed by Council to find \$6 million in permanent savings.

Project 6 Million, dubbed P6M, was officially launched in May 2015. Over the course of six months, staff received, reviewed and responded to more than 800 ideas from citizens and employees. We focused on finding the \$6 million while maintaining service levels and customer service excellence, as well as improving business processes and identifying efficiencies and opportunities. P6M was an intense undertaking, involving an ambitious objective with a tight deadline. Staff worked diligently and the project was a resounding success, with a total of \$6,050,249 in savings achieved.

Also of note in 2015, was the commissioning of the City of Greater Sudbury Biosolids Management Facility. A huge milestone was met when the facility became operational in the summer of 2015, on time and on budget. This state-of-the-art, award-winning, facility is the first of its kind in northern Ontario and establishes our city as a leader in environmentally sound water/wastewater processing. Construction started in July 2013 and the project is the City's first public-private partnership. N-Viro, a Canadian-owned consortium, was hired to design, build, maintain and operate the facility for 20 years, however, full ownership of the facility remains with the City. The Government of Canada has contributed \$11 million through the P3 Canada Fund to support the project.

The improvement of our sports facilities was also on the agenda for 2015. In September, the Chelmsford Community Centre/Arena re-opened its doors after a \$2.6 million rehabilitation. The renovations included a new ice pad with sub-surface heating system to prevent future frost heave, new rink boards and safety glass, new bleacher seating, new LED lighting, protective netting, additional dressing and tournament rooms, renovations to the lobby, fresh paint, and health and safety upgrades, including improved accessibility. Greater Sudbury's families are now enjoying their refreshed arena, one of many city facilities that contribute to the health and well being, and quality of life of our residents.

These important projects are just the tip of the iceberg in a busy and exciting year for the City of Greater Sudbury. I am looking forward to the continued growth of our city and the improvement of services for our residents, as we continue to work together toward an even Greater Sudbury.

Kevin Fowke
Interim Chief Administrative Officer

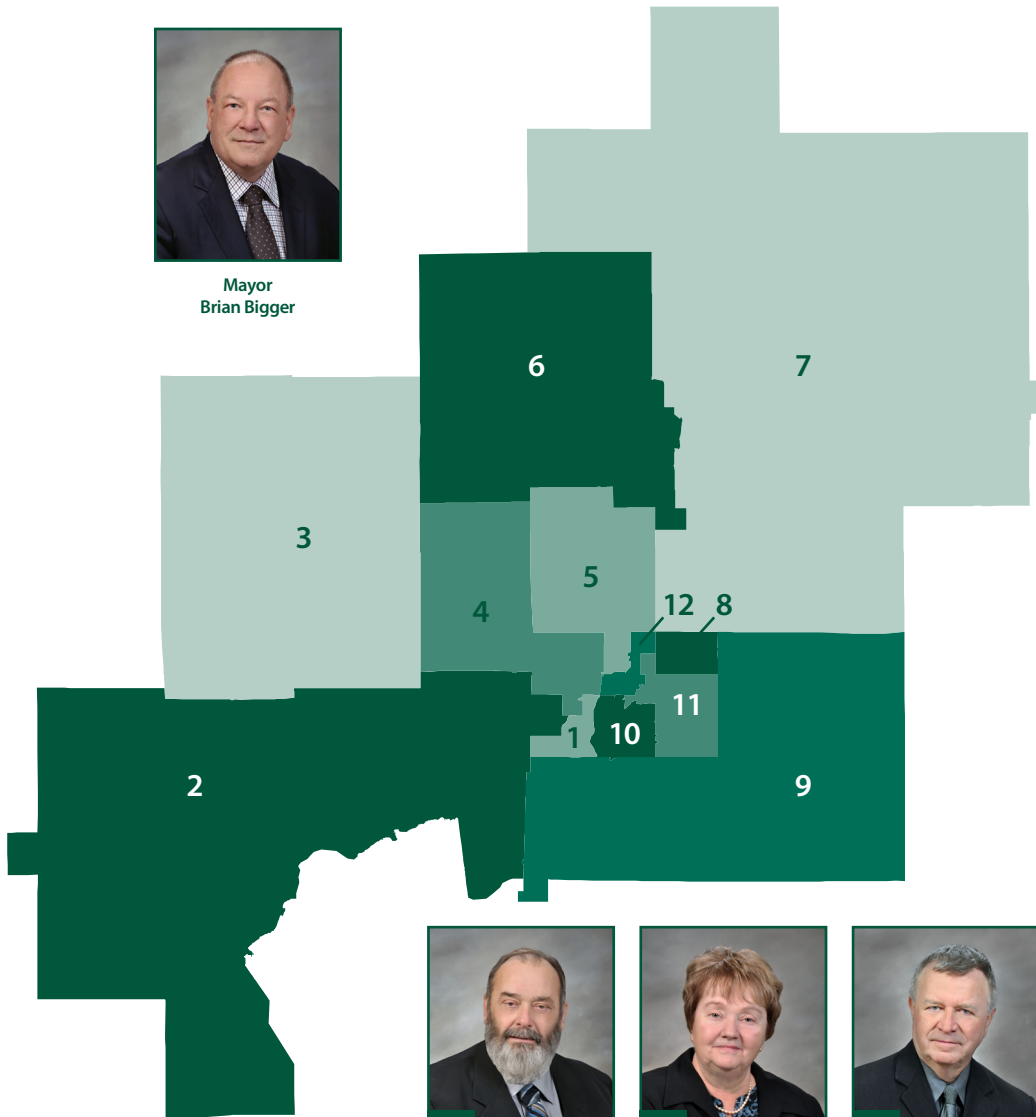
City Council

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



Mark Signoretti
Ward 1



Michael Vagnini
Ward 2



Gerry Montpellier
Ward 3



Evelyn Dutrisac
Ward 4



Robert Kirwan
Ward 5



René Lapierre
Ward 6



Mike Jakubo
Ward 7



Al Sizer
Ward 8



Deb McIntosh
Ward 9



Fern Cormier
Ward 10



Lynne Reynolds
Ward 11



Joscelyne
Landry-Altmann
Ward 12

Senior Management Team

Greater Sudbury's operations are overseen by the Office of the CAO and managed through the following departments: Health and Social Services, Assets, Citizen and Leisure Services, Infrastructure Services, Emergency Services, Human Resources and Organizational Development, Administrative Services and Financial

Services. 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



Interim Chief Administrative Officer
Kevin Fowke

- Economic Development
- Corporate Communications & French Language Services
- Strategic Initiatives



Administrative Services
Executive Director/City Clerk
Caroline Hallsworth

- Court Services (POA)
- Legal Services
- Clerk's Services
- Information Technology
- Corporate Security
- By Law Enforcement



Human Resources and Organizational Development
Interim Director
Joanne Kelly

- Organizational Development, Safety and Wellness
- Compensation
- Benefits & Rehabilitation



Financial Services
Interim Chief Financial Officer / Treasurer
Ed Stankiewicz

- Accounting
- Financial Planning and Budgeting
- Purchasing
- Taxation
- Financial Support



Health, Social Services
Interim General Manager
Rob Blackwell

- Housing Services
- Pioneer Manor
- Social Services



Infrastructure Services
General Manager
Tony Cecutti

- Roads, Transportation and Drainage
- Water and Wastewater
- Engineering & Construction Services
- Building Services
- Planning Services
- Environmental Services



Assets, Citizen and Leisure Services
General Manager
Ron Henderson

- Citizen Services
- Leisure Services
- Transit/Fleet
- Assets



Emergency Services
Chief of Fire and Emergency Services
Trevor Bain

- Emergency Medical Services
- Emergency Management
- Fire Services



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.



Strategic Goals and Strategies

The 2015-2018 Corporate Strategic Plan reflects the vision, mission and values of the City of Greater Sudbury. Taking advantage of emerging opportunities will ensure great things happen in Greater Sudbury. The focus and intention of Council and the City toward key priorities will contribute to great outcomes for citizens and the community as a whole.

The 2015-2018 Priorities of Council are:

1. Sustainable Infrastructure
2. Quality of Life and Place
3. Responsive, Fiscally Prudent, Open Governance
4. Growth and Economic Development

These broad strategic key pillars help the City of Greater Sudbury in managing an annual operating budget of in excess of \$514 million.

Message from Interim Chief Financial Officer/Treasurer



It is my pleasure to submit the 2015 Annual Financial Report for the City of Greater Sudbury. In addition to the consolidated financial results for the year ended December 31, 2015, this report highlights key financial policies, the annual budget

process and other information regarding financial performance of the City's programs and services.

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, 2015 prepared in accordance with legislation and 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 2015 consolidated 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 17 to the financial statements reconciles the 2015 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 Capital Budget Policy and adjusted for the items noted above.

FINANCIAL ACCOUNTABILITY

Performance Measurement and Benchmarking

The City participated in the BMA Municipal Study that is based upon well-developed methodologies. In 2015 Council approved the withdrawal of the City from the Ontario Municipal CAOs Benchmarking Initiative (OMBI). At that time, Council also reaffirmed its support for the continued use of locally relevant performance measurement at the City. Benchmarks, or key performance indicators (KPI), can enhance the presentation and explanation of outcomes achieved in the delivery of municipal services.

Developing a robust framework for assessing municipal services, which includes key performance indicators, requires several fundamental inputs, including clearly defined S.M.A.R.T. (Specific, Measurable, Achievable, Results-focused, Time-bound) goals for each major service the City delivers.

With the acceptance of Council's 4 strategic pillars, in 2016 an organization-wide implementation plan will be developed referencing the above-noted pillars. The plans should encompass each significant service within the departments and provide clearly defined S.M.A.R.T. goals for each that would be supported by meaningful key performance indicators.

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.

Additional information relating to Performance Measurement can be found at Performance Measurement on the City's website.



Financial Management

The City of Greater Sudbury maintains appropriate systems of internal controls to ensure effective financial management, reliable and relevant financial information, and that assets are safeguarded. Management systems, policies and by-laws are in place for financial management, accounting, budgeting and other processes as required to ensure that transactions are appropriately authorized and recorded, and the integrity and completeness of financial records are assured. Key policies and by-laws include but are not limited to the City's Delegation By-Law, Purchasing By-Law, Reserve and Reserve Fund By-Law, Operating Budget Policy, Capital Budget Policy, Purchasing Authority Policy and Investment Policy.

TOWARD FISCAL SUSTAINABILITY PLAN

The Toward Fiscal Sustainability Plan (the Plan) was designed to ensure that the City is fiscally sustainable and has sufficient resources to provide the services that the community expects over the long term. The Plan laid out priorities and action items to manage fiscal challenges and opportunities facing our City. The goal is to build a self sustaining community, with sound infrastructure, and an excellent quality of life.

The Long Term Financial Plan (LTFP) financial principles and policies and the Toward Fiscal Sustainability Plan have been designed to ensure the City attains financial sustainability and has sufficient resources to provide the services that the community expects.

In 2016 the City will be going out with Request for Proposal to update the Long Term Financial Plan.

LONG TERM DEBT

One of the principles in the LTFP, states that debt financing should be used, where appropriate. More specifically, debt financing should only be considered for new, non-recurring infrastructure requirements, programs and facilities which are self-supporting and projects where the cost of deferring expenses exceeds debt servicing costs.

With the completion of two major construction projects for a total cost of \$95.8 million (Biosolids Management Facility \$69.9M and Fleet/Transit Garage 25.9M) the City approved debt financing, to partially fund these two significant projects.

The City financed a total of \$60.8M for the construction of the Biosolids Management Facility (\$46.8M) and the Fleet/Transit Garage (\$14M).



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 financial plan. The purpose of maintaining reserves and reserve funds is to:

- Provide stability for tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- Provide financing for one-time or short term requirements without permanently impacting tax and utility rates
- Make provisions for the replacement/acquisition of assets/infrastructure that are currently being consumed and depreciated
- Avoid spikes in funding requirements of the capital budget by reducing reliance on long-term debt borrowings
- Provide a source of internal financing
- Ensure adequate cash flows
- Provide flexibility to manage debt levels and protect the municipality's financial position
- Provide for future liabilities incurred in the current year but paid for in the future.

Reserves and reserve funds offer liquidity which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally. The level of reserves and reserve funds is a key measure of the financial health of a municipality.



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, Financial Services, in consultation with Project Managers review the Capital Budget to determine if there are any growth related projects that are eligible for development charges. The City finances the growth related portion of capital projects and 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 the growth related portion of the project as identified in the current Development Charges Background Study.

In November of 2015 the City approved a by law authorize the Chief Financial Officer/Treasurer to approve the deferral of payment of development charges for residential buildings in certain circumstances, to execute agreements regarding the terms of the deferral and to authorize the issuance of a building permit upon such an agreement coming into effect. The program allows for development charges to be deferred to the earlier of six months after the date of issuance of the building permit, or the date on which an occupancy permit was issued. This program became effective December 1, 2015.

EXTERNAL AUDITORS

The City's external auditor is PricewaterhouseCoopers LLP, Chartered Accountants (PWC). The role of the external auditor is to express an opinion on the annual consolidated financial statements based on their audit. The auditor expresses 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 auditor also advises management and Council of any control or operational issues identified during their audit.

For the year ended December 31, 2015, PWC 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 audit reports including 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.

2015 Budget

The annual budget process is guided by City Council, through the Finance and Administration Committee. Seven departments are responsible for overseeing numerous programs and services that keep the City running every day, and provide a great northern lifestyle to residents.

The City of Greater Sudbury's municipal budget rests on building blocks for fiscal sustainability: revenues to match expenses, capital renewal, preservation of municipal services, and moderate levels of property taxation.

BUDGET PROCESS

Council annually approves two budgets: an operating budget and a capital budget. The operating budget is prepared using the modified cash basis and provides for operational expenses such as salaries and benefits, materials, grants etc. The capital budget is for the acquisition and rehabilitation of tangible capital assets and includes a four year outlook.

The first stage of the budget process is prepared in accordance with the Budget Preparation Policy. An analysis is prepared of inflationary pressures such as wage adjustments in accordance with collective bargaining agreements, contract and material price increases.

Operating departments and Financial Services staff review projected year end actuals against budgets to identify variances such as overruns, areas that need more resources to maintain service levels or items that can be cut or reduced while still maintaining service levels. Also, a review of historical trend analysis is performed to verify the accuracy of the budget. Any adjustments are in accordance with the Budget Preparation Policy. The budget also reflects any known funding approvals from senior levels of government or partnerships. Any requests for additional permanent staff must be approved by Council. The program support allocations and internal recoveries are in accordance with Ontario Municipal Benchmarking Initiative (OMBI) methodology as required by the Ministry of Municipal Affairs and Housing (MMAH).

A review is also conducted of mandatory pressures, such as, provincially mandated programs and service contracts, costs to service growth, as well as annualization pressures of prior year Council decisions and commitments.



Assessment growth is applied to total pressures to reduce the impact on tax levy requirements. The 2015 base budget increase maintained existing service levels and standards, with a zero (0%) inflation based increase.

The final stage of budget review addresses enhancement requests. All enhancement requests, if approved by the CAO, are presented to a Standing Committee for review and referred to the Finance and Administration Committee for approval. Council provides the final approval of the operating and capital budgets. Monitoring and/or amendments to the Council Approved Budgets are made in accordance with Operating Budget Policy and the Capital Budget Policy.

The Council approved budgets are monitored on a regular basis by departments in accordance with the Operating Budget Policy and the Capital Budget Policy. These policies provide fiscal control and accountability related to the approved budgets and provides for monitoring of the budgets. On a quarterly basis the Finance and Administration Committee reviews variance reports including a year-end projection of operating revenues and expenditures. The variance reports provide Council with an overview of potential year-end variances by division or section. Also on a quarterly basis, the Finance and Administration Committee review a Capital Variance Report for completed projects.

The City of Greater Sudbury is constantly looking at ways to improve its financial sustainability through a balanced approach to financial management in order to create a sustainable financial position today, and for the future.

Municipal Services received for \$1,000 in 2015 based on Budget

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



Road Construction and Maintenance: end-to-end, the 3,623 lane kilometres which make up the City of Greater Sudbury's road network. (\$234)

Police Services: providing quality service and policing in partnership with the community. (\$185)

Emergency Services: includes Fire, Paramedics and dedicated staff for Emergency Preparedness. (\$134)

Children, Housing, Social Services and Pioneer Manor: includes the City's long term care facility (Pioneer Manor), affordable housing services, social assistance, licensed child care spaces, employment support services, shelters and homelessness initiatives. (\$126)

Leisure, Libraries and Museums: Citizen Services include responsibility for public libraries, Citizen Service Centres, 3-1-1 service, museums and cemeteries. Leisure services include community arenas, indoor pools, supervised beaches, ski hills, outdoor rinks, fitness centres, playgrounds/tot lots, baseball fields, soccer fields, tennis courts, basketball courts, passive/linear parks and trails. (\$110)

Growth and Development: includes tourism, physician recruitment, arts and culture, business development, youth strategy, by-law and compliance, real estate matters and community/strategic/environmental planning services and initiatives. (\$55)

Transit and Fleet: includes conventional transit, handi transit and fleet services. (\$49)

Recycling and Garbage: includes transfer/landfill sites, weekly garbage, recycling, organics, leaf/yard waste collection, household hazardous waste disposal and litter abatement initiatives. (\$39)

Finance/Admin/HR: Finance includes Financial Services such as accounting, taxation, financial planning and budgeting, purchasing and financial support. Administrative Services includes areas such as clerks, corporate security and court services, legal services and information technology. Human Resources includes compensation, benefits, rehabilitation, health, safety and wellness and organizational development (\$30)

Outside boards: includes Nickel District Conservation Authority and Sudbury and District Health Unit. (\$23)

Executive and Administration: oversees and manages a variety of administrative and legislative functions, provides support to Council and includes the Auditor General's Office. (\$15)

2016 Outlook

PROJECT 6 MILLION AND BUDGET 2016

The 2015 budget was passed with a zero percent tax increase, which was partially achieved by way of a draw from reserves of approximately \$6 million. Staff were then directed to implement a strategy to achieve a target of \$6 million in permanent savings through a combination of attrition, reductions in purchased contract services, and user fee revenues in 2016. Departments identified initiatives and responded to ideas associated with their respective areas.

The \$6 million in savings was achieved, \$3.9M of which was through attrition. Ideas that were identified as having potential future savings, efficiencies, or which present an opportunity for improved customer service or business process, but which require more time to review and/or implement will be pursued over the course of the next several years.

The City approved a 3.9% budget increase, after assessment growth for 2016.

OPEN GOVERNMENT AND OPEN DATA

The City of Greater Sudbury formally adopted a model of Open Government based on the principles of Open Information, Open Data, Open Dialogue, and Open Doors.

Open Government is a movement that is endorsed internationally, federally and provincially which moves accountability and transparency to a higher and more comprehensive level. While each government that has endorsed Open Government has slightly different models that reflect their communities, cultures and priorities, all have common themes which can be summarized as follows:

- Working with and communicating to the public and involving citizens in decision-making (Open Dialogue)
- Opening up and proactively releasing government information (Open Information)
- Making data a publically available tool or asset (Open Data)
- Implementing measures or plans for accountability and oversight of government actions (Open Doors).

Council has voted to adopt a policy and licensing standards that will open municipal datasets to the public at no charge for reuse with minimal restrictions. An open data portal was made available online at www.greatersudbury.ca/opendata in mid-2015 for download of data in machine-readable formats.

Source: 2015 Budget at a Glance

2015 Financial Results

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Financial assets summary

The City's financial assets are mostly comprised of cash and investments, investments in Government Business Enterprises (GBE) and accounts receivable. Financial assets have increased by 6% from \$427 million to \$453 million.

The City's investments have increased from 2014 from \$263 million to \$290 million.

Investments in GBEs are the City's investments 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.

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 slightly from \$277 million to \$279 million.

Accounts payable and accrued liabilities decreased by 70% or \$53 million (due to Biosolids Plant of \$50 million – now moved to long term debt) and amounts owing to suppliers, employees and other vendors.

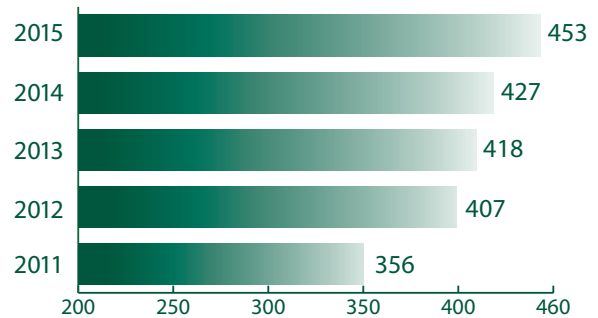
Employee benefit obligations have increased by 1% from 2014. These obligations are for post-employment benefits, vacation pay accrued, sick leave and WSIB.

Long term liabilities for 2015 are \$88 million, an increase of 60% from 2014 (due to Biosolids Plant and Transit/ Fleet Garage) and are comprised of long term debt to acquire tangible capital assets and accrued obligations for Health Sciences North and Laurentian University Ontario School of Architecture among others.

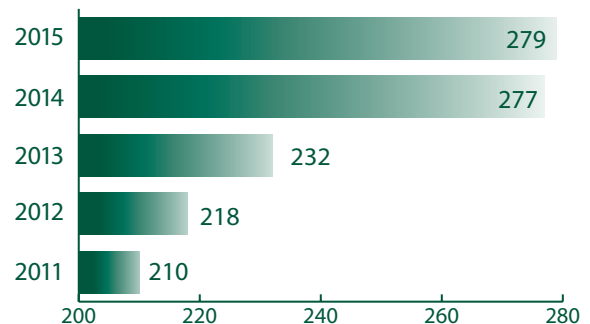
Accumulated surplus breakdown

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

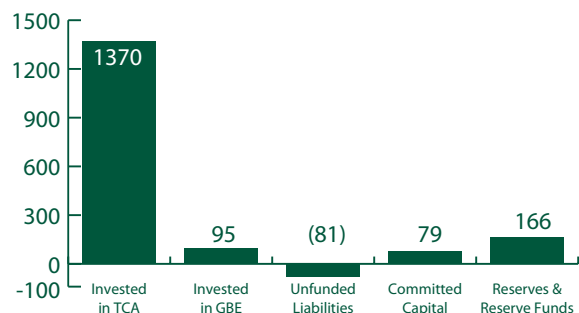
2015 Financial Assets (in millions \$)



2015 Financial Liabilities (in millions \$)



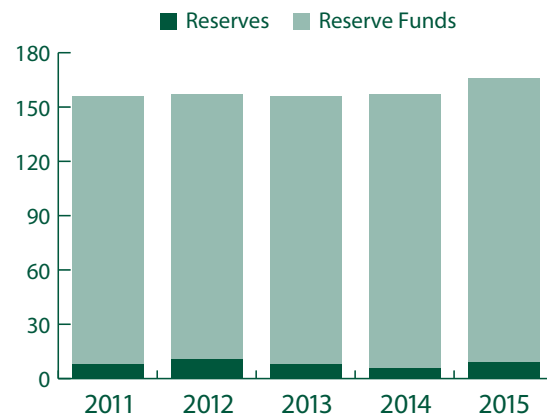
2015 Accumulated surplus (in millions \$)



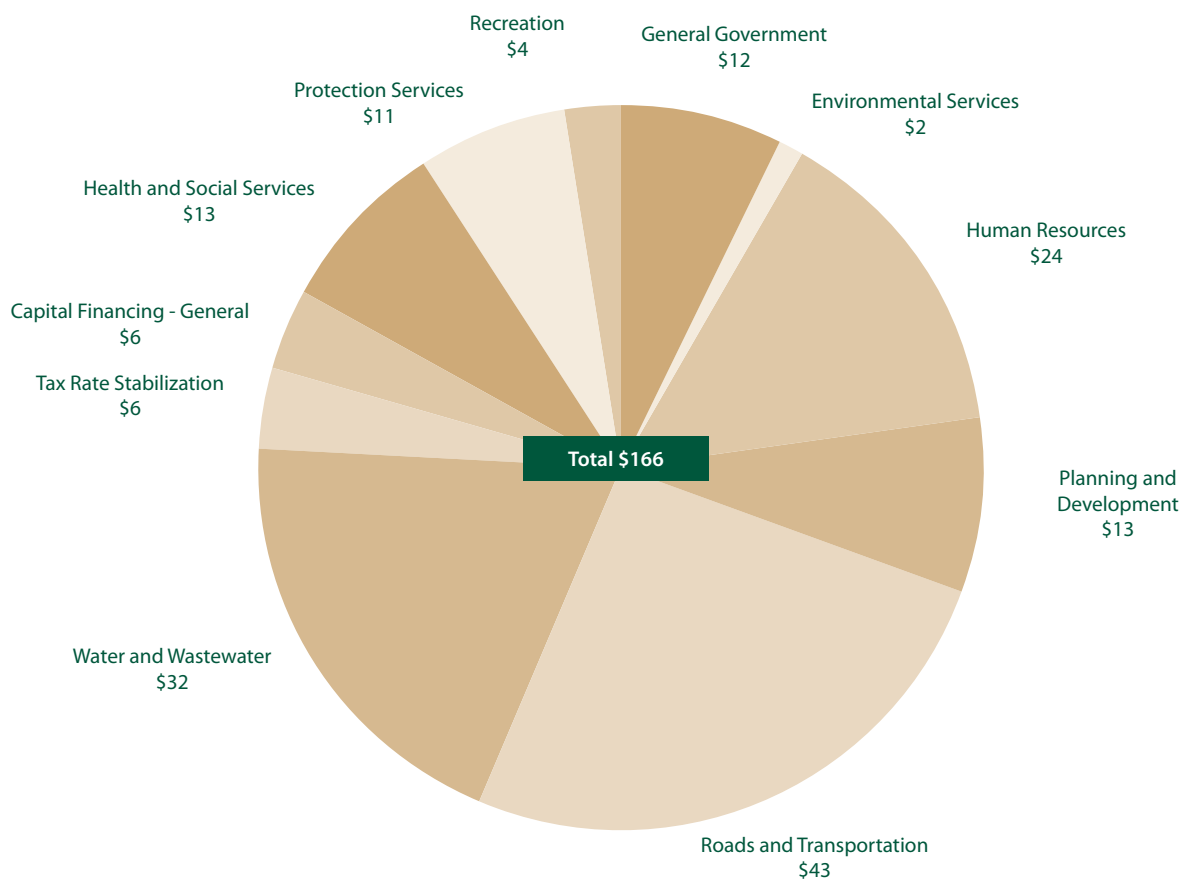
Reserves and Reserve Funds

Reserves and Reserve funds total \$166 million compared to 2014 balances of \$157.3 million. Approximately \$100 million of the total relates to reserve funds set aside for capital purchases either previously committed by Council or available for future capital projects.

2015 Reserves and Reserve Funds (in millions \$)



2015 Reserves and Reserve Funds
(in millions \$)



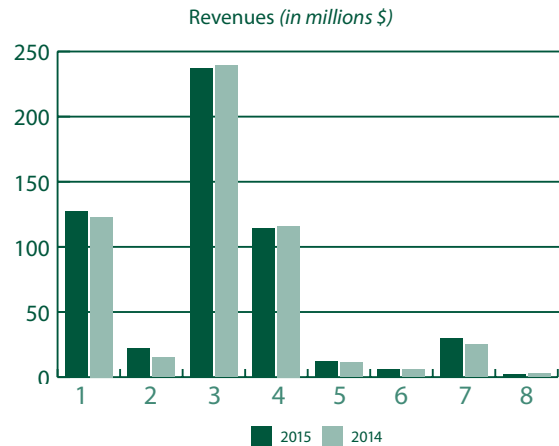
CONSOLIDATED STATEMENT OF OPERATIONS

Revenues

The City's Revenues increased by 2.2% from \$538 million in 2014 to \$550 million. Revenues financed operations and the acquisition of tangible capital assets. Revenues are comprised of government transfers, taxation, user charges, donated tangible capital assets and miscellaneous recoveries.

The main reason for the increase in revenues can be attributed to the Federal funding received for Capital projects in particular for the Biosolids Plant (\$11M).

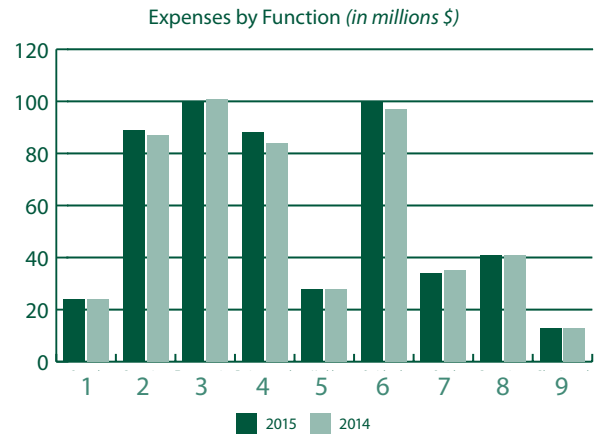
- | | |
|-------------------------------------|------------------------|
| 1. Government Transfers, Provincial | 5. Investment Income |
| 2. Government Transfers, Federal | 6. Fines and Penalties |
| 3. Taxation | 7. Other |
| 4. User Charges | 8. GBE Net Earnings |



Expenses by Function

Expenses increased in 2015 by 1.2% from \$510 in 2014 to \$517 million. Social services, roads, water/waste and police services form the largest portion of the expenses.

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

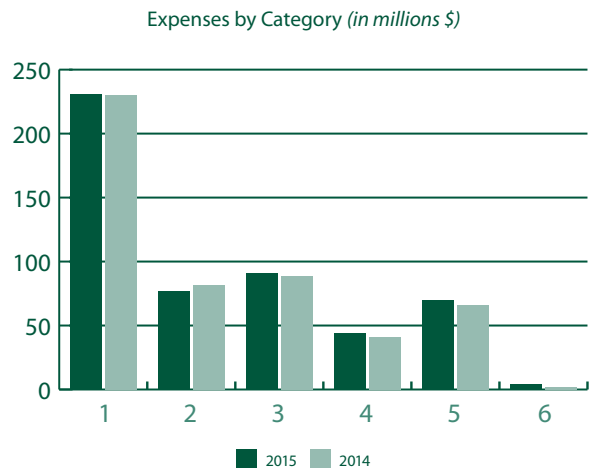


Expenses by Category

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 \$1.7 million due to employee benefit obligation adjustments, labour pay adjustments and increased benefit costs.

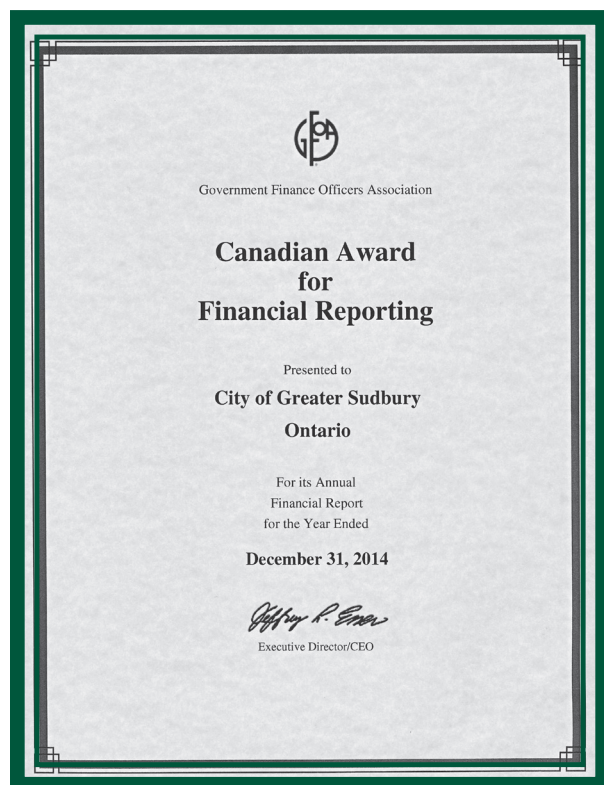
- | | |
|---------------------------------------|---------------------------------|
| 1. Salaries wages & employee benefits | 4. Grants and Transfer Payments |
| 2. Materials | 5. Amortization |
| 3. Contract Services | 6. Other |



Awards

Government Finance Officers Association Award for Financial Reporting

The City of Greater Sudbury's Annual Financial Report 2014 has won the Government Finance Officers Association Award for Financial Reporting. This award program encourages innovative financial reporting and maintains a high quality standard that is recognized amongst peers.



Ed Stankiewicz
Interim Chief Financial
Officer / Treasurer
June 21, 2016

The Excellence in Municipal Risk Management Award

This national award recognizes excellence in municipal risk management.

The City of Greater Sudbury on a yearly basis receives claims where citizens reported damage as a result of work completed by contractors. These claims created by the contractors were being directed by the contractors to the City.

Risk Management Section has managed to:

1. Streamline the process whereby a citizen can bring a claim forth directly to a contractor doing work on municipal property.
2. Reduce the number of claims being presented to the City that are a result of contractor's work.
3. Reduce our expenses and costs in dealing with claims created by contractor's work.
4. Reduce citizen complaints.

Details

- Prior to 2015 the City experienced 55 to 65 claims with estimated expenses for handling costs at over \$12,000.
- After implementation of the program our 2015 claims received for contractors work were reduced to a total of 29 and related expenses were under \$1,500.

Our program has gained attention and we trust will be utilized by other municipalities across the country.



Consolidated Financial Statements of

CITY OF GREATER SUDBURY

Year ended December 31, 2015

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.

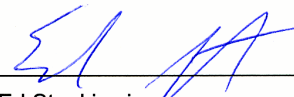
The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely 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 PricewaterhouseCoopers 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
Interim Chief Financial Officer



June @@, 2016

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the City of Greater Sudbury

We have audited the accompanying consolidated financial statements of the City of Greater Sudbury, which comprise the consolidated statements of financial position as at December 31, 2015 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Greater Sudbury as at December 31, 2015 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

The accompanying financial statement schedules as at and for the year ended December 31, 2015 are presented as supplementary information only and are not a required part of the basic consolidated financial statements. The information in these schedules has been subject to audit procedures only to the extent necessary to express an opinion on the consolidated financial statements of the City of Greater Sudbury.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position

(in thousands of dollars)

December 31, 2015, with comparative figures for 2014

	2015	2014
Financial assets		
Cash	\$ 6,136	\$ 17,217
Taxes receivable (note 3)	7,355	6,569
Accounts receivable (note 4)	51,646	44,495
Inventory held for resale	1,335	3,182
Investment in Government Business Enterprises (note 5 (a))	95,217	92,940
Investments (note 6)	290,917	262,931
	452,606	427,334
Financial liabilities		
Accounts payable and accrued liabilities	80,631	133,618
Deferred revenue - obligatory reserve funds (note 8)	36,644	37,961
Deferred revenue - other (note 9)	2,802	4,000
Employee benefit obligations (note 10)	56,458	55,758
Solid waste management facility liability (note 11)	14,222	13,263
Long-term liabilities (note 12)	88,531	32,519
	279,288	277,119
Net financial assets	\$ 173,318	\$ 150,215
Non-financial assets		
Tangible capital assets (note 14)	1,447,939	1,439,124
Inventory of supplies	4,205	2,740
Prepaid expenses	4,528	4,373
	1,456,672	1,446,237
Contractual obligations and commitments (note 15)		
Accumulated Surplus (note 16)	\$ 1,629,990	\$ 1,596,452

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, 2015, with comparative figures for 2014

	2015 Budget (note 17)	2015 Actual	2014 Actual
Revenues			
Government transfers - Provincial	\$ 126,050	127,324	\$ 123,459
- Federal	10,635	21,573	14,752
Taxation (note 18)	237,723	237,142	238,467
User charges	117,546	113,823	116,141
Investment income	11,708	12,454	11,385
Fines and penalties	5,897	6,099	5,802
Other revenues (note 19)	20,930	29,594	25,016
Government Business Enterprises net earnings (note 5 (b))	3,456	2,277	3,185
	533,945	550,286	538,207
Expenses			
General government	23,589	23,145	23,543
Protection services	90,079	89,388	87,293
Transportation services	94,766	99,526	101,352
Environmental services	93,676	88,107	84,165
Health services	28,354	29,242	27,566
Social and family services	100,108	99,894	97,347
Social housing	31,426	33,912	34,793
Recreation and cultural services	41,381	40,685	41,103
Planning and development	13,931	12,849	13,011
	517,310	516,748	510,173
Annual Surplus	16,635	33,538	28,034
Accumulated surplus, beginning of the year	1,596,452	1,596,452	1,568,418
Accumulated surplus, end of the year	\$ 1,613,087	\$ 1,629,990	\$ 1,596,452

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, 2015, with comparative figures for 2014

	2015 Budget (note 17)	2015 Actual	2014 Actual
Annual Surplus	\$ 16,635	33,538	\$ 28,034
Acquisition of tangible capital assets	(112,303)	(81,051)	(133,805)
Amortization of tangible capital assets	69,289	69,706	66,228
Loss on sale of tangible capital assets	-	1,959	3,556
Proceeds on sale of tangible capital assets	-	571	151
	(26,379)	24,723	(35,836)
Inventory of supplies	-	(1,465)	(424)
Prepaid expenses	-	(155)	383
Change in net financial assets	\$ (26,379)	\$ 23,103	\$ (35,877)
Net financial assets, beginning of the year	150,215	150,215	186,092
Net financial assets, end of the year	\$ 123,836	\$ 173,318	\$ 150,215

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

CITY OF GREATER SUDBURY

Consolidated Statement of Cash Flows

(in thousands of dollars)

December 31, 2015, with comparative figures for 2014

	2015	2014
Cash flows from operating activities		
Annual Surplus	\$ 33,538	\$ 28,034
Items not involving cash:		
Amortization of tangible capital assets	69,706	66,228
Loss on sale of tangible capital assets	1,959	3,566
Developer contributions of tangible capital assets	(3,936)	(5,718)
Change in employee benefit obligations	700	1,163
Change in solid waste management facility liability	959	1,904
Equity income in Government Business Enterprises	(2,277)	(3,185)
Change in non-cash working capital:		
Increase in accounts and taxes receivable	(7,937)	(3,164)
Decrease (Increase) in inventory held for resale	1,847	(1,566)
Increase in inventory of supplies	(1,465)	(424)
(Increase) Decrease in prepaid expenses	(155)	383
(Decrease) Increase in accounts payable and accrued liabilities	(52,987)	46,791
Decrease in deferred revenue obligatory reserve funds	(1,317)	(835)
(Decrease) Increase in deferred revenue other	(1,198)	1,104
	37,437	134,271
Cash flows from financing activities		
Debt issued	61,081	-
Debt principal repayments	(4,827)	(4,517)
Financial obligations	(60)	(137)
Capital lease obligations	(182)	(172)
	56,012	(4,826)
Cash flows from capital activities		
Proceeds on sale of tangible capital assets	571	151
Cash used to acquire tangible capital assets	(77,115)	(128,087)
	(76,544)	(127,936)
Cash flows from investing activities		
Purchase (Sale) of investments	(27,986)	4,911
Net (decrease) increase in cash	(11,081)	6,420
Cash, beginning of the year	17,217	10,797
Cash, end of the year	\$ 6,136	\$ 17,217
Supplementary Information		
Interest received	\$ 7,625	\$ 7,313
Interest paid	\$ 2,543	\$ 1,128

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, 2015

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, 2015

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

(ii) Related Entities (continued)

The following contributions were made by the City to these entities

	2015	2014
Nickel District Conservation Authority	\$ 655	\$ 655
Sudbury & District Health Unit	5,773	5,659
City of Greater Sudbury Community Development Corporation	1,597	1,530
	<u>\$ 8,025</u>	<u>\$ 7,844</u>

(iii) Investment in Government Business Enterprises

Government Business Enterprises comprised of the Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. (GSU), and the Sudbury Airport Community Development Corporation (SACDC), are accounted for by the modified equity method.

Under the modified equity method, the business enterprise's accounting principles are not adjusted to conform with those of the City and inter-organization transactions and balances are not eliminated.

(iv) Accounting for School Board Transactions

The taxation, other revenues, expenses, assets and liabilities of Le Conseil Scolaire de District Catholique du Nouvel-Ontario, Sudbury Catholic District School Board, Rainbow District School Board and Conseil Scolaire Du District Du Grand Nord De L'Ontario are not reflected in these consolidated financial statements.

(b) Revenue recognition

Government Transfers

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers 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, 2015

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, 2015

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, 2015

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 2015 was \$16,227 (2014 - \$15,596). As of December 31, 2015 the OMERS plan, with approximately 461,000 members, has a funding deficit of \$5,259,000 (2014 - \$5,307,000).

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, 2015

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 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, 2015

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, 2015

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.

In addition, the City's implementation of the Public Sector Accounting Handbook PS 3150 in 2009 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

2. Accounting Standards issued but not yet adopted

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.

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 3210, Assets, Section PS 3320, Contingent assets and Section PS 3380, Contractual rights are effective for fiscal year 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.

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, 2015

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

Financial Instruments, PS 3450, Foreign Currency Translation, PS 2601, and Financial Statement Presentation, PS 1201 are effective for fiscal years beginning on or after April 1, 2019. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3450 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

	2015	2014
Current taxes and grants in lieu of taxes	\$ 7,126	\$ 6,807
Taxes in arrears	6,564	6,179
	13,690	12,986
Less: allowance for doubtful accounts	(6,335)	(6,417)
Net taxes receivable	\$ 7,355	\$ 6,569

4. Accounts receivable

Accounts receivable consists of the following:

	2015	2014
Government of Canada	\$ 5,154	\$ 5,745
Province of Ontario	3,922	4,186
Other municipalities	162	127
School boards	198	79
Other receivables	43,829	36,120
	\$ 53,265	\$ 46,257
Less: allowance for doubtful accounts	(1,619)	(1,762)
Net accounts receivable	\$ 51,646	\$ 44,495

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

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	2015 Total	2014 Total
Balance, beginning of year	\$ 11,409	\$ 81,531	\$ 92,940	\$ 89,755
City's share of operating income for the year	1,096	1,181	2,277	3,185
Balance, end of year	\$ 12,505	\$ 82,712	\$ 95,217	\$ 92,940

The investment of \$82,712 in GSU includes a promissory note receivable of \$52,340 (2014 - \$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, 2015:

Financial Position				
	SACDC	GSU	2015 Total	2014 Total
Current assets	\$ 1,533	\$ 34,140	\$ 35,673	\$ 34,716
Capital assets	27,247	101,808	129,055	121,887
Other assets	-	12,915	12,915	12,786
Total assets	28,780	148,863	177,643	169,389
Current liabilities	1,254	21,394	22,648	22,661
Note payable to the City of Greater Sudbury	2,984	52,340	55,324	53,250
Long term liabilities	12,037	44,757	56,794	52,878
Total liabilities	16,275	118,491	134,766	128,789
Net assets	\$ 12,505	\$ 30,372	\$ 42,877	\$ 40,600

The \$2,984 (2014 - \$910) note payable to the City from SACDC is comprised of a payable of \$2,984 (2014 - \$3,541) from the City to SACDC net of a receivable amount of Nil (2014 - \$4,450) from the SACDC to the Trust funds administered by the City. The note payable 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, 2015

5. Investment in Government Business Enterprises (continued)

By-Law 2014-215 authorized an increased loan to the Sudbury Airport Community Development Corporation to \$3,000. The By-Law provides flexibility to temporarily exceed the \$3,000 limit for bridge financing in order to complete subsidized projects. As at December 31, 2015, the City is in compliance with the requirements of By-Law 2014-215.

Results of Operations

			2015	2014
	SACDC	GSU	Total	Total
Revenue	\$ 7,262	\$ 145,218	\$ 152,480	\$ 146,897
Expenses	(6,166)	(139,651)	(145,817)	(140,278)
Gain on sale of assets	-	-	-	361
Interest paid to the City of Greater Sudbury	-	(3,795)	(3,795)	(3,795)
Other	-	(591)	(591)	-
Net income	\$ 1,096	\$ 1,181	\$ 2,277	\$ 3,185
Budgeted net income	\$ 1,400	\$ 2,056	\$ 3,456	3,193

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

- (i) At December 31, 2015, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$943 (2014 - \$1,610) for water billings collected by GSU.

A payable of \$64 (2014 - \$56) 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:

	2015	2014
Property taxes	\$ 419	\$ 436
Interest on promissory note receivable	3,853	3,796
	\$ 4,272	\$ 4,232

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

5. Investment in Government Business Enterprises (continued)

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

	2015	2014
Billing and collection services for water and wastewater	\$ 1,329	\$ 1,316
Streetlighting maintenance services	522	562
Streetlighting infrastructure	491	1,259
Electricity	6,355	6,471
Telecommunications	535	502
	<u>\$ 9,232</u>	<u>\$ 10,110</u>

Transactions with related parties are in the normal course of operations and are recorded at the exchange amount, which is the amount agreed to by the related parties. It is management's opinion that the exchange amount represents fair market value for these services.

6. Investments

	2015 Interest Rates	Market	2015 Cost	Market	2014 Cost
Short term investments (0.5% to 5.09%)		\$ 174,025	172,721	\$ 166,593	166,466
Long term investments (1.43% to 6.73%)		121,483	118,196	104,081	96,465
		<u>\$ 295,508</u>	<u>290,917</u>	<u>\$ 270,674</u>	<u>262,931</u>

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 0.5% 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 2016 to 2035 (2014 – 2015 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, 2015, the City is in compliance with the requirements of By-Law 2013-179.

7. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2014 - \$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 % (2014 – 2.5%) per annum. No amounts were drawn against the facility as at December 31, 2015 and 2014.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

8. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2014	Externally restricted inflows	Revenue earned	December 31, 2015
Sub-divider contribution	\$ 8,806	917	(995)	\$ 8,728
Development Charges Act	1,154	4,926	(4,759)	1,321
Recreational Land (Planning Act)	945	112	(22)	1,035
Gasoline Tax - Provincial	2,485	2,606	(3,718)	1,373
Gasoline Tax - Federal	10,461	9,505	(9,169)	10,797
Building Permit Revenues (Bill 124)	7,644	140	(690)	7,094
Children's Services	6,466	67	(237)	6,296
OCIF Grant	-	2,259	(2,259)	-
	\$ 37,961	20,532	(21,849)	\$ 36,644

9. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31, 2014	Externally restricted inflows	Revenue earned	December 31, 2015
Federal government	\$ 23	10	(23)	\$ 10
Provincial government	2,509	626	(1,148)	1,987
Municipal government	11	4	(11)	4
Other	1,245	109	(758)	596
Consolidated entities	212	-	(7)	205
	\$ 4,000	749	(1,947)	\$ 2,802

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

10. Employee benefit obligations

Employee benefit obligations consist of the following:

	2015	2014
Future payments required for:		
WSIB obligations	\$ 2,504	\$ 2,223
Accumulated sick leave benefits	6,763	6,837
Other post-employment benefits	30,957	30,316
Liability for Stop Loss Insurance	1,435	1,520
Vacation pay	14,799	14,862
	<u>\$ 56,458</u>	<u>\$ 55,758</u>

The City has established reserve funds in the amount of \$15,496 (2014 - \$14,738) 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 represent future payments for claims relating to catastrophic losses that occurred during the insured period and has exceeded or will exceed the City's deductible.

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2015 for each of the plans.

	WSIB	Sick leave	Other Post-Employment Benefits	2015 Total	2014 Total
Accrued benefit liability, beginning of year	\$ 4,022	7,595	28,346	39,963	38,004
Benefit cost	1,069	408	1,222	2,699	2,372
Interest cost	176	296	1,117	1,589	1,709
Benefit payments	(1,423)	(813)	(2,046)	(4,282)	(3,606)
Actuarial gain (loss)	5,830	(1,012)	5,119	9,937	1,484
Accrued benefit liability, end of year	9,674	6,474	33,758	49,906	39,963
Unamortized actuarial gain (loss)	(7,170)	289	(2,801)	(9,682)	(587)
	<u>\$ 2,504</u>	<u>6,763</u>	<u>30,957</u>	<u>40,224</u>	<u>39,376</u>

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

10. Employee benefit obligations (continued)

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

	WSIB	Sick Leave	Other Post-Employment Benefits	2015 Total	2014 Total
Current period benefit cost	\$ 2,504	408	1,222	4,134	\$ 3,892
Amortization of actuarial loss	458	35	348	841	626
Interest expense	176	296	1,117	1,589	1,709
Total employee benefit expense	\$ 3,138	739	2,687	6,564	\$ 6,227

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

	WSIB	Sick Leave	Other Post-Employment Benefits
Expected inflation rate	2.0%	2.0%	2.0%
Expected level of salary increases	N/A	3.1%	3.1%
Discount rate	3.75%	3.75%	3.75%

For other post employment benefits, as at December 31, 2015, the initial health care trend rate is 7.6% (2014 – 7.56%) and the ultimate trend rate is 4.5% (2014 – 4.5%) which is expected to be reached in 2029 (2014 – 2029).

11. 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 4.0% (2014 - 4.25%) minus an inflation rate of 2.22% (2014 - 1.73%)

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

(10-year average of CPI from 2005 to 2015). The estimated total landfill closure and post-closure care expenses are calculated to be \$23,580 (2014 - \$22,209). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2015 an amount of \$14,222 (2014 - \$13,263) with respect to landfill closure and post-closure liabilities has been accrued.

Active sites

The estimated remaining capacity of the Sudbury landfill site is 49% (3,816,127 cubic meters) (2014 - 51%) of its total estimated capacity and its estimated remaining life is 33 years (2014 - 36 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 33% (656,239 cubic meters) (2014 - 34%) of its total estimated capacity and its estimated remaining life is 25 years (2014 - 21 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 50% (741,293 cubic meters) (2014 - 51%) of its total estimated capacity and its estimated remaining life is 37 years (2014 - 34 years), after which the period for post-closure care is estimated to be 25 years.

12. Long-term liabilities

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

	2015	2014
Debentures (i)	\$ 58,484	\$ 15,862
Capital lease obligations (ii)	47	229
Other loans (iii)	18,450	3,118
Accrued financial obligations (iv)	11,550	13,310
	<u>\$ 88,531</u>	<u>\$ 32,519</u>

- (i) This includes two new financings acquired during fiscal 2015. The City obtained funds through external debt financing with Ontario Infrastructure and Lands Corporation (IOLC) of \$31,000 for the Biosolids Management Facility as well as \$14,000 of debt financing related to the construction of a Fleet/Transit Garage both at an annual interest rate of 3.10% with a term of 20 years.

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 capital lease obligations bear interest at a rate of 5.75%, repayable in aggregate blended monthly payments of \$16, maturing in March, 2016.

- (iii) The construction of the Biosolids Management Facility was completed during fiscal 2015 and the City obtained debt financing from the contractor in accordance with the agreement totaling \$15,781 to be paid over a 20 year period bearing interest at a rate of 6.16% per annum.

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.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

12. Long-term liabilities (continued)

(iv) Accrued financial obligations consist of the following:

		Last Year of Obligation	2015	2014
Health Sciences North	2023	\$ 5,383	\$ 6,082	
Northeastern Ontario Regional Cancer Centre	2023	2,317	2,618	
Laurentian University (School of Architecture)	2019	3,500	4,500	
Advanced Medical Research Institute of Canada	2018	300	-	
Physician Service Agreements	2016	50	110	
		\$ 11,550	\$ 13,310	

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

2016	\$ 6,004
2017	6,085
2018	6,271
2019	5,867
2020	5,572
Thereafter	58,732
	\$ 88,531

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

General municipal revenues	\$ 39,740
Water/wastewater user fees	48,791
	\$ 88,531

(d) The City expensed \$2,543 in 2015 (2014 - \$ 1,128) in interest on these borrowings.

13. 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:

	2015	2014
Taxation	\$ 54,093	\$ 52,590
Payments in lieu of taxes	139	139
	\$ 54,232	\$ 52,729

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

14. Tangible capital assets

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

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CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

14. Tangible capital assets (continued):

Cost	Balance December 31, 2013	Additions	Disposals / Transfers	Balance at December 31, 2014
General Capital:				
Land	\$ 67,056	\$ 3,046	(319)	\$ 69,783
Landfill and land improvements	32,980	2,610	(172)	35,418
Buildings	303,519	28,570	(976)	331,113
Machinery, furniture and equipment	96,886	8,605	(4,194)	101,297
Vehicles	72,434	2,298	(1,654)	73,078
Infrastructure:				
Land improvements	22,578	135	-	22,713
Plants and facilities	328,041	2,646	(895)	329,792
Roads infrastructure	1,128,205	48,524	(12,416)	1,164,313
Water and sewer infrastructure	480,582	10,371	(437)	490,516
Assets under construction	85,658	67,092	(40,092)	112,658
Total	\$ 2,617,939	\$ 173,897	\$ (61,155)	\$ 2,730,681

Accumulated amortization	Balance December 31, 2013	Amortization expense	Disposals / Transfers	Balance at December 31, 2014
General Capital:				
Land	\$ -	\$ -	-	\$ -
Landfill and land improvements	13,464	1,227	(170)	14,521
Buildings	136,864	9,045	(651)	145,258
Machinery, furniture and equipment	62,253	6,311	(4,068)	64,496
Vehicles	39,912	4,661	(1,625)	42,948
Infrastructure:				
Land improvements	2,345	317	-	2,662
Plants and facilities	175,464	9,331	(553)	184,242
Roads infrastructure	667,119	28,601	(9,969)	685,750
Water and sewer infrastructure	145,265	6,735	(320)	151,680
Assets under construction	-	-	-	-
Total	\$ 1,242,686	\$ 66,228	\$ (17,356)	\$ 1,291,557

	Net book value December 31, 2013	Net book value December 31, 2014
General Capital:		
Land	\$ 67,056	\$ 69,783
Landfill and land improvements	19,516	20,897
Buildings	166,655	185,856
Machinery, furniture and equipment	34,633	36,801
Vehicles	32,522	30,130
Infrastructure:		
Land improvements	20,233	20,051
Plants and facilities	152,577	145,550
Roads infrastructure	461,087	478,562
Water and sewer infrastructure	335,317	338,836
Assets under construction	85,658	112,658
Total	\$ 1,375,254	\$ 1,439,124

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2015

14. Tangible capital assets (continued)

a) Assets under construction

Assets under construction having a value of \$36,844 (2014 - \$112,658) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$22,029 (2014 - \$67,092) to assets under construction and transferred \$97,843 (2014 - \$39,870) 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 \$3,936 (2014 - \$5,718) comprised of the following:

	2015	2014
General Capital		
Land	\$ 44	\$ 781
Machinery and equipment	345	271
Infrastructure		
Land improvements	-	135
Roads network	1,406	2,507
Water and wastewater network	2,141	2,024
Total	\$ 3,936	\$ 5,718

15. Contractual obligations and commitments

(a) Contracts for capital projects

The balance of capital works uncompleted under contracts in progress at December 31, 2015 amounts to approximately \$12,211 (2014 - \$25,335). The proposed financing of these obligations is \$8,611 (2014 - \$25,290) from surplus funds and \$3,600 (2014 - \$45) 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:

2016	19,629
2017	8,255
2018	5,688
2019	3,634
2020 and onwards	56,833
	\$ 94,039

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

15. Contractual obligations and commitments (continued)

(c) Contingent liabilities

As at December 31, 2015, 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, 2015 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.

16. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 1,370,710	\$ 1,419,715
Invested in government business enterprise	95,217	92,940
Other	1,656	3,395
Committed capital:		
Capital projects not completed	99,538	86,836
Unfinanced capital projects to be recovered through taxation or user charges	(22,392)	(83,028)
Unfunded:		
Landfill closure costs	(14,222)	(13,263)
Employee benefits	(55,022)	(54,239)
Accrued financial obligations	(11,500)	(13,200)
	1,463,985	1,439,156
Reserves	9,258	6,622
Reserve funds	156,747	150,674
	\$ 1,629,990	\$ 1,596,452

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

17. Budget data

Budget data presented in these consolidated financial statements are based on the 2015 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.

	2015
Revenues	
Approved budget:	
Operating	\$ 505,037
Capital	109,648
Consolidated Boards	20,507
	<u>635,192</u>
Adjustments:	
Transfer from reserves to operating	(14,647)
Recognize revenues from obligatory reserve funds	4,401
In year budget adjustments	2,115
Operating transfer to capital and future years funding	(93,245)
Contributed tangible assets	3,936
Reclassification of taxation bad debt expense	(6,779)
Total revenues	<u>\$ 530,973</u>
Expenses	
Approved budget:	
Operating	505,036
Capital	109,648
Consolidated Boards (A)	17,052
	<u>631,736</u>
Adjustments:	
Amortization of Tangible Capital Assets	65,353
Transfer to reserves and capital	(71,857)
Reduction due to Tangible Capital Assets (TCA)	(112,303)
Post employment benefit expense	2,285
Landfill closure and post closure expense	(16)
In year budget adjustments	2,115
Reclassification of taxation	(6,779)
Debt principal repayments	(5,730)
Operating expenses budgeted in capital expensed in current year	9,534
Total expenses	<u>\$ 514,338</u>
Annual surplus	<u>\$ 16,635</u>

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

(A) The approved budget of the Consolidated Boards includes amortization. Their budget also provides 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, 2015

18. Taxation

	2015 Budget	2015 Actual	2014 Actual
Municipal tax levy	\$ 231,360	231,360	\$ 230,647
Supplementary taxation	2,200	2,180	2,168
Payment in lieu of property taxes	7,741	7,715	7,756
Local improvements	230	230	522
	241,531	241,485	241,093
Rebates and Tax Concessions	(3,808)	(4,343)	(2,626)
Net municipal taxation	\$ 237,723	\$ 237,142	\$ 238,467

19. Other revenues

Other revenues consist of:

	2015	2014
Gaming and Casino Revenues	\$ 2,130	\$ 2,274
Loss on sale of Land and Tangible Capital Assets	(1,887)	(3,196)
Donated Tangible Capital Assets	3,936	5,718
Donations	1,293	977
Development Charges Earned	4,759	4,369
Subdivider Contributions	4,181	357
Miscellaneous Recoveries/Revenues	15,182	14,517
	\$ 29,594	\$ 25,016

20. Trust funds

Trust funds amounting to \$16,101 (2014 - \$16,336) 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.

21. 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:

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

21. Segmented disclosure (continued)

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.

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.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

21. Segmented disclosure (continued)

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, 2015

21 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	2,183	12,589	18,850	12,445	95,661	4,790	2,379	-	148,897
Taxation	17,841	73,430	61,709	-	48,981	27,848	7,333	-	237,142
User Charges	5,042	4,877	9,891	67,189	18,058	7,952	814	-	113,823
Other	1,318	8,736	17,885	6,653	6,431	3,982	3,342	2,277	50,424
	26,384	99,632	108,135	86,287	169,131	44,572	13,868	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 and Contract Services	9,961	8,785	33,044	48,040	52,885	12,782	2,972	-	168,469
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	6,868	4,774	361	-	69,706
Other	978	243	334	1,443	443	97	50	-	3,588
Allocation of shared expenses	(13,754)	3,712	1,577	1,297	4,574	2,128	466	-	-
	23,895	89,388	99,526	88,107	162,298	40,685	12,849	-	516,748
Annual Surplus (Deficit)	\$ 2,489	\$ 10,244	\$ 8,609	\$ (1,820)	\$ 6,833	\$ 3,887	\$ 1,019	\$ 2,277	\$ 33,538

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2015

21 Segmented Disclosure (continued)									
December 31, 2014	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	2,388	12,708	21,694	2,033	92,136	5,113	2,138	-	138,211
Taxation	17,956	72,940	67,509	-	42,774	28,834	8,454	-	238,467
User Charges	5,252	5,828	10,127	67,893	17,758	8,324	959	-	116,141
Other	1,137	8,784	14,015	6,159	5,353	3,956	2,799	3,185	45,388
	28,733	100,260	113,345	76,085	158,021	46,227	14,350	3,185	538,207
Expenses									
Salaries, Wages and Benefits	27,023	70,420	30,654	17,815	57,085	19,091	7,510	-	229,598
Materials and Contract Services	10,045	9,414	35,807	46,990	52,595	13,138	3,237	-	171,227
Grants and Transfer Payments	194	672	50	54	37,240	1,381	1,169	-	40,760
Amortization	934	2,728	32,955	17,656	6,776	4,735	444	-	66,228
Other	1,102	305	37	274	510	91	41	-	2,360
Allocation of shared expenses	(15,755)	3,754	1,848	1,376	5,500	2,667	610	-	-
	23,543	87,293	101,351	84,165	159,706	41,103	13,011	-	510,173
Annual Surplus (Deficit)	\$ 3,190	\$ 12,967	\$ 11,994	\$ (8,080)	\$ (1,685)	\$ 5,124	\$ 1,339	\$ 3,185	\$ 28,034

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

22. Supplementary financial information

i) Schedule of Revenues and Expense - Library

	2015	2014
Revenues:		
Government transfers (note 1)	\$ 451	\$ 411
Fines and fees	141	139
Other	16	3
	608	553
Expenses:		
Salaries, wages and benefits	\$ 4,624	\$ 4,579
Materials and contract services	1,710	1,679
	6,334	6,258
Excess of expenses over revenues	\$ (5,726)	\$ (5,705)

1. The government transfers are comprised of the following:

Provincial

Ministry of Tourism and Culture - Operating	\$ 403	\$ 403
Ministry of Tourism and Culture - Other	32	6
Ontario Library Service - North	-	2
	\$ 435	\$ 411

Federal

Human Resources Development Canada	16	-
	\$ 16	\$ -

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

22. 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.

Child Care

	REVENUES (1)			
	Ministry of Education	Legislated Cost Share (Calculated)		Total
Full Flexibility				
Core Services Delivery (100%)	2,397	0%	-	2,397
Core Services Delivery - (80/20)	6,160	20%	1,540	7,700
Core Service Delivery - (50/50)	355	50%	355	710
Language	2,047	0%	-	2,047
Aboriginal	87	0%	-	87
Cost of Living	285	0%	-	285
Rural/Remote	940	0%	-	940
FDK Transition	528	0%	-	528
Repairs and Maintenance	25	0%	-	25
Transformation	50	0%	-	50
Utilization Adjustment	109	0%	-	109
Capping Adjustment	2,640	0%	-	2,640
Total (full flexibility)	15,623		1,895	17,518
Limited Flexibility				
Capacity Building	61	0%	-	61
Capital Retrofits	74	0%	-	74
Total (limited flexibility)	135		0	135
No Flexibility				
Wage Enhancement/HCCCEG	1,485	0%	0	1,485
TOTAL	17,243		1,895	19,138

(1) Most recent Amended Service agreement

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2015

22. Supplementary financial information (continued)

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

Child Care

	EXPENSES		
	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures
Full Flexibility			
General Operating	5,530	-	5,530
Fee Subsidy - Regular	8,330	(1,261)	7,069
Fee Subsidy - Recreation	128	(15)	113
Ontario Works and LEAP - Formal	567	-	567
Ontario Works and LEAP - Informal	-	-	-
Pay Equity Memorandum of Settlement	225	-	225
Special Needs Resourcing	1,555	-	1,555
Administration	1,574	-	1,574
Repairs and Maintenance	386	-	386
Play-based Material and Equipment	383	-	383
Transformation	234	-	234
Miscellaneous	-	-	-
Total (full flexibility)	18,912	(1,276)	17,636
Limited Flexibility			
Capacity Building	87	-	87
Capital Retrofits	164	-	164
Small Water Works	-	-	-
Total (limited flexibility)	251	-	251
No Flexibility			
Wage Enhancement/HCCCG	908	-	908

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2015

22. 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	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	1,028	(0)

Financial Statements of

**CITY OF GREATER SUDBURY
TRUST FUNDS**

Year ended December 31, 2015



June 21, 2016

Independent Auditor's 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, 2015 and the statement of changes in fund balances for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the City of Greater Sudbury Trust Funds as at December 31, 2015 and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

CITY OF GREATER SUDBURY

TRUST FUNDS

Statement of Financial Position

(in thousands of dollars)

As at December 31, 2015, with comparative figures for 2014

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 4)	Cemetery Pre-Need	Cemetery Care and Maintenance	2015 Total	2014 Total
Assets								
Cash	\$ 224	1,173	-	-	-	-	1,397	1,442
Due from City of Greater Sudbury (note 3)	-	5,829	35	-	1,172	7,668	14,704	14,894
Loans receivable	-	-	-	117	-	-	117	117
Allowance for doubtful loans	-	-	-	(117)	-	-	(117)	(117)
	\$ 224	7,002	35	-	1,172	7,668	16,101	16,336
Liabilities and Fund Balances								
Accounts Payable	90	-	-	-	-	-	90	81
Fund balances	\$ 134	7,002	35	-	1,172	7,668	16,011	16,255
	\$ 224	7,002	35	-	1,172	7,668	16,101	16,336

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

CITY OF GREATER SUDBURY **TRUST FUNDS**

Statement of Changes in Fund Balances

(in thousands of dollars)

Year ended December 31, 2015, with comparative figures for 2014

	Home for The Aged Residents' Fund	Subdividers' Deposits	Miscellaneous	Fednor Project - Business Planning Initiative (note 4)	Cemetery Pre-Need	Cemetery Care and Maintenance	2015 Total	2014 Total
Fund balance, beginning of year	\$ 145	7,586	21	-	1,121	7,382	16,255	15,799
Revenue:								
Plot sales	-	-	-	-	84	286	370	341
Receipts from or on behalf of others	1,387	-	15	-	-	-	1,402	1,310
Interest earned	2	13	-	-	23	260	298	314
Subdividers' deposits	-	1,298	-	-	-	-	1,298	1,394
	1,389	1,311	15	-	107	546	3,368	3,359
Expenditure:								
Disbursements to or on behalf of residents	1,400	-	-	-	-	-	1,400	1,312
Refunds	-	1,895	-	-	-	-	1,895	1,258
Transfer to City of Greater Sudbury	-	-	1	-	56	260	317	333
	1,400	1,895	1	-	56	260	3,612	2,903
Change in fund balance in the year	(11)	(584)	14	-	51	286	(244)	456
Fund balance, end of year	\$ 134	7,002	35	-	1,172	7,668	16,011	16,255

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

CITY OF GREATER SUDBURY TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2015
(in thousands of dollars)

1. Organization:

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

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

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

These financial statements include trust funds administered by the City as well as those within organizations that are accountable for the administration of their financial affairs and resources to City Council and are owned or controlled by the City. The City of Greater Sudbury Trust Funds financial statements are the responsibility of management and have been prepared in accordance with the accounting policy set out below.

Revenue and Expenses:

The Funds financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

3. Due From City of Greater Sudbury:

At December 31, 2015, the Funds have amounts due from the City of \$14,704 [2014 - \$14,894] 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 \$1,172 and \$7,668 which bear interest at the rates of 1.97% and 3.47% respectively (2014 - 2.33% and 3.83%) and are due on demand.

4. Fednor Project Business Planning Initiative:

Fednor has advanced \$117 to be used by the Regional Business Centre, a division of the City of Greater Sudbury, to aid small businesses. The advance is non-interest bearing. The funds were subsequently loaned to small businesses. The loans are non-interest bearing and have been fully provided for. The Regional Business Centre may be asked by Fednor to repay this advance or the advance may be forgiven. To date Fednor has not asked for repayment or forgiven the advance.

4

Statistical Information

Consolidated Statement of Financial Position

(in thousands of dollars)

	2015	2014	2013	2012	2011
Financial Assets					
Cash	6,136	17,217	10,797	10,104	8,700
Taxes receivable	7,355	6,569	7,939	7,334	6,611
Accounts receivable	51,646	44,495	39,961	38,072	35,897
Inventory held for resale	1,335	3,182	1,616	1,435	1,253
Investment in GBE	95,217	92,940	89,755	82,702	79,965
Investments	290,917	262,931	267,842	267,017	223,582
	452,606	427,334	417,910	406,664	356,008
Financial Liabilities					
Accounts payable and accrued liabilities	80,631	133,618	86,827	78,074	70,846
Deferred revenue - obligatory reserve funds	36,644	37,961	38,796	29,538	27,106
Deferred revenue - other	2,802	4,000	2,896	5,461	6,968
Employee benefit obligations	56,458	55,758	54,595	50,354	47,708
Solid waste management facility liability	14,222	13,263	11,359	11,375	11,153
Long-term liabilities	88,531	32,519	37,345	43,542	46,093
	279,288	277,119	231,818	218,344	209,874
Net financial assets	173,318	150,215	186,092	188,320	146,134
Non-financial assets					
Tangible capital assets	1,447,939	1,439,124	1,375,254	1,336,882	1,332,785
Other	8,733	7,113	7,072	6,282	6,094
	1,456,672	1,446,237	1,382,326	1,343,164	1,338,879
Accumulated Surplus	1,629,990	1,596,452	1,568,418	1,531,484	1,485,013

Statistical Information (continued)

Consolidated Statement of Operations and Accumulated Surplus (in thousands of dollars)

	2015	2014	2013	2012	2011
Revenues	\$	\$	\$	\$	
Government transfers, Provincial	127,324	123,459	130,617	132,334	141,645
Government transfers, Federal	21,573	14,752	9,750	8,329	12,398
Taxation	237,142	238,467	231,004	222,639	214,772
User charges	113,823	116,141	112,073	108,934	103,155
Investment income	12,454	11,385	10,567	10,381	12,243
Fines and Penalties	6,099	5,802	6,226	5,190	5,133
Other	29,594	25,016	31,631	41,260	27,052
GBE net earnings	2,277	3,185	7,053	2,737	154
TOTAL REVENUES	550,286	538,207	538,921	531,804	516,552
Expenses by Object					
Salaries, wages & benefits	231,338	229,598	225,886	216,915	209,415
Materials	77,462	82,332	76,280	78,631	86,570
Contract services	91,006	88,895	89,604	78,192	77,211
Grants and transfer payments	43,647	40,760	42,972	42,654	42,129
Amortization	69,706	66,228	65,178	66,707	66,911
Other	3,589	2,360	2,066	2,234	2,832
TOTAL EXPENSES	516,748	510,173	501,987	485,333	485,068
ANNUAL SURPLUS	33,538	28,034	36,934	46,471	31,484
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,596,452	1,568,418	1,531,484	1,485,013	1,453,529
ACCUMULATED SURPLUS, END OF YEAR	1,629,990	1,596,452	1,568,418	1,531,484	1,485,013

Analysis of Expenses by Function (in thousands of dollars)

	2015	2014	2013	2012	2011
General government	23,895	23,543	22,052	22,023	20,651
Protection services	89,388	87,293	85,142	81,273	79,541
Transportation services	99,526	101,352	98,467	94,621	92,577
Environmental services	88,107	84,165	79,814	70,798	68,967
Health services	28,492	27,566	27,113	25,992	25,345
Social and family services	99,894	97,347	95,877	93,839	93,621
Social housing	33,912	34,793	38,680	41,340	41,118
Recreation and cultural services	40,685	41,103	40,226	39,490	47,938
Planning and development	12,849	13,011	14,616	15,957	15,310
TOTAL EXPENSES	516,748	510,173	501,987	485,333	485,068

Statistical Information (continued)

Reserves and Reserve Funds (In thousands of dollars)

RESERVES	2015	2014	2013	2012	2011
Working funds	1,734	1,726	1,726	2,056	2,168
General levy stabilization	5,544	2,661	2,661	4,619	4,051
Health and social services	762	875	875	1,694	1,421
Other reserves	1,218	1,360	1,726	2,597	3,531
TOTAL RESERVES	9,258	6,622	6,988	10,966	11,171
RESERVE FUNDS	2015	2014	2013	2012	2011
Equipment replacement	5,351	5,708	5,968	9,986	8,768
Sick leave	6,477	5,492	5,309	5,055	4,728
Insurance	1,650	1,791	1,663	1,502	1,271
Workers' compensation	7,338	7,223	6,490	4,584	3,253
General government	28,742	27,848	32,286	30,878	25,758
Protection services	6,973	6,352	5,772	8,341	5,311
Transportation services	40,980	38,973	31,793	28,311	16,288
Environmental services	31,813	30,084	34,122	37,579	19,988
Health and social services	11,515	11,930	11,507	11,497	10,396
Recreation and cultural services	3,610	4,684	3,577	2,718	1,741
Planning and development	12,298	10,589	9,709	6,452	5,610
TOTAL RESERVE FUNDS	156,747	150,674	148,196	145,832	103,112

Additional Information (in thousands of dollars)

	2015	2014	2013	2012	2011
NET FINANCIAL ASSETS	173,318	150,215	186,092	188,320	146,134
NET DEBT PER CAPITA	547	201	231	269	288
LONG-TERM LIABILITIES					
Supported by					
Property taxation	39,740	29,401	34,054	40,087	42,483
Water/wastewater user fees	48,791	3,118	3,291	3,455	3,610
	88,531	32,519	37,345	43,542	46,093

Statistical Information (continued)

Additional Information (continued)

Municipal Statistics	2015	2014	2013	2012	2011
Population	161,900	161,900	161,900	161,900	160,300
Households	75,158	74,851	74,405	74,069	73,312
Employees					
Full time employees	2,021	2,011	2,019	2,008	2,006
Service Information					
Building Permit VValues (in 1000's)	237,362	344,303	287,333	247,525	324,755
Average monthly social assistance case load	3,706	3,703	3,548	3,407	3,438
Lane Kilometers of roads	3,623	3,619	3,617	3,613	3,609
Annual volume of treated waste water*	32,506	36,715	32,847	27,728	29,071
Annual volume of treated drinking water*	21,553	20,804	20,877	19,791	20,692
Annual disposal of solid waste (tonnes)	100,723	102,725	105,509	100,753	99,545
Annual diversion of solid waste (tonnes)	33,740	35,345	36,424	34,482	34,090
Regular service passenger Transit trips	4,262,000	4,458,000	4,362,000	4,444,719	4,468,760
Tax collection rate	2.6%	2.3%	2.8%	2.7%	2.6%
Property Tax Collection (in 1000's)	276,665	278,246	266,939	256,624	251,792
*(megalitres)					
TAXABLE ASSESSMENT (\$ millions)					
Residential assessment	13,695	12,863	12,009	11,174	10,021
Commercial assessment	1,833	1,737	1,634	1,540	1,441
Industrial assessment	490	473	446	425	409
BENCHMARK INFORMATION					
% of paved lane km where condition is rated good to very good	51.0%	51.0%	51.0%	51.0%	51.3%
# of conventional transit passenger trips per person in service area per year	30.9	32.3	31.6	32.2	32.4
# of waste water main backups per 100 km of waste water main per year	5.1	6.7	8.9	6.0	3.9
% of waste water estimated to have bypassed treatment	0.9%	2.1%	1.4%	0.5%	1.1%
# of water main breaks per 100 km of water distribution pipe per year	19.4	14.7	11.1	8.4	13.9
% of residential solid waste diverted for recycling	44.0%	45.0%	37.8%	45.0%	44.5%

Request for Decision

2015 Operating Budget Variance Report - December

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Wednesday, Jun 01, 2016
Type:	Routine Management Reports

Resolution

THAT the City of Greater Sudbury accepts the report dated June 1, 2016 from the Acting Chief Financial Officer/Treasurer regarding the Year End Operating Budget Variance Report.

Executive Summary

This report provides Council with an analysis of the City's year-end position. The 2015 year end net under expenditure of approximately \$3.3 Million includes savings realized from the Project 6 Million Initiative (P6M). The City's 2015 net under expenditure reduces the actual draw from Reserves from \$5.5 Million to \$2.2 Million.

Background

The purpose of this report is to provide Council with an overview of year-end variances. The monitoring and reporting of variances has been conducted in accordance with the Operating Budget Policy and bylaw. Council is provided with a variance report after each quarter end. This report is an update from the yearend forecast provided to Council in December 2015 and the projections included in the 2016 budget binder.

In accordance with the Reserves and Reserve Funds By-law, certain service areas that experienced a net under expenditure may retain this under expenditure if it does not put the municipality in a deficit position or increase the deficit. These areas include Professional Development, Information Technology, Pensioners, Land Reclamation Services, Social Housing Services, Libraries, and Police Services. The total net under expenditures for these areas was approximately \$740,000, however these areas did not retain their respective surpluses for 2015 as a result of Council Resolution FA2015-16 which indicated that 100% of savings achieved during the year would replenish the Tax Rate Stabilization Reserve.

Attached is an additional chart that reflects the annual net budget, year-end position and variance for each area. In accordance with the Operating Budget Policy, the following explanations relate to areas where a variance of greater than \$200,000 resulted within a division or section.

Variance Explanations

1) Taxation Levy

Signed By

Report Prepared By

Barbara Dubois
Co-ordinator of Budgets
Digitally Signed Jun 1, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
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Recommended by the C.A.O.

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This area is in a net negative variance of \$580,000 as follows:

- Supplemental taxation revenue is under budget by approximately \$20,000
- Payments in lieu of taxation is under budget by approximately \$25,000
- Tax write offs exceeded budget by approximately \$630,000 as a result of appeals, and requests for reconsideration and applications under section 357
- Net under expenditure for vacancy rebates, charity rebates and senior tax grants total \$95,000.

2) Other Revenues and Expenses

This area is reflecting a net positive variance of \$2.2 Million as follows:

- Increased investment income primarily from capital gains realized of \$2.175 Million
- Increased interest on tax arrears net of writeoffs of interest and penalties \$100,000
- Increased miscellaneous revenue net of expenses of \$145,000
- Reduction in OLG slot revenue of \$220,000

3) Clerks Admin Services

This area is reflecting a net positive variance of \$235,000:

- Wages and benefits were under budget by \$150,000 as a result of vacancies and approved leaves and P6M reductions
- Postage costs and other net operating expenditures were under budget by \$85,000 as a result of a conscious effort to reduce spending

4) Information Technology

There is a net under expenditure of approximately \$495,000 primarily due to:

- Reduction in telephone and cellular costs of \$190,000 as a result of reductions in phone rates and postponing of system software and hardware upgrades
- Under expenditure of \$125,000 in IT equipment purchases due to RFP process for new computer/hardware vendor which resulted in delays in purchasing until new contract was finalized and approved by Council
- Reduction in salary and benefit costs of \$80,000 as a result of vacancies and staff on leaves
- Reduction in Purchased Services of \$100,000

The net under expenditure would have been contributed to the Capital Reserve Fund Information Technology in accordance with the Reserves and Reserve Fund by-law had the City not been withdrawing from Reserves in order to achieve a zero percent budget increase.

5) Financial Services

There is a net under expenditure of approximately \$290,000 for Financial Services primarily due to:

- Increased miscellaneous tax user fees due to increased volume of requests \$160,000
- Reduction in contribution to sick leave reserve of \$130,000 as a result of P6M initiative and review of sick leave reserve funding and liability

6) Transit and Fleet

The year-end deficit of approximately \$1.14 Million consists of over expenditures of \$1.1 Million in Transit and \$490,000 in Fleet which are partially offset by a \$450,000 surplus related to acquired rate and timing of debt payments for 1160 Lorne Street.

The Transit net over expenditures of \$1.1 Million is largely a result of:

- Over expenditures in Transit bus repairs and maintenance of \$1.14 Million which includes unanticipated major component rebuild expenses
- Shortfall in Transit fare box revenues of approximately \$380,000 due to a 2 month delay in approving 2015 user fee increases and a decline in ridership

- Under expenditure in Handi-Transit of approximately \$170,000 as a result of favourable consumer price index adjustment in accordance with contract terms
- Other under expenditures of approximately \$240,000 related to transcab service contract, fuel costs and driver salaries

The Fleet net over expenditure of \$490,000 is primarily a result of:

- Over expenditures in vehicle repair and replacement parts, partially a result of fleet vehicles remaining in service beyond their useful lives and damages to department fleet vehicles

7) Economic Development

The year-end under expenditure of \$220,000 in Economic Development is a result of:

- Vacant positions being backfilled/replaced at lower rates than budgeted of \$90,000
- A surplus in marketing costs of \$75,000 due to the implementation of the new Strategic Plan and other initiatives being postponed to 2016, as well as P6M initiatives to reduce overall expenses
- Additional funding approved for the Economic Development Strategic Plan of \$30,000 net of additional expenditures resulting in the project coming in under budget.
- Other miscellaneous under expenditures of \$25,000 in communication costs, PD training and travel, etc.

8) Planning and Development

The year-end under expenditure of \$410,000 in Planning and Development is a result of:

- Vacant positions and staff on leave which results in backfilling/replacement of positions at lower rates than budgeted of \$410,000
- Overall surplus of \$25,000 in EarthCare costs due to unbudgeted donations received as well as under expenditures in promotion costs as a result of P6M initiatives
- Reduction in development services user fees of \$75,000 as a result of fewer applications for committee of adjustments and development services, offset by an increase in unbudgeted user fees of \$25,000 from the renewable energy FIT program
- Under expenditure of \$25,000 in various expense accounts including materials and professional development

9) Leisure Services

The net over expenditure of \$580,000 in this division is as follows:

- Extended ski season by 1 month due to favorable winter weather conditions which generated limited revenues and additional expenses as increased usage primarily came from season pass holders resulting in deficit of \$150,000
- Over expenditure in arenas of \$465,000 is primarily in Sudbury Arena due to lower than average events/shows booked and reduced revenue as a result of poor OHL season
- Other over expenditures in Community Halls \$130,000 were offset by under spending in leisure administration, leisure programs and community partnerships of \$165,000

10) Roads

The net under expenditure of \$580,000 in Roads is as follows:

- The net under expenditure of \$690,000 in roads winter maintenance is a result of a below average snowfall in November and December. Consequently, large under expenditures occurred in sanding/salting/plowing, snow removal and sidewalk maintenance. Over expenditures in winter ditching/spring cleanup and miscellaneous winter roads partially offset some of these savings
- An over expenditure of \$250,000 as a result of an extended summer season allowing for more maintenance work to be completed
- The over expenditure in streetlighting of \$150,000 is a result of higher than budgeted hydro costs

- An under expenditure of \$290,000 in engineering and traffic & transportation is due to vacancies throughout the year

11) Emergency Services

This division has realized an overall under expenditure as follows:

- Fire Services under expenditure of \$130,000 primarily related to fire vehicle maintenance costs, software licensing and training equipment
- Emergency Medical Services under expenditure of \$100,000, including a \$60,000 one time payment received from Ministry for 2014 Ebola Costs
- Lionel E Lalonde Centre operating cost under expenditure of \$30,000
- Emergency Plan under expenditure of \$20,000

12) WSIB Schedule 1 Surcharge for Pioneer Manor

This over expenditure is due to an unexpected and thus unbudgeted WSIB surcharge in excess of \$210,000 related to claims that occurred primarily in 2014 for Pioneer Manor.

Non Tax Levy Supported Areas:

In addition to the operating variances reported above, there are a number of areas which are not funded by the municipal tax levy, and therefore any over or under expenditures result in increased contributions to or from Reserves. The chart below indicates the variances between the budgeted and actual contributions to reserve for these areas. Water and wastewater variances are included in a separate report.

Area	Budgeted Contribution to/(from) Reserve	Actual Contribution to/ (from) Reserve	Increase(Decrease) in Contribution to Reserve
Parking Services	\$602,110	\$738,040	\$135,930
Building Services	\$16,844	(\$571,031)	(\$587,875)
Cemetery Services	\$211,083	\$165,601	(\$45,482)
RBC Business Centre	(\$206,090)	(\$51,564)	(\$154,526)

Summary

As per the attached chart, the City's net year end position will result in a reduction to the budgeted draw from the Tax Rate Stabilization Reserve of approximately \$3.3 Million.

	Annual Net Budget	Y-T-D Net Actuals	Surplus (Deficit)	Notes
Corporate Rev and Exp Summary				
Taxation Levy	(237,492,220)	(236,911,749)	(580,471)	1
Grants and Subsidies	(28,468,100)	(28,468,100)	0	
Other Revenues and Expenses	(16,566,245)	(18,781,969)	2,215,724	2
TOTAL REVENUES	(282,526,565)	(284,161,818)	1,635,253	
Office of the Mayor	603,396	542,766	60,629	
Council Memberships & Travel	72,729	65,624	7,105	
Council Expenses	1,045,904	974,046	71,859	
Healthy Community Initiatives	600,000	600,000	0	
Auditor General	349,501	269,364	80,137	
Office of the C.A.O. Summary	1,547,506	1,579,581	(32,074)	
Executive and Legislative	4,219,036	4,031,381	187,656	
Election Services	200,000	200,000	(0)	
Legal Services	1,528,929	1,447,694	81,234	
Security & By-law	(788,679)	(817,877)	29,198	
Debt & Contribution to Capital	467,110	467,110	0	
Clerks Administrative Services	1,078,602	843,329	235,274	3
Information Technology	(6,798)	(502,623)	495,824	4
Administrative Services	2,479,164	1,637,633	841,530	
Financial Services	7,233,923	6,940,173	293,750	5
Asset Services Summary	4,744,136	4,641,516	102,620	
Transit and Fleet Summary	13,839,602	14,982,539	(1,142,937)	6
Assets & Finance	25,817,661	26,564,228	(746,567)	
Human Resources and O.D.	25,000	(108,533)	133,534	
G.M. Office	271,584	272,124	(540)	
Economic Development	4,991,309	4,772,795	218,514	7
Planning and Development	4,816,775	4,406,010	410,764	8
Building Services	(0)	0	(0)	
Growth and Development	10,079,668	9,450,929	628,739	
Assets Citizen & Leisure -Capital	3,467,043	3,467,043	0	
Citizen Services Summary	11,377,171	11,255,511	121,660	
Leisure-Recreation Summary	18,202,386	18,779,565	(577,179)	9
Growth and Development	33,046,600	33,502,119	(455,519)	
G.M. Office	224,535	210,997	13,538	
Public Works Depots	1,182,058	1,211,618	(29,560)	
Engineering Services	0	0	0	
Water - Wastewater Summary	3,321,002	3,321,000	2	
Roads Maintenance Summary	64,909,372	64,328,166	581,207	10
Environmental Services Summary	11,139,146	11,015,568	123,578	
Infrastructure Services	80,776,113	80,087,348	688,764	
G.M. Office	1,107,647	964,623	143,024	
Emergency Services Summary	34,756,906	34,476,607	280,299	11
Social Services Summary	8,119,981	7,943,600	176,381	
Long Term Care-Senior Services	3,494,073	3,609,322	(115,249)	
WSIB Schedule 1 NEER Costs	0	214,562	(214,562)	12
Housing Services Summary	19,648,364	19,628,157	20,206	
Health, Social & Emergency Svc	67,126,970	66,836,872	290,099	
Outside Boards - SDHU and NDCA	6,428,378	6,428,378	(0)	
Police Services	52,527,975	52,472,999	54,976	
Outside Boards	58,956,353	58,901,377	54,976	
TOTAL EXPENDITURES	282,526,565	280,903,354	1,623,212	
TOTAL	\$0	(\$3,258,465)	\$3,258,465	

Reduction in draw from Tax Rate
Stabilization Reserve as a result of P6M \$ 3,258,465

Request for Decision

2015 Water Wastewater Variance Report

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Thursday, Jun 02, 2016
Type:	Routine Management Reports

Resolution

THAT the City of Greater Sudbury accepts the December 31, 2015 Water Wastewater Variance Report dated June 2, 2016 from the Acting Chief Financial Officer/Treasurer and the General Manager of Infrastructure Services outlining the audited year end position.

YEAR END VARIANCE

The year end net under expenditure for Water and Wastewater Services is \$11,694 as outlined in Schedule A. Water is recording an over expenditure of \$2,146,008 while Wastewater is in an under expenditure of \$2,157,702. In accordance with the By-law, the water over expenditure was funded by a contribution from the Water Capital Financing Reserve Fund and the wastewater under expenditure was contributed to the Waste Water Capital Financing Reserve Fund.

The major contributors to this over expenditure are:

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Report Prepared By Dion Dumontelle Co-ordinator of Finance, Water Wastewater <i>Digitally Signed Jun 2, 16</i>
Recommended by the Department Ed Stankiewicz Acting Chief Financial Officer/City Treasurer <i>Digitally Signed Jun 2, 16</i>
Recommended by the C.A.O. Ed Archer Chief Administrative Officer <i>Digitally Signed Jun 8, 16</i>

Category	Favourable/(Unfavourable)
User Fees	\$(1,390,823)
Cont'n from Reserve Funds	\$(1,219,119)
Other Revenues	269,340
Salaries and Benefits	\$1,067,224
Materials	\$1,302,827
Purchased Services	\$(1,832,399)
Debenture and Insurance	\$1,570,312
Internal recoveries	271,076
Other net variances	\$(50,132)
Total 2015 Under Expenditure	<u>\$11,694</u>

VARIANCE EXPLANATIONS

User Fees

Actual user fee revenues are below budgeted amounts. For 2015 the estimated consumption was budgeted at 14.2 million cubic metres while the actual consumption for 2015 was 13.7 million cubic metres. For 2016 the budgeted consumption has been set at 14.0 million cubic metres.

Contribution from Reserve Funds

During the spring of 2015, staff prepared a report requesting additional funds of \$1.75 million to cover the higher than usual anticipated costs of repairing service cuts resulting from the severely cold winter. The actual costs of these repairs were \$1.2 million less than anticipated and as such did not require the full draw from reserve funds.

Other Revenues

Other revenues favourable variance of \$269,000 is due to higher than anticipated volumes of hauled liquid waste from commercial customers as well as unbudgeted revenues from sludge received from other municipalities and hydro costs recovered from the biosolids operator.

Salaries and Benefits

Salaries and benefits are under budget by approximately \$1,067,000. The division experienced staffing vacancies from a variety of factors such as short and long term employee illnesses, and turnover. For many of these specialized vacancies, the division has been unable to fill the vacancies on a timely basis. This problem is particularly acute for short term, temporary, or limited vacancies as candidates with the required certifications and other qualifications are not forthcoming for such transient opportunities. In addition, the use of overtime was significantly lower than budgeted contributing to the under expenditure.

Materials

Materials were under budget by \$1,302,000. Inventory was counted and recorded for the first time since amalgamation. The value of this inventory resulted in a one-time favourable entry of \$850,000. Chemicals were over budget by \$100,000 while other materials related to break down repairs and plant maintenance were under budget by \$550,000.

Purchased Services

Purchased service costs were over budget by \$1,832,000 and the contributing factors to this budget overrun are:

1. Due to staff vacancies, certain repair work was directed to contractors.
2. The increased repair rate related to the age of the infrastructure
3. The 2015 winter was unusually cold leading to increased number and cost of repairs. As well, the wet fall left the ground saturated when the frost came creating conditions conducive to breaks.

The budget overages occurred as follows:

1. There were 184 watermain breaks to the end of December, compared to 141 breaks for the 2014 calendar year. In addition, the average cost per watermain break repair was \$21,500 which was more than \$3,000 higher than the previous 3 year average. This resulted in this line item being over budget by \$1,506,000.
2. Frozen water services thawing repairs performed by contractors numbered approximately 562. This additional expense amounted to approximately \$975,000 in unanticipated expenditures over

budgeted amounts.

3. All other repair work to water related infrastructure (hydrants, curb boxes, valves etc) was over budget by \$900,000.
4. Sewer main and manhole repairs were over budget by only \$155,000.

The cumulative effect of the above four items is an over expenditure of \$3,536,000.

Offsetting these overages were the following underages:

1. The aforementioned repair costs to service cuts were \$1.2 million less than anticipated.
2. The Biosolids plant operating costs were conservatively budgeted to start at an earlier date than scheduled. The effect was a under expenditure of \$472,000.

The cumulative effect of these overages and undergoes is a net overage of \$1,832,000 in this line item.

Given the high demand on City staff time for regularly scheduled operations and maintenance activities, which in most cases have regulatory implications, more than half of the emergency watermain and sanitary sewer repairs are being performed by contractors. To minimize the disruption to citizens affected by the lack of water these are most frequently performed after hours when City crews are unavailable. Consequently purchased services are higher but are partially offset by savings in salaries and materials.

Debentures and insurance

The budget underage of \$1,570,000 is due to the fact that the debt repayment related to the Biosolids plant was budgeted for the whole year but did not start until May when the plant commenced operations. Additionally, the actual principal borrowed and the interest rate on the external debt were both lower than budgeted which further contributed to the savings in this category

Internal Recoveries

The underexpenditure in this category is due primarily to internal direct charges from support departments such as engineering, and administrative services coming in at less than budgeted amounts.

Conclusion

In accordance with the By-law, the water over expenditure has been funded by a contribution from the Water Capital Financing Reserve Fund and the wastewater under expenditure was contributed to the Waste Water Capital Financing Reserve Fund.

Revenue & Expense Summary

Water/Waste Water Mtce.

Year Ended December 31, 2015 (based on December 31 audited operating results)



Schedule A

	Annual Budget	Audited Actual at December 31	Variance Favourable/ (Unfavourable)	Projected % of Budget
Frontage Charges	229,938	229,969	31	100
Provincial Grants & Subsidies	-	-	-	-
User Fees	61,251,728	59,860,905	(1,390,823)	98
From Reserve and Reserve Funds	2,797,213	1,578,094	(1,219,119)	56
Other Revenues	359,600	628,940	269,340	175
Municipal Levy (fire protection)	3,321,002	3,321,002	-	100
Total Revenues	67,959,481	65,618,910	(2,340,571)	97
Salaries & Benefits	13,441,788	12,374,564	1,067,224	92
Materials Expenses	4,715,510	3,412,683	1,302,827	72
Equipment Expenses	-	-	-	-
Energy Costs	4,211,393	4,284,666	(73,273)	102
Purchased/Contract Services	10,867,552	12,699,951	(1,832,399)	117
Debenture & Insurance Costs	4,289,574	2,719,262	1,570,312	63
Prof Development & Training	75,198	53,054	22,144	71
Grants - Transfer Payments	5,000	4,034	966	81
Prov to Reserves & Capital	23,405,157	23,405,157	-	100
Internal Recoveries	6,948,309	6,677,233	271,076	96
Total Expenses	67,959,481	65,630,604	2,328,877	97
Excess (Deficiency) of Revenue Over Expenses (before contribution to Reserve Funds)	-	(11,694)	(11,694)	
Contribution from (to) Water Reserve Fund	-	2,146,008		
Contribution from (to) Waste Water Reserve Fund	-	(2,157,702)		
Excess (Deficiency) of Revenue Over Expenses (after contribution to Reserve Funds)	-	(11,694)		

For Information Only

Consolidated Reserves and Reserve Funds Balances as of December 31, 2015

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Tuesday, Jun 07, 2016
Type:	Correspondence for Information Only

Resolution

For Information Only

EXECUTIVE SUMMARY:

The purpose of this report is to provide Council with a snapshot of the balances in the reserve and reserve funds at December 31, 2015.

Overall, the consolidated reserve and reserve funds have increased \$8.7 million from \$157.3 million to \$166 million during 2015.

In summary, the following are the highlights:

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Report Prepared By

Apryl Lukezic
Co-ordinator of Budgets
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Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Jun 7, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
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(in millions)	2015
Balance: January 1, 2015 (non consolidated)	\$156.2
Add: Interest	3.0
Less: Net transfers from Operating	8.7
Net transfers to Capital	(3.0)
Balance: December 31, 2015	164.9
Add: Reserves of Consolidated Entities	1.1
Balance: December 31, 2015	\$166.0

The non consolidated balances consist of:

(in millions)	2014	2015
Reserves	5.6	8.2
General Reserve Funds	53.2	58.1
Capital Financing and other Capital Reserve Funds	97.4	98.6
Total Reserve and Reserve Funds	\$156.2	\$164.9

BACKGROUND:

Please see Appendix A for tables illustrating the trends in reserve and reserve funds over the past five years.

Please see Appendix B and C which provides a more detailed explanation of each of the City's reserves and reserve funds as well as examples of projects within the committed balances at the end of 2015.

Reserves and reserve funds are generally set aside for significant future purchases, to replace major capital infrastructure, are accumulated to meet a growing future liability, or are simply accumulated to provide a buffer for significant unanticipated expenditures beyond the control of Council.

The main difference between a reserve and a reserve fund is that a reserve does not earn interest, whereas a reserve fund is in a separate fund and is credited, on a monthly basis, with the interest it has earned.

As outlined in the BMA study, reserves and reserve funds are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves, as outlined in the report, is to:

- Provide stability of tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)
- Provide financing for one-time or short term requirements without permanently impacting tax and utility rates
- Make provisions for replacements/acquisitions of assets/infrastructure that are currently being consumed and depreciated
- Avoid spikes in funding requirements of the capital budget by reducing their reliance on long-term debt borrowings
- Provide a source of internal financing
- Ensure adequate cash flows
- Provide flexibility to manage debt levels and protect the municipality's financial position
- Provide for future liabilities incurred in the current year but paid for in the future

Reserves offer liquidity which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally. The level of reserves and reserve funds is a key measure of the financial health of a municipality. Compared to other municipalities in Ontario, the City is below the median as it pertains to reserves and reserve funds as a percentage of total taxation, as identified in the 2015 BMA municipal study which is based on statistics for 2014. The ratio used is total reserve and reserves funds (excluding water/wastewater) as a percentage of taxation revenues. In 2014, 35 of 103 participants in the study have a lower percentage than Sudbury. The results across the survey range from a low of -12% to a high of 193% in 2014. For 2014, the City remained

at the same level of 54%.

2015 Reserves and Reserve Fund Balances

The reserve balance as of December 31, 2015 of \$164.9 million includes \$8.2 million in reserves, \$58.1 million in general reserve funds and \$98.6 million in capital financing reserve funds. The 2015 forecasted reserve and reserve fund balances presented to Finance and Administration Committee on March 4, 2015 included \$2.3 million in reserves, \$43.8 million in general reserve funds and \$83.1 million in capital financing reserve funds. The primary difference between the 2015 forecast and actual yearend results are the delay in spending funds set aside for capital projects as these are completed over several years and estimated spending was based on the budgeted amounts.

Of the total balance of \$164.9 million, there are reserves and reserve funds which are included in a “committed” reserve funds for a specific project or program which accounts for approximately \$77 million. Refer to Appendix B and C which provides additional information on these committed reserve funds.

The annual operating and capital budgets as approved by Council include draws from reserves and reserve funds in order to fund various expenses such as capital projects which are completed over several years or funds set aside for significant capital projects to be completed in the future, or deductibles for insurance claims, sick leave payouts and so on.

The funds remain in committed reserve funds as approved by Council in the annual budgets (or supplemental Council reports throughout the year) until the expenses have been paid, which may occur over several years. Any capital projects that have reserve funds identified as a funding source that are cancelled at a later time, would be uncommitted in order to use for future capital projects/expenses or used to fund over-expenditures in other capital projects in accordance with the Capital Budget Policy.

By-law

By-law 2015-9, being the by-law to establish and continue reserves, reserve funds and trust funds, is reviewed on a periodic basis and recommendations to establish, discontinue or consolidate reserves are brought to Council for approval, and for authority to amend the By-law.

Trust Funds

Trust funds are not included in this report. Trust funds are monies of others, being held in trust by the City, for specific purposes. The money is spent on the intended purpose or returned to the original source. Examples of trusts are the cemetery trust where money has been received and is held in trust to ensure perpetual care and maintenance of the cemeteries, or the funds belonging to residents of Pioneer Manor being held in trust for them.

Deferred Revenue - Obligatory Reserve Funds

Obligatory Reserve Funds are not included in this report as they represent deferred revenues. The balance as at December 31, 2015 was \$36.6 million, down from \$38 million in 2014. Deferred Revenue-Obligatory Reserve Funds, that by nature of the revenues received, involve restrictions on their use and are not available for the discretionary use of Council. The Obligatory Reserve Funds includes Federal and Provincial Gas Tax Revenues, various deposits (ie. parks, asphalt, etc) relating to subdivisions and site plan

agreements, Building Permit Revenues and Development Charges collected but not earned. The decrease mainly relates to spending on capital projects funded from Provincial Gas Tax revenues due to timing of capital expenditures (transit buses). In addition, there are development charges collected but not earned due to the timing of the capital projects such as the Fire/EMS Station Development and the Police Headquarters Expansion.

Long Term Financial Plan

The Long Term Financial Plan, adopted by Council, references reserves in a number of its recommendations:

1.6 Plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves.

5.2 Undertake regular reviews of remaining life and condition of assets and determine required annual reserve contributions sufficient to ensure that 90% of approved infrastructure rehabilitation / replacement schedules can be met at the required time.

8.1 Facility, equipment and infrastructure replacement reserves should be established and funded to ensure that 90% of approved infrastructure rehabilitation / replacement schedules are met (long-term), as determined in point 5.2

8.2 Establish a Stabilization Reserve for programs that are susceptible to significant annual expenditure fluctuations (eg. Winter Maintenance). Program budgets should be based on a moving five year historical average of program spending. In years when surplus funds occur in these programs, surpluses should be reserved, provided an overall City surplus exists. Where the City's overall surplus is less than the program surplus, funds should only be reserved up to the level of the overall City surplus.

8.3 Establish reserves to provide funding for future liabilities (eg. sick leave). Contributions to these reserves should be set, at a minimum, at an amount sufficient to ensure the liability does not increase.

The City needs to address these recommendations through the establishment of and continuation of increased funding for reserves.

CONCLUSION:

It is recommended that the City continue to implement and foster prudent reserve and reserve fund policies, especially in light of the intense capital financing pressures which it faces over the next five to ten years.

In addition, it is important that reserves and reserve funds are maintained in the event that unanticipated expenditures are incurred or if revenues are not received in order to minimize impact on future property tax levy rates.

Appendix A: Historical Trend in Reserves and Reserves Funds (000's)

The following table illustrate the trends in Reserve and Reserve Funds over the last 5 years:

	2011	2012	2013	2014	2015
CGS Reserves	\$9,884	\$9,533	\$7,402	\$5,551	\$8,166
CGS Reserve Funds	103,112	145,833	148,196	150,674	156,747
Total CGS Reserves & Reserve Funds	112,996	155,366	155,598	156,225	164,913

Tax Discretionary Reserves (Less W/WW) as % of Taxation

	2010	2011	2012	2013	2014
Reserves and Reserve Funds as a % of Taxation	41.0%	46.0%	55.2%	54.1%	63.1%
BMA Study – Median	61.0%	59.0%	62.0%	63.0%	64.0%
BMA Study – Low	4.0%	9.0%	-36.0%	-21.0%	-12.0%
BMA Study – High	220.0%	200.0%	256.0%	217.0%	193.0%

Appendix B - Reserves (non interest-bearing)
As at December 31, 2014 and December 31, 2015

Reserves Account Name	Account Name	Dec 31, 2014 Audited	Dec 31, 2015 Audited
Land Reclamation Reserve	This Reserve has been created from surpluses due to net under expenditures in Land Reclamation over the years. It is used to offset fluctuations in the cost of purchasing seedlings each year, which eliminates fluctuations in operating costs.	(700,606)	(576,075)
Reserve for Various Expenses	This Reserve was created through resolution of Council, to allow funds budgeted in a current year to be carried forward to the following year to pay for certain items. The majority of these funds will be spent within the next few years. Spending from this Reserve is restricted to programs/projects for which the funds had been reserved. These funds are set aside for projects including professional assistance for ERP projects, security and related equipment at TDS, Valley East Youth Centre and Physician Recruitment.	(654,759)	(641,948)
Ontario Works Reserve	Established to be used as a buffer for such instances as the Province increasing benefits to recipients mid-year when no budget provision had been made. During 2013, Council approved a transfer of \$194,000 to this Reserve for Emergency Shelters which wasn't required in 2014 or 2015.	(534,150)	(534,150)
Human Resources Organizational Development Reserve	This Reserve shall be funded from any annual under expenditures in training related accounts, and shall be used to fund training and development of City staff.	(341,012)	(341,012)
Tax Rate Stabilization Reserve	One half of any annual operating surplus or deficit is contributed to or funded from this Reserve. This Reserve provides for year-to-year variances in the Operating Budget. For the 2016 Budget Year, \$712,572 was committed for options after year end, as well as \$137,000 for Lightning Protection at LEL Centre as included in the 2016 Capital Budget.	(2,275,749)	(5,278,795)
Tax Rate Stabilization Reserve - Committed	Represents funds committed by Council for a number of one-time programs. The balance includes all of Council's decisions up to December 31, 2015. Committed projects at the end of 2015 includes funding set aside for Pandemic, Rainbow Routes, and the Analysis & Development of Top Soil By-Law.	(385,662)	(265,041)
Vector Bourne Disease Reserve	Established to fund the City's share of Vector Borne Disease expenditures that may be incurred and levied by the Health Unit. The amount that may be levied to the City is \$107,400 based on the Health Unit's 2015 Budget. Amount was originally expected to be \$125,000 but this was to be prorated between all municipalities, Sudbury being the largest at 86% of the total. Difference was transferred back to the Tax Rate Stabilization Reserve during 2015.	(125,000)	(107,400)
Auditor General Reserve	This Reserve shall be used to fund initiatives in support of the mandate of the Office of the Auditor General or for related audit projects.	(264,030)	(264,030)
Accessibility Reserve	This Reserve is used in consultation with the Accessibility Advisory Panel for transformative projects which change how the community perceives accessibility. There is currently \$101,600 remaining of the original \$225,000 which was committed for an accessible beach and water access project for persons who use mobility devices at Bell Park, as approved by Council during 2014.	(269,927)	(157,100)
Total Reserves		(5,550,896)	(8,165,551)

Appendix C - Reserve Funds (Interest Bearing)
As at December 31, 2014 and December 31, 2015

General Reserve Funds Account Name		Dec 31, 2014 Audited	Dec 31, 2015 Audited
Greater City Sick Leave Reserve Fund	Annual contributions from Operating Budget to be used to pay out accumulated sick leave credits. Most employees no longer receive sick leave credits, but are covered through weekly indemnity and long term disability. Sick leave credits in existence at the time of the change were left intact, and employees are entitled to a payout of 50% of these credits, to a maximum of 6 months pay, when they retire. Employees at Pioneer Manor and Fire Services still accumulate 1.5 days per month of sick leave. Total CGS liability at the end of 2015 is \$3.9 million.	(3,137,751)	(3,936,760)
Police Sick Leave Reserve Fund	Balance in fund is to pay sick leave and other related payments to retiring Greater Sudbury Police Service employees in accordance with policies of the City of Greater Sudbury. Total Police liability at the end of 2015 is \$5.2 million.	(2,354,211)	(2,540,011)
Post Employment Benefits Reserve Fund	Funded from the Pensioners cost centre, balances in this Reserve Fund are to be used for the purpose of funding post employment expenses.	(1,535,797)	(1,506,672)
Police Services Post 65 Employment Benefits Reserve Fund	Police Services have set up this Reserve Fund to provide for retirees' benefits past the age of 65. This Reserve Fund can be funded from net expenditures in the Police Operating Budget or budgeted contributions.	(486,932)	(496,702)
Human Resources (HR) Management Reserve Fund	Balance in fund indicates favourable claims experience. To be used to fund claims and absorb fluctuations in benefit costs. Can also be used for any initiatives targeted to reduce or control expenses to the benefit plans and sick leave Reserve Fund. In addition, an unfunded liability of \$31 million at the end of 2015 relating to post-employment benefits exists.	(3,595,135)	(4,092,015)
H.R. Committed - Succession Planning Reserve Fund	Approved by Council for succession planning.	(1,563,993)	(1,287,177)
H.R. Committed Reserve Fund	Approved by Council for claims stabilization, other potential liabilities and the employee rewards and recognition program.	(5,035,720)	(4,413,671)
WSIB (Workers Safety Insurance Board) Reserve Fund	Established through contributions from operating by assessing 'premiums' on payroll. The Reserve Fund is used to pay invoices from WSIB and to pay rehabilitation expenses. The Reserve Fund ensures there is no detrimental impact on the Operating Budget. The balance in this Reserve Fund should be maintained in order to have funds available should the City experience any catastrophic loss. Pioneer Manor employees are classified under Schedule 1 where all other City employees are classified under Schedule 2 and thus self insured.	(4,060,311)	(3,815,191)
WSIB Committed Reserve Fund	Amount set aside as a contingency for catastrophic events.	(3,162,557)	(3,522,557)
Election Reserve Fund	This Reserve Fund is replenished, between Elections, through an annual contribution to the fund which spreads the costs across the four years between elections. The fund is also used for the Inauguration, Recounts, By-Elections, Ward Boundary Reviews and Election Compliance Audit Costs.	(892,359)	(1,084,429)
Insurance Reserve Fund	Funded through contributions from the Operating Budget and used to fund adjuster expenses and the deductible portion of claims. There are many outstanding claims, with the deductible portion of most claims being \$50,000. The fund is required to ensure that claims can be covered with no impact on the Operating Fund. If deductible limits or claims experience should increase, the annual contributions to this Reserve Fund may also have to be increased.	(1,790,686)	(1,649,994)
Land Acquisition Reserve Fund	Funded from net proceeds of sale of surplus property and used to fund purchases of any required property as approved by Council.	(558,621)	(1,614,079)
Land Acquisition - Committed	Funds are committed for the purchase of land on Ramsey Lake Road as approved by Council, which was purchased in early 2016.	(272,500)	(272,500)
Parking Improvements Reserve Fund	Funded from net proceeds of parking facilities in excess of the net operating budget, and to be used on improvements or expansions to parking facilities. As part of the 2016 Capital Budget, \$1,740,000 was committed in early 2016 primarily for Waterproofing the Parking Garage as well as Parking Improvements.	(2,593,541)	(1,207,922)

General Reserve Funds		Dec 31, 2014	Dec 31, 2015
Account Name		Audited	Audited
Parking Improvements - Committed	Approved by Council for parking improvements from the annual Capital Budget.	(612)	(2,160,751)
Pioneer Manor Donations Reserve Fund	Funded through fund raising activities and to be used for projects deemed to be beneficial to residents of Pioneer Manor.	(50,361)	(56,161)
Social Housing Capital Reserve Fund	Used to fund Social Housing Capital Projects authorized by Council. Operating surpluses in this section are to be credited to this Reserve Fund if the City is in an overall surplus position. Deficits may be funded from this Reserve Fund. This fund is capped at \$10 million.	(7,388,995)	(7,541,268)
Social Housing Capital - Committed	Approved by Council from the Operating Budget for contingencies.	(200,000)	(200,000)
Industrial Reserve Fund	Established from net proceeds of land sales in the Industrial Park and to be used for the expansion or creation of Industrial Parks. Also	(2,226,897)	(2,249,781)
Industrial - Committed	Committed by Council primarily for completion of an environmental assessment for Walden Industrial Park and Industrial Land Infrastructure Assessment.	(712,750)	(703,242)
Community Initiatives Reserve Fund	Funded through contributions from Operating with Council approval for community projects with the funds being either conditional or required at a later time.	(30,329)	(34,951)
Community Initiatives - Committed	Funds were committed for AMRIC as per Council approved 2014 Budget Option, and were spent during 2015. At the beginning of 2016, funds of \$100,000 were committed for the PET Scanner from the result of the approved 2016 Budget Option, which was transferred from Operating and will be paid out once all funding has been received for the PET Scanner.	(200,000)	-
Business Centre Reserve Fund	Originally established by the former Regional Municipality of Sudbury from the Industrial Reserve Fund, this Reserve Fund has continued through contributions from partners in the Business Centre. The balance therefore is not completely attributable to the City. The Business Centre was created to help businesses become established and viable. Surpluses and deficits in the Business Centre are credited to or debited from this fund.	(577,375)	(537,396)
Communications Infrastructure Reserve Fund	Annual budgeted amounts are contributed to this Reserve Fund for the replacement of Communication Infrastructure/Public Safety.	(429,830)	(390,496)
Communications Infrastructure - Committed	The balance in this Reserve Fund is committed for Backup Generators at tower sites.	-	(350,000)
Roads Winter Control Reserve Fund	Established in 2003 in accordance with Long Term Financial Plan recommendations as a stabilization Reserve. May be used to offset Winter Control over expenditures. This Reserve Fund is capped at \$5 million.	(3,061,700)	(3,123,133)
Vegetation Enhancement Technical Advisory Committee (VETAC) Reserve Fund	Funded through donations and to be used for projects recommended by the Vegetation Enhancement Technical Advisory Committee, as authorized by Council.	(4,878)	(4,976)
Drainage and Stormwater Mgmt	This Reserve Fund is funded through the annual Operating Budget and from excess capital funds from drains and stormwater management Capital Projects and can be used to fund any net over expenditures in the Drains Operating Budget. These funds are also used to fund the municipal share of the construction costs of new drains or drainage and stormwater management Capital Projects. Of the total balance, \$151,000 is committed for the purchase of land on Mountain Street.	(940,392)	(711,144)
Drainage and Stormwater Mgmt - Committed	Funds set aside for Capital Projects to be completed in future years, as previously approved by Council. The balance in this Reserve Fund is committed for Whitson Paquette Drain, Mountain Street, Horizon Stormwater Facility, and Subwatershed Planning.	(4,589,360)	(6,485,973)
Police Services Donations Reserve Fund	Under control of the Police Services Board and to be used for crime prevention initiatives.	(105,051)	(106,267)
Police Services Board Reserve Fund	Funded from the Greater Sudbury Police Services annual Board Auction, as well as interest earned from investments, and monies recovered as a result of seized property. This Reserve Fund is to be used for charitable or other events the Board deems suitable.	(36,375)	(38,201)
Library & Citizen Service Centres Reserve Fund	When the City is in a surplus position overall, any Library surplus is contributed to this reserve fund, and deficits may be funded from this reserve fund. In addition, any excess funds from Capital Projects is contributed to this reserve fund which can be used for Capital Projects.	(252,802)	(307,487)
Library & Citizen Service Centres - Committed	The prior year balance was previously committed for the Valley East Archives but was uncommitted during the year as no longer needed.	(14,910)	-

General Reserve Funds

Account Name		Dec 31, 2014	Dec 31, 2015
		Audited	Audited
Cemeteries Reserve Fund	This Reserve Fund is funded through any annual cemetery operating surplus and excess funds from cemetery Capital Projects. This fund is to be used only to fund cemetery operating deficits and for cemetery Capital Projects. As part of the 2016 Capital Budget, \$150,000 was committed for the Columbia Niche Walls at various locations and a mower.	(105,699)	(219,367)
Cemeteries - Committed	Funds approved during 2013, 2014, and 2015 Capital Budgets for various projects such Civic Cemetery Road Realignment and Columbia Niche Walls. It also includes annual loan repayment for the Phase 5 of the Civic Cemetery Mausoleum.	(182,998)	(103,696)
Economic Development Reserve Fund	Authorization of Council is required to contribute to or expend from this Reserve Fund for economic development projects.	(64,086)	(71,334)
Economic Development - Committed	Committed funds for various projects as approved by Council including Physician Recruitment, and the the Town Centre Community Improvement Plan.	(297,132)	(307,132)
199 Larch Street Building	Established at time of purchase of the 199 Larch Street building, with annual contributions. To be used to fund major capital repairs, thus preventing a substantial impact on the operating budget. Surpluses in this section shall be credited to the reserve fund and deficits are to be funded from this reserve fund. Entire balance is committed for Capital Projects approved by Council from the 2012 - 2015 Capital Budgets.	(722,855)	(999,673)
Subtotal General Reserve Funds		(53,235,500)	(58,142,106)

Appendix C - Reserve Funds (Interest Bearing)
As at December 31, 2014 and December 31, 2015

Capital Financing Reserve Funds		Dec 31, 2014	Dec 31, 2015
Account Name		Audited	Audited
CFRF - Information Technology	Funded from any under expenditures in the Information Technology section, if the City is in an overall surplus position. Also funded from excess funds in related Capital Projects. To be used for information technology Capital Projects. As part of the 2016 Capital Budget, \$688,009 was committed to fund a variety of projects including MS Office Products, and a City Website Budget Option.	(3,494,152)	(3,559,247)
CFRF - Information Technology - Committed	Approved funds from previously approved Capital Budgets including Business Applications, GIS and Audit Logging Software.	(497,603)	(512,603)
Equipment & Vehicle Replacement Reserve Fund	Funded through contributions from the annual operating budget from equipment credits. Proceeds from sale of vehicles and equipment are also credited to this account. This Reserve Fund is used for capital replacement of City fleet vehicles and equipment. As part of the 2016 Capital Budget, \$2,485,327 was committed for a variety of Fleet purchases, which is ultimately funded from a contribution from Operating.	(1,801,925)	(1,910,243)
Equipment & Vehicle Replacement - Committed	Committed funds are to be used to purchase fleet equipment and vehicles as authorized by Council mainly from the 2014 and 2015 Capital Budget.	(906,951)	(748,151)
Police Equipment & Vehicle Replacement Reserve Fund	Funded through contributions from the annual Police operating budget and excess funds from Capital Projects. This Reserve Fund is controlled by the Police Services Board and is planned to be fully utilized based on the planned replacements. As part of the 2016 Capital Budget, \$720,800 was committed in early 2016 for a variety of Police equipment purchases.	(1,426,197)	(1,570,255)
Police Equipment & Vehicle Replacement - Committed	Committed funds are to be used to purchase new Police equipment and vehicles as determined by the GSPS Board and approved in annual Capital Budgets.	(470,560)	(259,845)
CFRF - Transit	Funded through excess funds for Capital Projects and the proceeds from the sale of used Transit equipment. This Reserve Fund shall be used for Transit Capital Projects as authorized by Council. As part of the 2016 Capital Budget, \$109,887 was committed in early 2016 primarily for Garage Improvements and a Service Truck.	(202,570)	(305,885)
CFRF - Transit - Committed	Committed funds from previous Capital Budgets for garage improvements, transit buildings/bus shelters and bus rebuilds.	(38,326)	(91,948)
Recycling Equipment Replacement Reserve Fund	Funded through annual contributions from the operating budget and used to pay for annual lease payments for recycling equipment currently in use. The recycling equipment is over 15 years old and has almost reached the end of its useful life. It is anticipated that the equipment will have to be replaced within the next few years, and the full balance of this fund will be required.	(744,317)	(639,737)
Parks Vehicle & Equipment Replacement Reserve Fund	Funded through an annual contribution from the operating budget, from excess funds from Capital Projects, and proceeds from the sale of used parks equipment. This Reserve Fund is to be used on replacement of parks related equipment/vehicles. As part of the 2016 Capital Budget, \$100,000 was committed in early 2016 primarily for the purchase of a new Backhoe.	(136,083)	(169,120)
Parks Vehicle & Equipment Replacement - Committed	Funds committed for the purchase of new Parks equipment and vehicles as approved in 2014 and 2015 Capital Budgets.	(222,446)	(53,539)
CFRF - Environmental Services	Funded from excess funds in Environmental Services Capital Projects. To be used only for Environmental Services Capital Projects. The balance of this Reserve Fund is required for projects identified in the approved Certificate of Approval for the landfill sites, in particular the Sudbury site which is slated to become the only landfill site in the City once all other sites are closed. The post-closure liabilities amounted to \$14.2 million at the end of 2015. As part of the 2016 Capital Budget, \$145,521 was committed in early 2016 to fund the repairs of scales, guards, and scale houses.	(1,203,385)	(173,728)
CFRF - Environmental Services - Committed	Represents funds approved in 2012 to 2015 Capital Budget for various projects including cell closures at Hanmer and Sudbury Landfill Sites as well as the Construction & Demolition Recycling Site at the Sudbury Landfill Site.	(816,435)	(799,538)
CFRF - CLELC	Funded through excess capital funds in Lionel E. Lalonde Centre Capital Projects. This fund will be used for future Capital Projects. During 2015 it was noted that previous transfers of Development Charges (total of \$351,450) for Emergency Preparedness should have actually gone to the Facilities Reserve Fund.	(374,499)	(30,564)

Capital Financing Reserve Funds Account Name		Dec 31, 2014 Audited	Dec 31, 2015 Audited
CFRF - General	One half of any annual operating surplus or deficit is contributed to or funded from this Reserve Fund. It is also the only source of funding for Capital Projects that have no capital envelope. During the year \$1,500,000 was committed for the purchase and installation of Solar Panels at Countryside Arena and Pioneer Manor as approved by Council, and \$410,000 for a contribution to the 199 Larch Street Reserve to ensure sufficient funding available for future budgets based on the 199 Larch Street Long Term Plan.	(1,809,421)	(32,150)
CFRF - General - Committed	Represents funds committed by Council for a number of one-time Capital Projects. The balance includes all of Council's decisions to December 31, 2015 including Farmer's Market renovations/improvements, elevator upgrades at TDS, Fire Records Management System, purchase of land on Ramsey Lake Road and Asbestos audits for Community Development facilities.	(4,921,532)	(6,389,062)
CFRF - Peoplesoft / ERP	Funded from excess funds in related Capital Projects. To be used only for Peoplesoft / ERP Capital Projects.	(1,107,273)	(981,429)
CFRF - Peoplesoft / ERP - Committed	Funds committed from annual Capital Budgets for future Peoplesoft / ERP Capital Projects.	(339,905)	(582,721)
CFRF - Planning	Funded from excess funds in related Capital Projects. To be used only for Planning related Capital Projects.	(220,333)	(253,798)
CFRF - Planning - Committed	Funds committed for the Official Plan as well as future Growth Related Projects.	(725,564)	(937,928)
CFRF - Corp Infrastructure	Funded from any under expenditures in related Capital Projects. To be used only for corporate infrastructure (i.e. telephone systems, docutech equipment, etc.).	(26,777)	(32,034)
CFRF - Corp Infrastructure - Committed	Represents funds committed by Council for various projects from the earlier Capital Budgets. This includes the \$500,000 set aside for the Records Management System which were cancelled and used as a funding source in the 2015 Operating Budget.	(559,267)	(59,359)
CFRF - Public Works Buildings	Funded from excess funds in related Capital Projects. To be used only for assets (buildings) projects excluding Community Development buildings. As part of the 2016 Capital Budget, \$166,804 was committed in early 2016 primarily for the Downtown Terminal Door Upgrade.	(373,550)	(605,880)
CFRF - Public Works Buildings - Committed	Previously approved funds from amalgamation for salt domes and depots which will be spent after completion of the Facility Rationalization and Works Depots studies. Also, includes funds set aside from the annual operating budget for replacement of public works related equipment (ie. survey/engineering equipment and dispatch/communication system equipment).	(541,365)	(717,482)
CFRF - Police Services	Funded from excess funds in related Capital Projects and from net under expenditures in the Police Services operating budget provided the City is in a surplus position. Will be used to fund any Police Services operating budget over expenditures or Police Services Capital Projects. Reserve is under the control of the Police Services Board. As part of the 2016 Capital Budget, \$660,481 was committed in early 2016 for a variety of Police Services projects.	(2,589,853)	(1,557,098)
CFRF - Police Services - Committed	Committed funds for various projects from previous Capital Budgets.	(2,143,719)	(3,813,133)
CFRF - Roads	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). To be used only for Roads Capital Projects. As part of the 2016 Capital Budget, \$4,002,040 was committed in early 2016 primarily for work on Kalmo Road.	(10,246,958)	(11,584,980)
CFRF - Roads - Committed	Balance contains funds committed from previous Capital Budgets and for approved Capital Projects which are currently deferred to a later date. Funding for Capital Projects include Maley Drive, MR 15/MR 80 Intersection Improvements, Crean Hill Road, Barry Downe Extension, Whitson Paquette and Horizon Drains and several bridges.	(22,829,844)	(22,505,826)

Capital Financing Reserve Funds		Dec 31, 2014	Dec 31, 2015
Account Name		Audited	Audited
CFRF - Wastewater	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). In addition, surpluses and deficits in Wastewater operations are contributed to or funded from this Reserve Fund. To be used only for Wastewater Capital Projects including any project necessitated by the Ministry of the Environment. Used to address any emergency upgrades which may be required, upon authority of Council. As part of the 2016 Capital Budget, \$1,665,000 was committed in early 2016 for various Wastewater projects.	(6,227,946)	(10,552,758)
CFRF - Wastewater - Committed	Balance contains funds committed from previous Capital Budgets including Meatbird Transfer Station, Preventative Plumbing Subsidy, Sanitary Rock Tunnel Inspections and Upgrades to Primary Lagoons. Also, includes the wastewater stabilization which is based on 10% of revenues as per the Reserve Fund by-law.	(6,734,975)	(5,641,893)
CFRF - Water	Funded from excess funds in related Capital Projects and development charges (which causes a surplus in the Capital Project). In addition, surpluses and deficits in the Water operations are contributed to or funded from this Reserve Fund. To be used only for water Capital Projects including any projects necessitated by the Ministry of the Environment. Used to address any emergency upgrades which may be required, upon authority of Council. As part of the 2016 Capital Budget, \$1,799,183 was committed in early 2016 for various Water projects.	(6,257,760)	(3,981,157)
CFRF - Water - Committed	The balance contains funds committed from previous Capital Budgets including the Wanapitei Water Treatment Plant Upgrades, Automatic Meter Reading Water Meters and Moonlight Avenue. Also, includes the water stabilization amount which is based on 10% of revenues as per the Reserve Fund by-law.	(8,843,826)	(10,663,464)
CFRF - Health and Social Services	Funds set aside for Capital Projects for Pioneer Manor and other Health and Social Services initiatives. Funded from excess funds in related Capital Projects. As part of the 2016 Capital Budget, \$123,000 was committed in early 2016 for various Health and Social Services projects.	(305,806)	(280,337)
CFRF - Health and Social Services - Committed	This amount represents previously approved funds for ceiling lifts from the 2013 Capital Budget.	(101,873)	(81,722)
CFRF - Fire	Funded from excess funds in related Capital Projects. To be used only for Fire Services Capital Projects.	(33,893)	(38,367)
CFRF - Fire - Committed	Committed funds for pagers and incident management from earlier Capital Budgets as well as support vehicles.	(151,892)	(151,892)
CFRF - Emergency Medical Services	Funded through annual contributions from the Operating Budget. Must be used for ambulance Capital Projects including all vehicles, equipment and stations. May be subject to having to return funds to Province if not used for projects specific to EMS. As part of the 2016 Capital Budget, \$1,405,103 was committed in early 2016 for various EMS projects.	(2,131,669)	(2,461,479)
CFRF - Emergency Medical Services - Committed	Funds approved in previous years Capital Budgets for various projects including personal response units (PRU's), ambulances, and emergency response vehicles.	(1,462,133)	(571,432)
CFRF - Leisure Services - Committed	Committed funds previously approved by Council for Solar Panels, Regreening of St Joseph's Parking Lot, Bell Park Special Events Site Development, ski lift upgrades and the purchase of property on Ramsey Lake Road. Also, includes funds recieved from cold drink supplier contract for municipal arenas for arena scoreboard replacement.	(3,233,631)	(2,205,764)
CFRF - Leisure Services	Funded from excess funds in related Capital Projects and development charges (which causes surplus in Capital Projects). To be used for Leisure related Capital Projects. As part of the 2016 Capital Budget, \$597,442 was committed in early 2016 primarily for Ski Lift Upgrades.	(1,182,068)	(1,097,185)
Subtotal Capital Financing Reserve Funds		(97,438,281)	(98,604,729)
Total Reserve Funds		(150,673,781)	(156,746,835)
Total Reserves and Reserve Funds		(156,224,677)	(164,912,386)

For Information Only

2015 Capital Projects in Progress and Completed Capital Projects

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Tuesday, Jun 07, 2016
Type:	Correspondence for Information Only

Resolution

For Information Only

Background

The capital fund balance represents the capital funding approved by previous Councils for capital projects that are unspent at the end of the year. The committed and unspent funding is for capital projects that have not commenced and/or are in progress. The majority of the projects are underway and funding will be spent within the next few years depending on the extent/timing of individual capital projects.

This report includes the following:

1. Capital Projects in Progress as of December 31, 2015 (which includes committed capital/unspent capital envelopes year end balance as well as committed reserve funds for capital projects).
2. Completed Capital Projects from October 2015 to March 2016.

1. Capital Projects in Progress as of December 31, 2015

The overall balance of funds previously approved for capital projects is approximately \$158.8 million which will be spent in the coming years based on the timing and extent of the capital projects. For example, some water and wastewater plant projects and road projects require several years for completion.

Appendix A is a summary which shows the breakdown of the unspent capital funds/committed reserve funds previously approved by department/division and Appendix B provides a list of those significant capital projects as of December 31, 2015. There are some projects with an amount in brackets under "unspent capital envelopes" column, as these are repaid from future envelopes as explained below for internally debt financed projects.

Committed Capital (= Unspent Capital Envelopes)

Signed By

Report Prepared By

Apryl Lukezic
Co-ordinator of Budgets
Digitally Signed Jun 7, 16

Recommended by the Department

Ed Stankiewicz
Acting Chief Financial Officer/City
Treasurer
Digitally Signed Jun 7, 16

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Jun 8, 16

The Committed Capital (unspent capital envelopes) balance as at December 31, 2015 was \$100 million which represents funds approved but not yet spent as projects have not commenced and/or are in progress. There are internal borrowings of \$23 million resulting in a capital fund balance of \$77 million.

The internally debt financed expenditures of \$23 million will be repaid to the Capital Fund with interest (charged at 1% above the average investment rate at the time the internal financing is approved in accordance with the City's Investment Policy) and funded in future years from capital envelopes, development charges and Section 391 charges. This balance consist of the following significant capital projects approved by Council: Levack Water Supply, South End Rock Tunnel, Kingsway water and wastewater project, Gerry McCrory - Countryside Sports Complex, South Branch Library, Mausoleum Phase 5 at Civic Cemetery, Communications Infrastructure and the Lionel E. Lalonde Centre.

Committed Reserve Funds

As of December 31, 2015, the balance in the committed reserve funds for capital projects is approximately \$56 million with another \$2.6 million included within obligatory reserve funds.

The committed reserve funds are set aside when approved by Council and transferred out of the reserve fund when the costs have been incurred. The funds within obligatory reserve funds are set aside to be spent for specific areas/projects in accordance with various agreements and contracts (ie. Federal Gas Tax).

2. Completed Capital Projects from October 2015 to March 2016

Also included in this report are the completed capital projects in excess of \$200,000 as per the Capital Budget Policy.

The Capital Budget Policy was followed and has given authority to staff to reallocate funds between capital projects or transferred to the respective Capital Financing Reserve Fund.

Appendix C is a summary of all completed capital projects over \$200,000 and cancelled capital projects from the period of October 2015 to March 2016 including explanations for variances greater than \$50,000.

Appendix A - Capital Projects in Progress - Summary
December 31, 2015

	Capital Fund (Non-Interest Bearing)	Future Financing (Spent)	Subtotal Committed Capital - 2015	City Reserve Funds (Interest Bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress - 2015
Infrastructure Services						
Roads	31,620,596	1,217,281	32,837,877	20,109,128	1,097,098	54,044,104
Drains & Stormwater Management	6,437,449	-	6,437,449	6,485,973	(141)	12,923,281
Water	17,649,494	1,199,232	18,848,726	5,961,166	-	24,809,892
Wastewater	21,364,303	3,634,418	24,998,722	2,237,545	1,074,755	28,311,022
Environmental Services	983,471	829,724	1,813,195	799,538	-	2,612,733
Facility Rationalization	110,536	-	110,536	-	-	110,536
Planning	77,144	-	77,144	1,137,928	125,170	1,340,243
Economic Development	-	-	-	2,623,422	-	2,623,422
	78,242,994	6,880,655	85,123,649	39,354,700	2,296,882	126,775,232
Citizen, Leisure & Assets						
Healthy Communities	826,737	-	826,737	-	-	826,737
Leisure Services	(2,540,172)	5,473,471	2,933,300	1,728,797	96,682	4,758,779
Library & Citizen Services	(2,450,972)	3,022,307	571,335	-	-	571,335
Cemetery Services	48,314	275,563	323,877	103,696	-	427,573
Healthy Community Initiatives	513,202	-	513,202	-	-	513,202
Facilities	1,996,783	-	1,996,783	7,482,416	159,275	9,638,474
Transit	125,381	-	125,381	81,923	7,878	215,182
Fleet	(0)	-	(0)	748,151	-	748,151
Parking	(0)	-	(0)	160,751	-	160,751
	(1,480,726)	8,771,341	7,290,615	10,305,734	263,835	17,860,184
Health, Social & Emergency Services						
Health & Social Services	748,567	-	748,567	81,722	-	830,289
Fire Services	2,966,869	174,805	3,141,674	201,300	-	3,342,975
Emergency Medical Services	451,029	-	451,029	571,432	-	1,022,460
Emergency Management	(2,115,835)	2,224,246	108,411	-	-	108,411
	2,050,630	2,399,051	4,449,681	854,453	-	5,304,134
Administrative Services						
Administration	1,021,966	-	1,021,966	59,359	-	1,081,325
Information Technology	546,912	-	546,912	497,603	-	1,044,514
ERP	1,751,768	-	1,751,768	582,721	-	2,334,489
	3,320,645	-	3,320,645	1,139,682	-	4,460,328
Police						
Police Services	0	-	0	4,072,978	-	4,072,978
Communication Infrastructure	(4,987,691)	4,987,691	(0)	350,000	-	350,000
	(4,987,691)	4,987,691	(0)	4,422,978	-	4,422,978
TOTAL	77,145,852	23,038,738	100,184,590	56,077,548	2,560,717	158,822,856

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2015

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Infrastructure Services						
Roads and Bridges	31,620,596	1,217,281	32,837,877	20,109,128	1,097,098	54,044,104
Roads	21,914,008	1,217,281	23,131,289	15,948,837	1,097,098	40,177,224
Second Ave (Sudbury)	5,385,260				140,000	5,525,260
Contingency (ongoing*)	2,294,970					2,294,970
MR 89 from Skead Road to Rix Street	1,467,978					1,467,978
Moonlight Avenue (ongoing*)	1,146,926			1,300,000	165,000	2,611,926
Frobisher Yard Upgrades	1,304,796					1,304,796
Property Acquisition	1,145,543					1,145,543
Crean Hill Road	1,100,000			194,956		1,294,956
Elgin Street Greenway	1,000,000			40,000		1,040,000
Regent/Bouchard/Southview (ongoing*)	950,763					950,763
Second Avenue (Coniston)	884,715					884,715
MR 15 (ongoing*)	858,561					858,561
Future Road Projects - Consultants	798,999					798,999
Maley Drive	684,233			12,239,032		12,923,265
Ghandi Lane (ongoing*)	443,432					443,432
Sidewalk/Curb Improvements (ongoing*)	376,686					376,686
MR 84 Moose Mountain	364,146			459,999		824,145
Traffic Calming	315,000					315,000
Leslie Street	295,000					295,000
MR 4	279,865					279,865
Amanda Street	240,000					240,000
Lamothe Street	235,000					235,000
MR 55	219,956					219,956
Kingsway	214,785			3,319		218,104
MR 15 MR 80 Intersection Improvements	(18,425)			416,332		397,908
Subdivision Asphalt (ongoing*)	(75,430)				783,848	708,418
Frood Road	(1,217,281)	1,217,281				(0)
Cycling Infrastructure				500,000		500,000
Barrydowne Extension Environmental Assessment				497,760		497,760
Various Other Projects < \$200,000	1,218,530			297,437	8,250	1,524,218

Appendix B - Capital Projects in Progress - Detailed Listing
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	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Bridges	9,706,588	-	9,706,588	4,160,292	-	13,866,880
Vermillion River Bridge (MR 55)	1,937,117					1,937,117
MR 55 (CPR Overhead)	998,762					998,762
Riverside Dr Bridge	898,798					898,798
Various Bridge Repairs	802,214					802,214
Mikkola Road Bridge	648,798					648,798
Panache Lake Road Bridge	637,280					637,280
Frappier Road Bridge	548,779					548,779
MR 15 Bridges (includes 4 bridges)	505,363			1,500,000		2,005,363
Garson Coniston Road Bridge	500,000					500,000
Ironside Lake Road Bridge	500,000					500,000
Dougals Street Bridge	498,784					498,784
Black Lake Road Bridge	448,762					448,762
Walter Street Bridge	400,000					400,000
Allan Street Bridge	381,929					381,929
Government Road Bridge				578,242		578,242
Balsam Street Bridge				564,095		564,095
Little Panache Lake Narrows Bridge				537,280		537,280
Williams Avenue Bridge				533,649		533,649
Bowlands Bay Bridge				447,025		447,025
Drains & Stormwater Management	6,437,449	-	6,437,449	6,485,973	(141)	12,923,281
Minnow Lake Treatment Station	1,607,707					1,607,707
Junction Creek Stormwater Management	1,555,125					1,555,125
Capreol Storm Drainage	954,333					954,333
Storm Sewer Upgrades	556,000					556,000
Val Caron Drain	474,137					474,137
Whitson Paquette Drain	296,424			4,114,363		4,410,787
Countryside Stormwater Pond	292,287					292,287
Upper Whitson River	155,000					155,000
Horizon Stormwater Facility	48,940			405,824		454,764
Stormwater Management	-			315,786		315,786
Mountain Street Storm Outlet	(63,135)			1,650,000	(141)	1,586,724
Various Other Projects < \$125,000	560,633					560,633

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2015

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Water	17,649,494	1,199,232	18,848,726	5,961,166	-	24,809,892
Plants	8,292,775	1,199,232	9,492,007	1,187,804	-	10,679,811
Various Well Building Repairs/Upgrades	2,464,458					2,464,458
Well Inspections Rehabilitations	1,161,916					1,161,916
Val Caron Booster Station	1,050,611					1,050,611
SCADA/Communications	1,001,312					1,001,312
David Street Water Treatment Plant	486,031					486,031
Security Improvements	459,300					459,300
Ramsey Lake Outfall	421,000					421,000
Various Booster Station Upgrades	400,000					400,000
Vermilion Water Treatment Plant	325,000					325,000
Plant Process Energy Optimization	282,290					282,290
Health & Safety Upgrades	280,361					280,361
Operating Manuals	263,711					263,711
Storage Tank Inspections	259,775					259,775
Operational Optimization	250,000					250,000
Water Filling Station	240,206					240,206
Reactivator Upgrades	200,000					200,000
ESA Inspections Upgrades	189,066					189,066
Asset Management Plan & Software	175,000					175,000
Various Plant Repairs	173,974					173,974
Source Protection Plan	129,492					129,492
ROI Technology Study	126,435					126,435
Filter Replacement at Wanapitae WTP	114,578					114,578
Groudwater Studies	101,506					101,506
Onaping Wells Caustic Soda	100,000					100,000
Well Facility Audit	100,000					100,000
New Valley East Wells	(1,199,232)	1,199,232				-
Wanapitae Water Treatment Plant	(1,865,379)	677,575		1,187,804	-	-
Various Other Projects < \$100,000	601,365					601,365

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2015

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Linear	9,356,719	-	9,356,719	4,773,363	-	14,130,081
Maley Drive Watermain	1,399,824					1,399,824
Valley Water System	734,928					734,928
System Improvements	729,655					729,655
Whitefish Rechlorination Station	634,012					634,012
Vermilion Water System	550,000					550,000
Wanapitei Trunk Design	400,694					400,694
Distribution System Optimization	400,000					400,000
Distribution Support	399,492					399,492
Water Valve & Meter Replacement	356,743			81,755		438,498
Watermain Rehabilitation	275,651					275,651
As Built Drawings Update	269,564					269,564
Second Avenue (Sudbury)	269,054			430,946		700,000
Leak Detection Annual Program	245,269					245,269
Second Avenue (Coniston)	197,007			252,648		449,655
Ash/Adler Street	181,937					181,937
Third Avenue (Lively)	156,888					156,888
MR 80 Watermain Crossing	150,000					150,000
Water Air Release Valve Assessment	150,000					150,000
Watermains with Roads Contingency	144,037					144,037
Water Efficiency Plan	140,604					140,604
Dollard Avenue	137,031					137,031
Automatic Vehicle Locator	135,510					135,510
Water Service Replacement	125,013					125,013
Frobisher Depot Upgrades	112,500					112,500
Elm Street	110,000					110,000
Trench Rescue Training	100,000					100,000
AMR Water Meters				2,300,000		2,300,000
Moonlight Avenue				1,093,362		1,093,362
Concrete Pressure Pipe				300,000		300,000
Various Other Projects < \$100,000	851,307			314,653		1,165,960

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2015

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Wastewater	21,364,303	3,634,418	24,998,722	2,237,545	1,074,755	28,311,022
Plants	15,585,095	1,848,562	17,433,657	1,151,371	-	18,585,027
Walden WWTP	5,065,829					5,065,829
Valley East WWTP	2,403,308					2,403,308
Infrastructure Master Plan	1,498,091					1,498,091
Charles Street Lift Station	1,481,481					1,481,481
Lift Station Upgrades	1,351,919					1,351,919
SCADA/Communications	835,880					835,880
Biosolids Facility	664,267					664,267
Energy Saving Initiatives	550,000					550,000
Chelmsford WWTP	300,000					300,000
Azilda WWTP	287,087					287,087
Operating Manuals	266,064					266,064
Belanger Lift Station	213,501					213,501
Lift Station Pump Replacement	205,529					205,529
Security Improvements	171,394					171,394
Plant Process Energy Optimization	156,458					156,458
Asset Management Plan & Software	150,000					150,000
Various Roofing & Fencing	149,024					149,024
Miscellaneous Plant Repairs	148,752					148,752
Health & Safety Upgrades	136,036			250,000		386,036
Garson Lagoon	128,293					128,293
Sudbury WWTP	(1,848,562)	1,848,562				(0)
Upgrade Primary Lagoons				500,000		500,000
Meatbird Transfer Station				401,371		401,371
Various Other Projects <\$105,000	1,270,743					1,270,743

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2015

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Linear	5,779,208	1,785,857	7,565,065	1,086,175	1,074,755	9,725,994
Gatchel Outfall Sewer	1,079,731			509,295		1,589,025
Lively Sewer System Upgrades	650,000					650,000
Sewer System Annual Repairs	623,094				159,779	782,873
Operating Manuals	560,640					560,640
Collection Support	440,019					440,019
Regent/Bouchard/Southview	422,961					422,961
System Improvements	403,676					403,676
Access Road	400,308				87	400,395
Moonlight Avenue	350,000				197,483	547,483
Kingsway Sewer Lining	307,660				55,668	363,328
Combined Sewer Assessment	300,000					300,000
Dollard Avenue	226,675					226,675
Algonquin Sewer	220,000					220,000
I&I Annual Assessment	173,701					173,701
Second Ave (Sudbury)	171,156					171,156
Automatic Vehicle Locator	169,281					169,281
Sewer with Watermain Contingency	164,220					164,220
Sherwood Lift Station & Forcemain (Section 391)	160,000					160,000
Frobisher Depot Upgrades	112,500					112,500
Trench Rescue Training	100,000					100,000
Lasalle/Notre Dame Improvements	85,105					85,105
Frood Road System Improvements	76,188					76,188
Barry Downe from Westmount to Kingsway	20,000				147,902	167,902
Levesque Section 391	(252,786)				441,000	188,214
Kingsway Project	(1,785,857)	1,785,857				-
Preventative Plumbing Subsidy				567,503		567,503
Various Other Projects <\$70,000	600,936			9,377	72,836	683,149

Appendix B - Capital Projects in Progress - Detailed Listing
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	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Environmental Services	983,471	829,724	1,813,195	799,538	-	2,612,733
Hanmer Landfill Cell Closure	758,105			216,741		974,846
Sudbury Landfill Cell Closure	430,035			242,679		672,714
Automatic Vehicle Locators	205,589					205,589
Azilda Landfill Cell Closure	80,000					80,000
Sudbury Landfill Pad & Signs	73,622					73,622
Sudbury Landfill Gas and Leachate Collection System	(829,724)	829,724				-
Sudbury Landfill Recycling Site				340,118		340,118
Various Other Projects < \$70,000	265,843	-		(0)		265,843
Facility Rationalization	110,536	-	110,536	-	-	110,536
Study Costs	110,536					110,536
Planning	77,144	-	77,144	1,137,928	125,170	1,340,243
Capreol & Levack CIP	36,014					36,014
Elgin Street Greenway	25,149					25,149
Official Plan	13,767			105,000		118,767
Growth Related Projects				832,928		832,928
Development Cost Sharing				200,000		200,000
Greenspace					125,170	125,170
Various Other Projects < \$1,500	2,214	-		-	-	2,214
Economic Development	-	-	-	2,623,422		2,623,422
Farmer's Market				1,920,179		1,920,179
Walden Industrial Park				387,782		387,782
Industrial Land Strategy				315,460		315,460
Citizen, Leisure and Assets						
Healthy Communities	826,737	-	826,737	-	-	826,737
Chelmsford Family Health Team	820,950					820,950
Various Project	5,787	-		-		5,787

Appendix B - Capital Projects in Progress - Detailed Listing
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	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Leisure Services	(2,540,172)	5,473,471	2,933,300	1,728,797	96,682	4,758,779
Accessibility	495,846					495,846
Junction Creek Waterway Park	219,170					219,170
Arena Lighting Retrofit	185,000					185,000
Bell Park Electronic Information Board	180,718					180,718
Carmichael Arena Condensor	148,525					148,525
Lively Citizen Centre Roof	146,460					146,460
Capreol Arena	144,902					144,902
Brebeuf Tennis Courts	140,000					140,000
Falconbridge Community Centre	120,000					120,000
Valley East Youth Centre	100,000			60,184		160,184
Queens Athletic Field	95,000					95,000
Playground Buildings	80,506					80,506
Blezzard Valley Ball Field	80,000					80,000
Various Parks Safety & Security	77,289					77,289
Jim Coady Arena	75,000					75,000
Howard Armstrong Recreation Centre - Mechanica	60,000					60,000
Various Facilities Safety & Security	53,894					53,894
Minnow Lake Dog Park	52,420					52,420
Bike Path	50,000					50,000
HARC Family Washroom	50,000					50,000
Minnow Lake Place	48,230			50,000		98,230
Various Playfields	43,000					43,000
Life Cycle Building Analysis	42,917					42,917
Barrydowne Arena	40,000					40,000
Capreol Park	40,000					40,000
Arena Upgrades	35,197			1,597		36,794
Pool/Waterfront Upgrades	34,423					34,423
McClelland Arena Parking	31,874					31,874
Northern Water Sports Centre	(199,641)					(199,641)
Capreol & Raymond Plourde Arena Asbestos Retrofits	(362,831)	362,831				-
Gerry McCrory Countryside Arena Sports Comple>	(5,110,640)	5,110,640				-
Ski Lift Upgrades				605,000		605,000
Former St Joseph's Parking Lot Enhancements				350,000		350,000
Bell Park Enhancements				300,000		300,000
Designated Substance Survey (DSS) Audits				198,998		198,998
Bell Park Accessibility				101,593		101,593
Parks Equipment Replacement				53,538		53,538
LU Track Phase 2					46,682	46,682
Bell Park Splash Park					50,000	50,000
Various Other Projects < \$25,000	262,568	-		7,888	-	270,456

Appendix B - Capital Projects in Progress - Detailed Listing
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	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Library & Citizen Services	(2,450,972)	3,022,307	571,335	-	-	571,335
Radio Frequency Identification	200,000					200,000
Library Archives	104,456					104,456
Library Shelving	50,200					50,200
Community Archives	40,000					40,000
Energy Retrofits	38,717					38,717
Museum Website	30,000					30,000
South End Library	(3,022,307)	3,022,307				-
Various Other Projects < \$20,000	107,963	-		-		107,963
Cemetery Services	48,314	275,563	323,877	103,696	-	427,573
Civic Cemetery Road Realignment	275,000			75,000		350,000
Long Lake Property Acquisition	41,682					41,682
Mausoleum Phase 5	(275,563)	275,563				-
Columbria Niche Walls				27,404		27,404
Various Other Projects < \$4,000	7,195	-		1,292		8,487
Healthy Community Initiatives Fund	513,202	-	513,202	-	-	513,202
Facilities	1,996,783	-	1,996,783	7,482,416	159,275	9,638,474
199 Larch Street	85,000		85,000	1,724,691	-	1,809,691
Emergency Generator	85,000			580,000		665,000
Garage Podium Concourse				200,000		200,000
Upper Concourse Day Care Roof Repairs				190,000		190,000
HVAC Upgrades				165,000		165,000
Accessibility Audit				140,000		140,000
Skylight Replacement				80,000		80,000
Energy Conservation				75,000		75,000
Elevator Door Restrictors				60,000		60,000
Elevator Equipment Guarding				59,573		59,573
Various Other Projects < \$40,000	(0)	-		175,118		175,118

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	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Tom Davies Square	1,268,815		1,268,815	3,757,740	-	5,026,555
Automation System	167,687					167,687
Structural Report Repairs	101,831					101,831
Fire Safety Equipment	100,000					100,000
Window Pane Replacement	83,284					83,284
Skylight Replacement	69,033					69,033
Generator Replacement	65,000					65,000
Electrical Systems	57,535					57,535
Exterior Stairs	53,397			96,916		150,313
Smoke Seal & Firestop	53,174					53,174
Air Quality Upgrades	50,000					50,000
Natural Gas Boiler Replacement	50,000			250,000		300,000
Window & Door Replacement	50,000					50,000
Pairs Street Service Entrance	45,000					45,000
Spandrel Connection	45,000					45,000
Main Heat Pump	40,154					40,154
Cooling Tower	33,835					33,835
Structural Repairs	33,190					33,190
Electrical Distribution Audit & Review	30,000					30,000
Interior Repairs & Maintenance	30,000					30,000
Concourse Upgrades				2,000,000		2,000,000
Elevator Upgrades				1,410,823		1,410,823
Various Other Projects < \$27,000	110,696	-		-		110,696
Various Other Facilities	642,967		642,967	1,999,986	159,275	2,802,228
CLELC Various Projects	272,725					272,725
Energy Conservation	88,270					88,270
Van Horne Fire Station	54,805					54,805
Contingency	52,372					52,372
Various Fire Halls	44,392					44,392
Various Roof Scans	40,000					40,000
North West Depot	30,000					30,000
Solar Panels				1,999,986		1,999,986
Long Lake Park					159,275	159,275
Various Other Projects < \$25,000	60,403	-		-		60,403

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	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Transit	125,381	-	125,381	81,923	7,878	215,182
Wayfinding Program	50,000					50,000
1160 Lorne Street	30,668					30,668
Transit Buildings	29,713			57,787		87,500
License Fees	15,000					15,000
Terminal/Bus Shelters				15,482		15,482
Bus Rebuilds				8,654		8,654
St Gabriels Villa - trial transit service					7,878	7,878
Fleet	(0)	-	(0)	748,151	-	748,151
Vans				289,895		289,895
3/4 Ton 4x4 Pickups				232,575		232,575
1 Ton Dump				90,000		90,000
Fuel Storage Sites				71,360		71,360
1/2 Ton Pickups				41,579		41,579
Various Other Projects < \$25,000	(0)	-		22,742	-	22,742
Parking	(0)	-	(0)	160,751	-	160,751
Signage				119,400		119,400
Pay & Display Machine				30,000		30,000
Parking Improvements	(0)	-		11,351		11,351
Health, Social & Emergency Services						
Health & Social Services	748,567	-	748,567	81,722	-	830,289
Pioneer Manor - Nurse Call Station	500,000					500,000
Pioneer Manor - Parking	87,973					87,973
Pioneer Manor - Telephone System	70,000					70,000
Pioneer Manor - Food Services	31,851					31,851
Pioneer Manor - Electrical/Lighting Upgrades	27,035					27,035
Pioneer Manor - Ceiling Lifts				81,722		81,722
Various Other Projects < \$20,000	31,707	-		-		31,707

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	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Fire Services	2,966,869	174,805	3,141,674	201,300	-	3,342,975
Custom Pumper	1,251,524					1,251,524
Light Rescue Vehicle	1,009,196					1,009,196
Small Fleet Vehicles	138,491					138,491
Personal Protective Equipment	133,685					133,685
Prevention System	130,000					130,000
Support Vehicle	117,470			14,614		132,084
Station Generator	95,958					95,958
Communication & Technology Equipment	84,471					84,471
Outdoor Signs	61,386					61,386
Vehicle Extrication Tools	54,726					54,726
Bunker Gear	(174,805)	174,805				(0)
Records Management System				114,597		114,597
Incident Management				72,088		72,088
Various Other Projects < \$35,000	64,768	-		-		64,768
Emergency Medical Services	451,029	-	451,029	571,432	-	1,022,460
EMS Station Development	291,586					291,586
Medical Equipment & Supplies	117,277					117,277
Penless Technology	42,165					42,165
Paramedic Response Unit				235,584		235,584
Ambulance				84,035		84,035
Emergency Response Vehicle				78,588		78,588
Remote Response Unit (ARGO)				65,000		65,000
Auto Medication System				60,000		60,000
Various Other Projects < \$25,000	-	-		48,225		48,225
Emergency Management	(2,115,835)	2,224,246	108,411	-	-	108,411
Lionel E Lalonde Center	(2,224,246)	2,224,246				-
Equipment Upgrades	73,978					73,978
EOC Renewal	34,433					34,433

Appendix B - Capital Projects in Progress - Detailed Listing
December 31, 2015

	Capital Fund (non-interest bearing)	Future Financing (Spent)	Subtotal Committed Capital	City Reserve Funds (interest bearing)	Obligatory Reserve Funds	Total Capital Projects in Progress
Administrative Services						
Administration	1,021,966	-	1,021,966	59,359	-	1,081,325
Document Central Printer	273,886					273,886
Corporate Infrastructure	218,680					218,680
Central Mailing Equipment	137,923					137,923
Furniture Upgrades	123,078					123,078
TDS Committee Room	118,849			7,600		126,448
Telephone Upgrades	84,620			51,759		136,379
Various Other Projects < \$20,000	64,930	-		-		64,930
Information Technology	546,912	-	546,912	497,603	-	1,044,514
Microsoft Office Products	249,117					249,117
Geographic Information Systems	87,191			100,000		187,191
Audit Logging Software	61,442			82,558		144,000
SAN Upgrade	56,991					56,991
Business Applications	49,420			315,045		364,464
Network Wireless Infrastructure	42,164					42,164
Various Other Projects < \$500	587	-		-		587
ERP	1,751,768	-	1,751,768	582,721	-	2,334,489
MMMS ERP	1,587,984					1,587,984
ERP Training	163,784					163,784
Corporate ERP Projects				339,905		339,905
HRMS Upgrade				242,816		242,816
Police						
Police Services	0	-	0	4,072,978	-	4,072,978
Leasehold Improvements				3,161,349		3,161,349
Renovations				357,717		357,717
Fleet				259,845		259,845
Service Assessment				100,000		100,000
Various Other Projects < \$70,000	0	-		194,068		194,068
Communication Infrastructure	(4,987,691)	4,987,691	(0)	350,000	-	350,000
Communication Infrastructure	(4,987,691)	4,987,691				(0)
Backup Generator				350,000		350,000
TOTAL	77,145,852	23,038,738	100,184,590	56,077,548	2,560,717	158,822,856

Appendix C
City of Greater Sudbury
Completed Capital Projects over \$200,000
Completed between October 2015 and March 2016

Note - For all projects below, transfers have been completed in accordance with the Capital Budget Policy and variances greater than \$50,000 have been explained.

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Infrastructure Services	Roads	Railway Crossing Improvements	2011				
		2011 Capital Budget		300,000			
		2015 Capital Budget		200,000			
				500,000	633,492	(133,492)	1
		MR4	2012				
		2012 Capital Budget		3,500,000			
		Vale Contribution		14,928,381			
				18,428,381	19,333,459	(905,078)	2
		Regent, Bouchard, Southview	2013				
		2013 Capital Budget - Regent from Bouchard to Walford		3,250,000			
		2013 Capital Budget - Bouchard from Regent to Southview		730,000			
		2013 Capital Budget - Southview from Bouchard to Cranbrook		260,000			
				4,240,000	3,198,715	1,041,285	3
		Jean Street	2013				
		2013 Capital Budget		315,000	521,830	(206,830)	4
		Kingsway	2014				
		2013 Capital Budget		1,700,000	1,481,976	218,024	5
		MR15 MR80 Intersection Improvements	2014				
		2014 Capital Budget - MR 15/MR 80 Intersection Improvements		2,000,000			
		2014 Capital Budget - MR 80 from Mackenzie Street to Whitson River		1,500,000			
		2014 Capital Budget - MR 80 from Main Street to Mackenzie Street		1,400,000			
				4,900,000	4,858,289	41,711	
		Ester Street	2014				
		2014 Capital Budget		400,000	401,634	(1,634)	
		Frood Road	2014				
		Council Resolution CC2014-86		1,355,000	1,437,281	(82,281)	6
		Traffic System Improvements	2014				
		2014 Capital Budget		150,000	217,089	(67,089)	7
		Elgin Street	2014				
		2014 Capital Budget		215,000	497,268	(282,268)	8

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
	Roads	Streetlighting Upgrades	2015				
		2015 Capital Budget		250,000	445,079	(195,079)	9
		Various Bridge Repairs	2015				
		2015 Capital Budget		1,900,000	2,074,181	(174,181)	10
		Guide Rail Installation	2015				
		2015 Capital Budget		250,000.00	188,902.96	61,097	11
		Vaughan Avenue	2015				
		2015 Capital Budget		350,000	549,494	(199,494)	12
		Skead Road (Various Locations)	2015				
		2015 Capital Budget		400,000	385,384	14,616	
		Elm Street (Val Caron)	2015				
		2015 Capital Budget		565,000	427,256	137,744	13
		David Street	2015				
		2015 Capital Budget		350,000	537,703	(187,703)	14
		Ronald Crescent	2015				
		2015 Capital Budget		315,000	256,938	58,062	15
		Louisa Drive	2015				
		2015 Capital Budget		310,000	186,761	123,239	16
		Kipling Court	2015				
		2015 Capital Budget		280,000	238,564	41,436	
		Navanod Road	2015				
		2015 Capital Budget		275,000	303,143	(28,143)	
		Laura Avenue	2015				
		2015 Capital Budget		260,000	208,190	51,810	17
		Prevost Street	2015				
		2015 Capital Budget		220,000	178,042	41,958	
	Drains	Lake Nepahwin Treatment Station	2008				
		2006 Capital Budget - Dominion Drive Box Culvert		200,000			
		2008 Capital Budget - Pond Land Acquisition		150,000			
		2008 Capital Budget		1,400,000			
		2009 Capital Budget		1,355,000			
		2010 Capital Budget		500,000			
		2011 Capital Budget		945,000			
				4,550,000	4,627,178	(77,178)	18
		Rockwood Storm Sewer	2011				
		2006 Capital Budget		190,000			
		2007 Capital Budget		225,000			
		2008 Capital Budget		50,000			
		2010 Capital Budget		400,000			
				865,000	805,369	59,631	19

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
	Water	Third Avenue (Lively) 2012 Capital Budget	2012	750,000	392,273	357,727	20
		Regent, Bouchard, Southview 2012 Capital Budget - Southview from Bouchard to Cranbrook 2013 Capital Budget - Regent from Bouchard to Walford 2013 Capital Budget - Bouchard from Regent to Southview	2013	650,000 2,200,000 340,000 <hr/> 3,190,000	 <hr/> 2,104,742	 <hr/> 1,085,258	 21
		John Street (Sudbury) 2013 Capital Budget	2013	550,000	944,075	(394,075)	22
		Jean Street 2013 Capital Budget	2014	550,000	701,518	(151,518)	23
		Beatrice Easement 2013 Capital Budget	2013	100,000	330,913	(230,913)	24
		Dollard Avenue 2014 Capital Budget	2014	550,000	413,690	136,310	25
		Elgin Street 2014 Capital Budget	2014	550,000	762,201	(212,201)	26
		Watermain Rehabilitation 2014 Capital Budget	2014	1,000,000	1,434,443	(434,443)	27
		Frood Road Council Resolution CC2014-86	2014	525,000	443,241	81,759	28
		Algonquin Watermain Council Resolution CC2014-98	2014	750,000	690,215	59,785	29
		Morin Avenue 2015 Capital Budget	2015	250,000	314,845	(64,845)	30
		Barbara Street 2015 Capital Budget	2015	175,000	261,363	(86,363)	31
		Ash/Adler Street (Emergency Work) 2015 Capital Budget reallocation from cancellation of BarryDowne capital project as per Completed Capital Projects report to Council in September 2015.	2015	600,000	526,118	73,882	32
		Well Inspection Rehabilitation 2010 Well Inspections 2011 Well Inspections		300,000 300,000 <hr/> 600,000	 <hr/> 183,146	 <hr/> 416,854	 33

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
	Wastewater	Regent, Bouchard, Southview	2013				
		2012 Capital Budget - Southview - Bouchard to Cranbrook		200,000			
		2013 Capital Budget - Regent - Bouchard to Walford		250,000			
		2013 Capital Budget - Bouchard - Regent to Southview		200,000			
				650,000	227,039	422,961	34
		John Street (Sudbury)	2013				
		2013 Capital Budget		200,000	329,640	(129,640)	35
		Dollard Avenue	2014				
		2014 Capital Budget		400,000	173,325	226,675	36
		Frood Road	2014				
		Council Resolution CC2014-86		325,000	389,312	(64,312)	37
		Sewer Inspection Program	2015				
		2015 Capital Budget		500,000	490,296	9,704	
		Lift Station Upgrades	2011				
		2011 Capital Budget		430,000	387,524	42,476	
		Lift Station Upgrades - Pump Replacement	2011				
		2012 Capital Budget		200,000	188,204	11,796	
		Lift Station Upgrades - SCADA/Communications	2012				
		2010 Capital Budget		300,000	317,421	(17,421)	
		Jacob Street Lift Station	2012				
		2011 Capital Budget Enhancement		450,000			
		2011 Capital Budget		200,000			
		2012 Capital Budget		200,000			
				850,000	1,307,141	(457,141)	38

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Assets, Citizen & Leisure	Transit	1160 Lorne Street Depot	2010				
		2010 Council Report - Aug 11, 2010 Closed		3,422,800			
		2011 Capital Budget		1,000,000			
		2013 Capital Budget		1,012,392			
		2013 Capital Budget		914,187			
		2014 Capital Budget		890,226			
		Council Resolution CC2012-37		4,631,149			
		Council Resolution CC2015-97		17,016,702			
				28,887,456	25,855,410	3,032,046	39
	Fleet	Vector Truck Equipment	2015				
		2014 Capital Budget		400,000	417,692	(17,692)	
		Tandem Multi-Function	2015				
		2015 Capital Budget		1,125,000	1,149,025	(24,025)	
		Trackless MT5	2015				
		2015 Capital Budget		290,000	274,346	15,655	
	199 Larch Street	Transformer Upgrades	2013				
		2013 Capital Budget		175,000	418,666	(243,666)	40
		Garage Podium/ Curtainwall Repairs	2014				
		2014 Capital Budget - Garage Podium Roof Repairs		200,000			
		2013 Capital Budget - Structural Repairs (Portion of Budget for Curtainwall)		70,685			
				270,685	337,941	(67,256)	41
	Citizen & Leisure	Nepahwin Lake Park Building					
		2010 Capital Budget - Building Upgrades		50,000			
		2011 Capital Budget - Roof		180,000			
		2014 Capital Budget - Interior and Exterior Building Renovation		80,000			
				310,000	328,833	(18,833)	
		Parks Equipment	2014				
		2008-2011 Combined Capital Budget Surplus Reallocation (as per Council report for Oct 2013 - June 2014 completed capital projects - surplus carry forward to 2014 Parks Equipment)		135,373			
		2012 Capital Budget		100,000			
		2013 Capital Budget		100,000			
		2014 Capital Budget		100,000			
				435,373	451,889	(16,516)	

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Emergency Services	Citizen & Leisure	Chelmsford Arena	2014				
		Council Resolution CS2013-42		2,335,000			
		2015 Capital Budget - Lobby Refurbishment		160,000			
		2015 Capital Budget - Accessibility Washrooms		50,000			
				2,545,000	2,731,080	(186,080)	42
	EMS	ESA (Safety/Security) Retrofits - Park Services	2012				
		2012 Capital Budget		200,000	172,173	27,827	
		Raymond Plourde Asbestos Retrofits	2015				
		Council Resolution CC2015-339 (included in 2016 Capital Budget)		374,140	401,140	(27,000)	
		Ambulance	2015				
Outside Boards	Pioneer Manor	2015 Capital Budget		621,220	537,185	84,035	43
		Ceiling Lifts	2013				
		2013 Capital Budget		350,000	268,278	81,722	44
	Public Safety	Communication Infrastructure	2011				
		2011 Capital Budget		595,000			
		2012 Capital Budget		906,180			
		2012 Transit Capital Budget		304,000			
		2012 Fire Capital Budget		2,270,074			
		2013 Capital Budget		943,333			
		2014 Capital Budget		950,640			
		2015 Capital Budget		950,640			
		Internal Financing from 2016-2021 Capital Budgets		5,703,840			
				12,623,707	12,578,217	45,490	
Cancelled Projects							
Assets, Citizen & Leisure	Infrastructure Services	Hauled Sewage Site Closure					
		2009 Capital Budget		115,000			45
	Citizen & Leisure	Splash Park at Bell Park - ACT Partnership					
		2011 Capital Budget		50,000			46
		Naughton Community Centre - Furnace					
		2015 Capital Budget		30,000			47
	Tom Davies Square	Expansion Joint					
		2015 Capital Budget		50,000			48
	Assets	Concourse Landscaping Design and Update per Master Plan					
		2015 Capital Budget		100,000			49
		Transit - Elm Street Bus Depot - Building Shell Assessment					
		2015 Capital Budget		10,000			50

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
Notes:							
1		Actual expenditures were higher than budgeted due to additional railway work being completed. The overexpenditures were funded from the 2008 Railway Crossing budget.					
2		Actual expenditures were higher than budgeted due to unfavourable tender pricing. The overexpenditures were funded from the 2010-2013 Road Contingency accounts.					
3		Actual expenditures were lower than budgeted due to favourable tender pricing. The surplus was transferred to fund overexpenditures on Elgin Street (\$170K), Vaughan Street (\$45K), David Street (\$40K), and Navanod Road (\$13K). The remaining surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Roads for the 2016 year end.					
4		Actual expenditures were higher than budgeted due to additional storm sewer installations and unfavourable soil conditions. The overexpenditures were funded from Garson Coniston Road (\$203K), Bancroft Drive (\$89K), Surface Treatment Asphalt (\$33K), and Crack Sealing (\$20K).					
5		Actual expenditures were lower than budgeted due to favorable tender pricing. The surplus was transferred to MR15 Bridges account.					
6		Actual expenditures were higher than budgeted due to additional storm sewer work that was required. The overexpenditures were funded from Bancroft Drive.					
7		Actual expenditures were higher than budgeted due to additional work on Elgin Street. The overexpenditures were funded from Lasalle/Barrydowne Intersection (\$13K) and the Roads Contingency account.					
8		Actual expenditures were higher than budgeted due to additional work required due to Water and Wastewater modifications. The overexpenditures were funded from Regent, Bouchard, Southview (\$170K), and the Roads Contingency account.					
9		Actual expenditures were higher than budgeted due to additional lamp post replacements due to safety concerns as well as for the conversion to LED. The overexpenditures were funded from the Roads Contingency account (\$44,240.34), and Errington St (\$150,838.88).					
10		Actual expenditures were higher than budgeted due to additional bridge work needed. The overexpenditures were funded from Hebert St Culvert.					
11		Actual expenditures were lower than budgeted due to favourable tender pricing. The surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Roads for the 2016 year end.					
12		Actual expenditures were higher than budgeted due to unfavourable tender pricing. The overexpenditures were funded from Loach's Road & Windle Drive (\$155K) and Regent/ Bouchard/Southview project.					
13		Actual expenditures were lower than budgeted due to favourable tender pricing. The surplus was moved to David Street (\$90K) and the remaining surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Roads for the 2016 year end.					
14		Actual expenditures were higher than budgeted due to unfavourable tender pricing. The overexpenditures were funded from Elm Street (\$90K), Ronald Crescent (\$35K), Ellen Street (\$23K) and Regent/Bouchard/Southview.					
15		Actual expenditures were lower than budgeted due to favourable tender pricing. The surplus was moved to David Street (\$35K) and the remaining surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Roads for the 2016 year end.					
16		Actual expenditures were lower than budgeted due to favourable tender pricing. The surplus was moved to Navanod Road (\$15K) and the remaining surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Roads for the 2016 year end.					
17		Actual expenditures were lower than budgeted due to favourable tender pricing. The surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Roads for the 2016 year end.					
18		Actual expenditures were higher than budgeted due to the requirement to remove higher quantities of trench rock than initially foreseen and due to poor soil conditions at some sites requiring special stabilization techniques. The overexpenditures were funded from the 2010 Roads Contingency account.					
19		Actual expenditures were lower than budgeted due to less trench rock encountered in the project and the costs of concrete pipe was significantly less than the engineers estimate. The surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Drains and Stormwater Management Reserve Fund for the 2016 year end.					
20		Actual expenditures were lower than budgeted due to favourable tender pricing. The surplus was moved to Jean Street (\$201K) and the remaining will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Water for the 2016 year end.					
21		Actual expenditures were lower than budgeted due to lower than expected tender pricing and some over-estimating. The surplus was moved to the Capital Financing Reserve Fund - Water (\$1M), Design Consultant Costs (\$15K) and the remaining surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Water for the 2016 year end.					
22		Actual expenditures were higher than budgeted due to higher than expected tender pricing and some under-estimating. The overexpenditures were funded from Bancroft Drive (\$194K), Robinson Street (\$175K), and Ontario Street (\$25K).					
23		Actual expenditures were higher than budgeted due to higher than expected tender pricing and some under-estimating. The overexpenditures were funded from Third Avenue.					
24		Actual expenditures were higher than budgeted due to higher than expected tender pricing and some under-estimating. The overexpenditures were funded from Watermain Rehabilitation.					
25		Actual expenditures were lower than budgeted due to lower than expected tender pricing. The surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Water for the 2016 year end.					
26		Actual expenditures were higher than budgeted due to higher than expected tender pricing and some under-estimating. The overexpenditures were funded from Lasalle/Notre Dame Improvements (\$195K) and remainder from Ramsey View Court.					
27		Actual expenditures were higher than budgeted due to higher tendered unit prices than estimated. The overexpenditures were funded from Annual Leak Detection (\$300K), Ramsey Lake Looping (\$110K), Watermain Rehabilitation (\$60K), Foundry St (\$57K), and various other projects under \$5,000.					

Division	Department	Project Description	Year Started	Total Original Budget	Final Cost	Variance	Notes
28		Actual expenditures were lower than budgeted due to tendered unit prices were lower than the detailed design unit prices. The surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Water for the 2016 year end.					
29		Actual expenditures were lower than budgeted due to lower than expected tender pricing. The surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Water for the 2016 year end.					
30		Actual expenditures were higher than budgeted due to higher than expected tender pricing. The overexpenditures were funded from Afton Avenue (\$55K) & Madison Avenue (\$10K).					
31		Actual expenditures were higher than budgeted due to higher than expected tender pricing. The overexpenditures were funded from Lasalle/Notre Dame Improvements.					
32		Actual expenditures were lower than estimated due to favourable tender pricing. Funding for this project was from the cancellation of BarryDowne Road watermain project from the 2015 Capital Budget and \$600,000 was reallocated to this project as shown in the Completed Capital Projects for the period of April 2015 to June 2015 as presented to the Finance and Administration Committee in September 2015. This was in accordance with the Emergency Purchase provisions of the Purchasing By-Law and a separate report to Council is to follow.					
33		Actual expenditures were lower than budgeted due to fewer repairs and rehabilitation being required. The surplus was transferred to the 2012 Well Inspections account.					
34		Actual expenditures were lower than budgeted due to over-estimation of costs. The surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Wastewater for the 2016 year end.					
35		Actual expenditures were higher than budgeted due to higher than expected tender pricing and under-estimation of costs. The overexpenditures were funded from Robinson Street (\$101K) and Ontario Street.					
36		Actual expenditures were lower than budgeted due to lower than expected tender pricing and over-estimation. The surplus will be used to cover any anticipated deficits for 2016 capital projects or will be transferred to the Capital Financing Reserve Fund - Wastewater for the 2016 year end.					
37		Actual expenditures were higher than budgeted due to tendered unit prices were higher than the detailed design unit prices. The overexpenditures were funded from additional funding from System Improvements.					
38		Actual expenditures were higher than budgeted due to some site unknowns that were exposed during the construction phase. The overexpenditures were funded from 2014 Lift Station Upgrades (\$180K), 2012 Lift Station Upgrades (\$108K), 2011 Lift Station Upgrades, (\$125K), and recoveries from others (\$4K).					
39		Actual expenditures were lower than budgeted due to lower construction tendered pricing than estimated. As presented to Council in January 2013, the estimated construction cost estimate for the redevelopment was in the range of \$21.75 to \$23.5 million for renovation + \$4.9 million for the purchase of the land and building which resulted in total costs estimated to be in the range of \$26.65 million to \$28.4 million. The surplus has resulted in the acquisition of \$3 million less in external debt than originally planned.					
40		Actual expenditures were higher than budgeted due to additional replacement of associated equipment due to deteriorated condition that was not planned for, as well as additional hoisting costs (ie. use of crane) since parts could not fit within the existing elevator cabs. The overexpenditures were funded from Skylight Replacement (\$80K), Energy Conservation (\$75K), HVAC Documentation (\$50K), Parking Gate Repair (\$43K) and recoveries from others.					
41		Actual expenditures were higher than budgeted due to additional work required due to site conditions (ie. additional work required to meet product warranty requirements, various heating/electrical repairs associated with the revolving door location/curtainwall, and concrete curb repairs due to salt infiltration). The overexpenditures were funded Fire Pump Control (\$29K), Lionel E Lalonde Centre (\$13K) and various other projects under \$10,000.					
42		Actual expenditures were higher than budgeted due to additional work required due to building condition. This additional work included change orders relating to structural issues such as the concrete pad, block wall and flooring and associated contract administration fees. The overexpenditures were funded from Various Facilities - Safety (\$66K), Accessibility (\$50K), Leisure Asset Study (\$20K), Chelmsford Arena Dehumidifier (\$17K), Chelmsford Arena (\$15K), 2014 CD Assets Contingency (\$14K), and recoveries from others (\$2K).					
43		Actual expenditures were lower than budgeted due to favourable pricing and purchasing discounts offered through the manufacturer. The purchase discounts alone totaled over \$42,000. The surplus has been transferred to the Ambulance Reserve Fund.					
44		Actual expenditures were lower than budgeted due to improved pricing and surplus funds were reallocated to other priority projects. The surplus was moved to Floor Lifts (\$15,000), Motomeds (\$8,000) and the remaining balance to contingency.					
45		This project was cancelled as the funds were needed to be drawn upon in the 2016 Capital Budget. Funds were transferred to the Capital Financing Reserve Fund - Environmental Services and subsequently drawn for the 2016 Capital Budget.					
46		This project was cancelled due to the fact that the partnership with ACT didn't materialize. The budget will be reallocated to other splash parks in the City.					
47		This project was cancelled due to the fact that staff at the community centre confirmed the furnace was still in good repair. Of the original budget, \$10,000 was transferred to the Dow Pool, and \$20,000 was transferred to Various Roof Repairs.					
48		This project was cancelled as it was to be funded from the Parking Improvements Reserve Fund in the 2016 Capital Budget. Funds were transferred to the Public Works Building Reserve Fund and was used as funding in the 2016 Capital Budget - Assets/Facilities.					
49		This project was cancelled as it was to be funded from the Parking Improvements Reserve Fund in the 2016 Capital Budget. Funds were transferred to the Public Works Building Reserve Fund and was used in the 2016 Capital Budget - Assets/Facilities.					
50		This project was cancelled to fund other project deficits with greater priority. The funds were reallocated as follows: \$1,450 to 2013 Asset Contingency; \$254 to TDS HVAC; and \$8,296 to the TDS Garage Podium.					

For Information Only

Audit of Contract ENG11-42

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Tuesday, May 31, 2016
Type:	Correspondence for Information Only

Resolution

Please refer to attached report.

Signed By

Report Prepared By

Ron Foster
Auditor General
Digitally Signed May 31, 16

Division Review

Ron Foster
Auditor General
Digitally Signed May 31, 16

Recommended by the Department

Ron Foster
Auditor General
Digitally Signed Jun 1, 16

Auditor General

Ron Foster
Auditor General
Digitally Signed Jun 1, 16

Audit of Contract ENG11-42

May 26, 2016
FINAL REPORT



SUMMARY

Objectives

The objectives of this audit were to determine if internal controls over contract payments were in place and operating effectively; and if risks to CGS arising from the contract were being managed effectively.

Background

ENG11-42 was awarded to Bruce Tait Construction Ltd. which was the successful bidder in response to a tender that was issued in 2011 for Emergency Water & Wastewater Repairs.

Scope

The scope of the audit included payments to the vendor from 2012 to 2016. Compliance with the Purchasing By-law was not assessed in this audit as it is included in the follow-up of the Procurement Audit which will be completed in Q2 of 2016.

Report Highlights

This audit indicated that expenditures for emergency repairs have been increasing since 2012. Contract management practices have improved over the term of the contract but were not sufficient in the initial years to ensure that all amounts billed were accurate. While no evidence of fraud or abuse was detected during our audit, we identified the need to:

- Examine alternatives to reduce the escalating annual costs for emergency repairs by contractors;
- Ensure that sufficient information is provided by the contractor to support their invoices to enable staff to assess the reasonableness and accuracy of amounts billed;
- Continue to refine the invoice review and approval process to ensure that charges for equipment are appropriate; and
- Ensure the successful contractor adheres to the City's updated requirements in the new contract when it submits its initial invoices for repairs.

We would like to thank staff for their excellent co-operation during this audit. We were encouraged by staff's willingness to work with us and to embrace our suggestions for improvement.

Audit Standards

- We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we adequately plan for the audit; properly supervise audit staff; obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions; and prepare audit documentation related to the planning, conducting, and reporting for each audit. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

For further information regarding this report, please contact Ron Foster at extension 4402 or via email at ron.foster@greatersudbury.ca

OBSERVATIONS AND ACTION PLANS - 1

Annual Contract Payments

Observation

In 2011, Bruce Tait Construction Ltd. was the successful bidder in response to the tender that was issued for Emergency Water/Wastewater Repairs. Payments under contract ENG11-42 have increased while the capital funding has remained below the levels recommended within the Financial Plan adopted by Council in 2011. As a result, capital expenditures have been insufficient to address the increasing age of the infrastructure which is now more than 50 years old on average.

Year	Number of Water main Breaks	Contract value in \$ Millions (Adj. for inflation)	Actual payments in \$ Millions	Water Distribution Capital Budget in \$ Millions
2012	78	\$0.76	\$2.1	\$3.7
2013	103	0.78	3.4	8.7
2014	141	0.80	3.9	6.2
2015	184	0.82	4.2	5.8

Impact

1. Operating expenditures to maintain the water/wastewater infrastructure have consistently exceeded contract values in recent years and will likely continue to increase due to the age of this infrastructure.

Recommendation

1. Given the increasing volume of annual repairs and age of the underlying water/wastewater infrastructure, management should examine alternatives to reduce the escalating annual costs for emergency repairs by contractors.

Management Comment

- ♦ Management recognizes the need to focus on rehabilitation & replacement in lieu of emergency repair. Management also understands that given the existing condition of the watermain infrastructure, it will be necessary and prudent to maintain an adequately funded and robust emergency repair program. Management will endeavor to identify the capital investment required to maintain an average annual emergency repair budget that is acceptable to council.

- ◆ Management recognizes that the trend of increasing costs for emergency repairs is financially unsustainable.
- ◆ Management further agrees that emergency repairs are not the most cost effective or preferred method to permanently renew underground linear infrastructure. This contract is not meant as a substitute for conventional linear construction because the emergency repair contractor does not perform any permanent repairs. Most of the original old infrastructure remains in the ground after the emergency work is complete. A large portion of the costs in an emergency repair is restoration. If the work is performed in conjunction with a conventional construction project, road restoration could be performed more cost effectively and yield much better value in terms of long term failure risk reduction.
- ◆ Management agrees that providing levels of annual capital funding in accordance with the Financial Plan adopted by Council in 2011 for the period of 2012 to 2021 would eventually help to reduce break frequency and reduce the consequent resources required to effect emergency repairs. Management recognizes that Council has provided supplemental capital contributions in 2011, 2012, 2014, & 2016 and that the supplemental contribution in 2016 resulted in an overall rate increase in line with the recommendations in the Financial Plan. As well, Management has recognized the requirement for additional linear capital and has redistributed existing capital envelopes to increase the proportions spent on linear capital renewal. Accordingly, in 2016 the proportion of overall water/wastewater capital allocated to watermain rehabilitation and replacement was increased by Management and was also approved by Council.
- ◆ Management is currently updating the Waster /Wastewater financial plan in conjunction with the Water/Wastewater Master Plan. Management is also developing an updated format for our Asset Management plan. These exercises are scheduled for completion in the fall of 2017 and will establish a master plan that should reduce the escalating annual costs for emergency repairs. The process for completing these exercises is a regulatory requirement of the Safe Drinking Act and will involve dialogue with Council and community stakeholders commencing in 2016.

Action Plan

1. Management will examine alternatives to reduce the escalating annual costs for emergency repairs by contractors.

Action Plan Lead

Tony Cecutti / Nick Benkovich

Timing

2016/2017

OBSERVATIONS AND ACTION PLANS - 2

Use of Dump Sites

Observation

The contractor charged the City for depositing and leveling fill at privately owned dump sites at Long Lake and near Lasalle Boulevard between 2013 and 2015. While there is nothing within By-law 2003-282 which prohibits the City from leveling fill or spending funds to level fill, subsection 4(d) of the by-law states that the application form shall contain an acknowledgment that the applicant understands that the City will not level any surplus fill. The letters of consent that were signed by the owners of these sites indicate that the leveling of the fill material was the responsibility of the owner. By-law 2003-282 also requires an annual report to be sent to Council on the use of surplus fill but none was prepared for these years.

Impact

1. Owners of the private sites benefitted from having fill leveled on their properties for no charge.
2. The City's actions were not in compliance with the provisions of By-law 2003-282 which Council agreed to amend in May 2016 to shift responsibility for the locating of surplus fill sites and the ownership of the surplus fill to contractors.

Recommendation

Water/Wastewater staff should comply with the revised By-law.

Management Comment

- ♦ Management acknowledges that the leveling of fill at private disposal sites was not consistent with the agreements with private property owners. The practice of leveling fill has been a long standing conventional approach to disposal of surplus fill at private sites. Management found the former agreement framework to be impractical especially as it relates to emergency work (24/7/365). It is impractical to expect private owners to be available 24 hours per day, seven days per week, and especially at night when many emergency repairs are performed outside of normal hours of work. Without City intervention, emergency repair procedures would have been compromised due to lack of disposal sites, or alternatively material may have to be double handled as it would be disposed at temporary sites. Performing work with City forces at private disposal sites was found to be more cost effective than temporary double handling of material.
- ♦ Management recognized this ambiguity and moved to correct the issue on June 18, 2015 in a report to the Operations Committee, whereby Management requested authorization to amend the Surplus Fill Policy & Bylaw 2003-282.
- ♦ In previous contracts, the emergency contractor was expected to temporarily dispose surplus excavated material at City Yards. This required considerable expense to double handle the material for disposal or re-use.

- ♦ The former surplus fill framework was inconsistent with the current site alteration by-law. Upon review of the two by-laws management recommended that the site alteration by law remain and the surplus fill by-law be eliminated. This has recently been endorsed by Council.
- ♦ Management notes that the new surplus fill framework prescribes that all surplus fill be made the property of the contractor upon excavation. Contractors would be expected to find suitable disposal locations at their expense.

Action Plan

Management will continue to coordinate with and provide feedback to the City's Manager of Construction Services, as issues arise. Construction services is currently working on provisions for useable dump sites and associated agreements including specific recognition of the needs of a (24/7/365) emergency response situation.

Alternatively, WWW (Water - Wastewater) staff has set up a location where spoils can be dumped temporarily at a City depot, providing that the quality of material (and resulting runoff) is acceptable.

Moving forward the surplus fill arrangements will be adjusted to align with the new framework.

Action Plan Lead

Tony Cecutti / Nick Benkovich

Timing

Commenced already & ongoing

OBSERVATIONS AND ACTION PLANS - 3

Review and approval of invoices

Observation

An examination of invoices approved by water/wastewater staff in 2013 and 2014 indicated that insufficient information was often submitted by the contractor on the size of the repair to allow City staff to assess the reasonableness and accuracy of amounts charged for repairs. During this period, staff's process for the review and approval of invoices was not sufficiently reliable to ensure that charges for equipment and other amounts were appropriate.

In 2015, changes were implemented to improve the effectiveness of staff's review and approval of invoices from the contractor. These revisions led to a credit for approximately \$7,000 being issued to the City for equipment charges. Further refinements were made to invoice review procedures in 2016 to develop performance metrics for repair jobs to allow staff to assess the reasonableness of amounts charged by the contractor. For large and atypical repairs, staff that attend the repairs prepare reports noting the equipment and labor employed during the repairs and the number and size of trenches.

Year	Labour	Equipment	Moving	Others	Total				
	Cost/Cu. Ft. (\$)	Ratio to total costs (%)	Cost/Cu. Ft (\$)	Ratio to total Costs (%)	Cost/Cu. Ft (\$)	Ratio to total Costs (%)	Cost/Cu. Ft (\$)	Ratio to total Costs (%)	Ratio to total Costs (%)
2013	\$ 0.73	45%	\$ 0.34	21%	\$.12	8%	\$0.43	26%	100%
2014	\$0.79	34%	\$0.73	32%	\$0.14	6%	\$0.63	28%	100%
2015	\$0.67	36%	\$0.66	35%	\$0.08	4%	\$0.31	25%	100%

Impact

1. As the staff in water/wastewater did not have complete information to verify the accuracy and reasonableness of invoices received, the City may have been overcharged for repairs in 2014.

2. Higher charges for equipment have contributed to increases to repair costs since 2013.

Recommendation

1. Staff need to ensure that sufficient information is provided by the contractor to support their invoices to enable staff to assess the reasonableness and accuracy of amounts billed.
2. Staff need to continue to refine the invoice review and approval process to ensure that charges for equipment are appropriate.

Management Response

Staff has followed an invoice approval process which includes a review of existing documents such as the Trouble Investigator crew cards, watermain break reports, and Supervisor site notes to check the invoices for "reasonableness", before approving them. This existing process has yielded several invoices that required additional clarification before being resubmitted and others where credit invoices were required by CGS before final approval and payment.

Notwithstanding that an invoice approval process existed, Management has identified the need to strengthen the oversight framework, and have begun the implementation of a number of improvements as defined in an updated Service Contract Management Framework.

As well, effective January 2015, a new afternoon shift (Mon – Fri; 4 – 12) Supervisor II rotation was implemented. This action was further reinforced on December of 2015 with the addition of a pilot program to implement a night shift Supervisor II over the winter season (Mon – Fri; 0000 – 0800) to provide 24 / 5 coverage. Weekend coverage is already provided through staff on the non-union standby rotation. The primary responsibility of these individuals is the oversight of both CGS field staff and contracted resources active in the field during their watch. For the remainder of the calendar year night shift Supervision will be provided by existing resources. It is our hope that after confirming the impact and viability of the pilot program that the year round night shift presence will be made permanent.

Although the equipment costs show an increase over the period from 2013 – 2015 it is important to note:

1. In December of 2013, the contractor incorporated the use of trench boxes and hydro-excavation into the repair operations to help reduce the excavation footprint and consequent costs of the repair. The 2011 Audit of Watermain Repairs noted that:

“Safety related to excavations and trenches is a key element that requires constant vigilance, as it is clear that repair costs and the impact to road surfaces increase significantly when the dimensions of excavations and trenches increased.”

It is clear that despite some early spikes in the costs for equipment (as the new equipment was integrated into the process) both the cost of labour and the overall costs shows favorable improvement in 2015 as indicated in the table. It is also clear that the overall benefit to the repair program from the introduction of hydro-excavation and trench boxes was positive particularly when a \$300,000 reduction in the 2013 budget for road restoration costs was also considered.

Action Plan

Management will consistently follow a process to verify the reasonableness of invoices received, by following through with the full implementation of the recently introduced Contract Management Framework. The Framework is designed to mitigate both the health & safety risks as well as general program control risks. The Framework incorporates many recognized principles and practices for effective management of service contracts and aligns with guidelines as recommended in the Ontario Government publication entitled: "Municipal Service Contract Administration".

The framework defines roles & responsibilities, incorporates a flexible risk-based monitoring approach and identifies a suite of important documentation tools to improve the collection of relevant field and event data. This risk based approach along with the other tools incorporated into the framework should ensure that detailed reports noting the amount of equipment and labour employed by the contractor and the size of trenches will be prepared by staff attending the repair sites. These reports will provide sufficient data to allow staff to routinely check the reasonableness of amounts invoiced for these repairs.

Five Key Performance indicators (KPIs) have been developed to allow staff to assess the reasonableness of amounts charged to Emergency Repairs and are being actively tracked including: Contractor Mobilizing Time, Time to Complete Repair (Time Duration from Mob to De-mob), Length of Service Outage, Cost per M3 Excavated Volume (\$/m3), & Actual Costs vs Budget. Our action plan moving forward includes use of the KPIs as tools to ensure the reasonableness of the costs.

Action Plan Lead

Tony Cecutti / Nick Benkovich

Timing

The full implementation of performance monitoring for activity under this Contract will be in place by June 30, 2016.

OBSERVATIONS AND ACTION PLANS - 4

Emergency Repair Contract

Observation

The current contract is not sufficiently detailed to determine what can and cannot be charged for equipment and labor. We found a significant number of invoices with charges for equipment that were permissible under contract ENG11-42 but were subject to interpretation. For example, charging a hoe ram under one category resulted in a \$40 higher rate than if it had been charged under another category.

The contract is silent on the rates to be charged for equipment that is not identified in the contract. We found several instances where a bulldozer was used for leveling soils at dumpsites but the City was charged using the hourly rate for an excavator.

The contract is also silent regarding the ability to charge for contract staff when on break for rest periods and meals. While the contractor was not consistent when billing for breaks, we found no evidence of abuse by the contractor when billing for these amounts.

We noted that the recent tender that was issued by staff for emergency repairs includes improved language that will clarify what amounts can and cannot be charged for repairs.

Impact

Ambiguity in the language may lead to different interpretations of the contract by the contractor and City staff.

Recommendation

Staff should ensure the successful contractor adheres to the City's updated requirements in the new contract when it submits its invoices for repairs.

Management Comment

Management follows a review process for all invoices before approval. Any additional equipment beyond what is specified in the Repair Work Crew must be approved by City Staff before arrival on site. Existing Contract provisions enable Management to deal effectively with unforeseen changes in scope. Staff approves this equipment based on the City's performance requirements related to site conditions, location, depth, and prior experience in the area. This ensures that the equipment on site is appropriate for the work

to be done to achieve the contract imperatives. Notwithstanding that an existing review process existed, the new Contract Management Framework has provided improved tools and data for staff to better document these approvals and flag anomalies before payment of invoices.

It is acknowledged that the Contract does not give clear direction on whether to pay for labour meal break times. This will be addressed in the new contract tender documents and will specify much clearer language with respect to payment of meal breaks.

- ◆ Regarding meal breaks, the contractor is responsible for providing meal breaks as defined in the Employment Standards Act. Management has traditionally deferred to the Emergency Contractor to determine when it is appropriate for their staff to take a meal break. Similar to the OHSA, management has avoided intervening with the contractor's obligations regarding labour relations. The nature of the emergency repairs is such that the repair crews do not often take meal breaks all at the same time. It would be difficult for City management to determine exactly when the contractor is taking a formal meal break.
- ◆ This contract stipulates that the emergency contractor is the constructor. This is an important distinction for management as in the role of constructor and contractor, it assumes all Health and Safety obligations. Under the OHSA, the constructor must be responsible for the work methodology. City staff is not entitled to dictate the work method without assuming the constructor responsibility under the Act. Despite this conflict the current contractor has always taken the most reasonable approach under the circumstances.
- ◆ To provide better management of the contracts and maintain the contractor's constructor status under the OHSA, management is implementing the following procedures in future tenders:
 - formal documentation of service criteria to support the contractor's choice of equipment;
 - clarification of invoicing for longer shifts where mandatory meal breaks would be required and therefore need to be precluded from invoicing.

Action Plan

Provide clear language for amounts that can be charged for different types of equipment and labour in future contracts for emergency water and wastewater repairs.

Action Plan Lead

Tony Cecutti / Nick Benkovich

Timing

This additional language will be integrated into the tender currently under development for a new contract which will be in place by September 1, 2016.

For Information Only

Follow-up Audit of Procurement

Presented To:	Audit Committee
Presented:	Tuesday, Jun 21, 2016
Report Date	Thursday, Jun 02, 2016
Type:	Correspondence for Information Only

Resolution

Please refer to attached report.

Signed By

Report Prepared By

Vasu Balakrishnan
Senior Auditor
Digitally Signed Jun 2, 16

Division Review

Ron Foster
Auditor General
Digitally Signed Jun 2, 16

Recommended by the Department

Ron Foster
Auditor General
Digitally Signed Jun 2, 16

Recommended by the C.A.O.

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Auditor General
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Auditor General
Digitally Signed Jun 2, 16

Follow-up Audit of Competitive Procurement

May 31, 2016
FINAL REPORT



SUMMARY

Objectives

The objective of this follow-up audit of the Competitive Procurement Audit that was completed in June 2014 is to determine if the agreed management action plans have been implemented and to determine if those plans adequately address identified risks.

Background

The June 2014 audit of Competitive Procurement identified significant opportunities to improve the oversight and monitoring of purchasing practices and the use of PeopleSoft system.

The primary objective of this follow up audit is to assess the progress and completion of action plans outlined by Management in response to audit findings. Amongst the other incidental objectives are to determine the operational risks in purchasing and assess performance/value for money from purchasing to the City of Greater Sudbury.

Report Highlights

Management has made significant progress in addressing the findings relating to:

- Blanket order management and renewal,
- Maintenance of a centralized list of contracts with expiration dates,
- Enhanced conflict of interest rules,
- Commitment control functionality

Work that is still in progress includes:

- Spend analysis by implementing expanded item category in PeopleSoft,
- Contract renewal form,
- Introduction of a formal procedure/checklist for contract award notification on CGS website,
- Increased use of PeopleSoft for managing purchase orders,
- Improving data entered in the 'freeform field',
- Implementation of procurement contract functionality and
- Interface of Municipal Maintenance Management and PeopleSoft Purchasing and Accounts Payable.

A detailed update of Management's Action Plans in relation to each of the audit findings is provided at Appendix 1.

Audit Standards

- We conducted our review in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we adequately plan for the audit; properly supervise audit staff; obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions; and prepare audit documentation related to the planning, conducting, and reporting for each audit. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

For further information regarding this report, please contact Ron Foster at extension 4402 or via email at ron.foster@greatersudbury.ca

Appendix 1 – Detailed Update of Management’s Action Plan

Ref	Audit Finding/Issue	Action Plan Timing	Current status
1	Need to complete establishment of Blanket Purchase Order Agreement records.	June 2015	Majority of Blanket Orders completed by December, 2015.
	Monitoring, validation and verification of Blanket/Standing orders for special pricing/discounts and expiry dates.	June 2014	Spend Analysis improvement expected from implementation of expanded category list.
	Opportunities to improve Purchase/Tendering practices.	Not specified	New Purchasing By-Law and procurement templates in 2014.
	Opportunities for improved transparency in reporting contract award and announcements.	June 2014	Contract award and Council Report over \$ 50,000 implemented July, 2015.
	Opportunities for improved organizational policies relating to conflict of interest.	Aug/Sep, 2014	Completed. Incorporated in revised Purchasing By-Law
2	City wide use of PeopleSoft functionality.	Work on going	Training provided in 2014 - Q3 and Sep. 2015 with reporting tool.
	Reliance on manual systems and processes.	Work on going	Request for Quotation functionality planned based on assessment of available options.
	Freeform references in description fields.	Not specified	Training provided in 2014-Q3.
	Application of appropriate internal control framework.	June 2015	In progress.
	PARS (Purchasing Activity Report) report lacked complete information.	Not specified	PSR reporting tool development completed.
	PeopleSoft Commitments Control had not been implemented for all types of contracts.	June 2014	Various improvements planned subject to resource availability.

Ref	Audit Finding/Issue	Action Plan Timing	Current status
3	Manual monitoring processes Develop action plans to increase the use of PeopleSoft purchasing functionality.	September 2014 To be determined based on availability of resources and appropriate expertise.	Completed July 2015. Matrix of selection of suitable functionality assessment on going for implementation.
4	Lack of key metrics impacts operations including performance, productivity and effectiveness of central purchasing support services.	Work on going	Statistics relating to procurement key operational metrics are being tracked.
5	Professional qualifications of purchasing staff may impact achievement of Finance Services objectives. Current staffing approach does not provide for succession planning and staffing key positions in purchasing.	Continued provision of training and development opportunities. Review and assess sufficiency of resources.	Chief Procurement Officer appointed in Aug. 2014. Periodic training provided to all staff. Purchasing section supports CGS succession planning goals.

This follow up audit identified the following additional opportunities for improvement:

Observation	Impact	Potential payback/opportunity
<p>Key Performance Indicators (KPIs) to assess the purchasing department and individual staff have not been developed for objective assessment of the performance of purchasing staff and the department.</p>	<p>Insufficient emphasis may be placed on significant opportunities to improve value for money or address risks that adversely impact achievement of the main objectives of the purchasing function.</p>	<p>Key Performance indicators (KPIs) that support departmental objectives should be developed including:</p> <ul style="list-style-type: none"> -Reduction in annual spend on major contractors/suppliers; -Managed spend vs. Total spend; -Vendor assessment; - Assess the annual cost over time to issue purchase orders, contracts, RFTs, and RFPs; and -Measures for open bidding process.



City of Greater Sudbury Charter

WHEREAS Municipalities are governed by the Ontario Municipal Act, 2001;

AND WHEREAS the City of Greater Sudbury has established Vision, Mission and Values that give direction to staff and City Councillors;

AND WHEREAS City Council and its associated boards are guided by a Code of Ethics, as outlined in Appendix B of the City of Greater Sudbury's Procedure Bylaw, most recently updated in 2011;

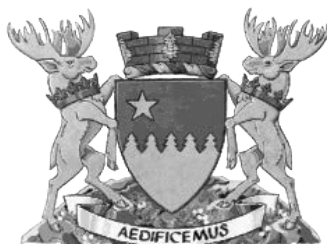
AND WHEREAS the City of Greater Sudbury official motto is "Come, Let Us Build Together," and was chosen to celebrate our city's diversity and inspire collective effort and inclusion;

THEREFORE BE IT RESOLVED THAT Council for the City of Greater Sudbury approves, adopts and signs the following City of Greater Sudbury Charter to complement these guiding principles:

As Members of Council, we hereby acknowledge the privilege to be elected to the City of Greater Sudbury Council for the 2014-2018 term of office. During this time, we pledge to always represent the citizens and to work together always in the interest of the City of Greater Sudbury.

Accordingly, we commit to:

- Perform our roles, as defined in the Ontario Municipal Act (2001), the City's bylaws and City policies;
- Act with transparency, openness, accountability and dedication to our citizens, consistent with the City's Vision, Mission and Values and the City official motto;
- Follow the Code of Ethical Conduct for Members of Council, and all City policies that apply to Members of Council;
- Act today in the interest of tomorrow, by being responsible stewards of the City, including its finances, assets, services, public places, and the natural environment;
- Manage the resources in our trust efficiently, prudently, responsibly and to the best of our ability;
- Build a climate of trust, openness and transparency that sets a standard for all the City's goals and objectives;
- Always act with respect for all Council and for all persons who come before us;
- Ensure citizen engagement is encouraged and promoted;
- Advocate for economic development, encouraging innovation, productivity and job creation;
- Inspire cultural growth by promoting sports, film, the arts, music, theatre and architectural excellence;
- Respect our historical and natural heritage by protecting and preserving important buildings, landmarks, landscapes, lakes and water bodies;
- Promote unity through diversity as a characteristic of Greater Sudbury citizenship;
- Become civic and regional leaders by encouraging the sharing of ideas, knowledge and experience;
- Work towards achieving the best possible quality of life and standard of living for all Greater Sudbury residents;



Charte de la Ville du Grand Sudbury

ATTENDU QUE les municipalités sont régies par la Loi de 2001 sur les municipalités (Ontario);

ATTENDU QUE la Ville du Grand Sudbury a élaboré une vision, une mission et des valeurs qui guident le personnel et les conseillers municipaux;

ATTENDU QUE le Conseil municipal et ses conseils sont guidés par un code d'éthique, comme l'indique l'annexe B du Règlement de procédure de la Ville du Grand Sudbury dont la dernière version date de 2011;

ATTENDU QUE la devise officielle de la Ville du Grand Sudbury, « Ensemble, bâtissons notre avenir », a été choisie afin de célébrer la diversité de notre municipalité ainsi que d'inspirer un effort collectif et l'inclusion;

QU'IL SOIT RÉSOLU QUE le Conseil de la Ville du Grand Sudbury approuve et adopte la charte suivante de la Ville du Grand Sudbury, qui sert de complément à ces principes directeurs, et qu'il y appose sa signature:

À titre de membres du Conseil, nous reconnaissons par la présente le privilège d'être élus au Conseil du Grand Sudbury pour le mandat de 2014-2018. Durant cette période, nous promettons de toujours représenter les citoyens et de travailler ensemble, sans cesse dans l'intérêt de la Ville du Grand Sudbury.

Par conséquent, nous nous engageons à :

- assumer nos rôles tels qu'ils sont définis dans la Loi de 2001 sur les municipalités, les règlements et les politiques de la Ville;
- faire preuve de transparence, d'ouverture, de responsabilité et de dévouement envers les citoyens, conformément à la vision, à la mission et aux valeurs ainsi qu'à la devise officielle de la municipalité;
- suivre le Code d'éthique des membres du Conseil et toutes les politiques de la municipalité qui s'appliquent à eux;
- agir aujourd'hui pour demain en étant des intendants responsables de la municipalité, y compris de ses finances, biens, services, endroits publics et du milieu naturel;
- gérer les ressources qui nous sont confiées de façon efficiente, prudente, responsable et de notre mieux;
- créer un climat de confiance, d'ouverture et de transparence qui établit une norme pour tous les objectifs de la municipalité;
- agir sans cesse en respectant tous les membres du Conseil et les gens se présentant devant eux;
- veiller à ce qu'on encourage et favorise l'engagement des citoyens;
- plaider pour le développement économique, à encourager l'innovation, la productivité et la création d'emplois;
- être une source d'inspiration pour la croissance culturelle en faisant la promotion de l'excellence dans les domaines du sport, du cinéma, des arts, de la musique, du théâtre et de l'architecture;
- respecter notre patrimoine historique et naturel en protégeant et en préservant les édifices, les lieux d'intérêt, les paysages, les lacs et les plans d'eau d'importance;
- favoriser l'unité par la diversité en tant que caractéristique de la citoyenneté au Grand Sudbury;
- devenir des chefs de file municipaux et régionaux en favorisant les échanges d'idées, de connaissances et concernant l'expérience;
- viser l'atteinte de la meilleure qualité et du meilleur niveau de vie possible pour tous les résidents du Grand Sudbury.