

Background

The City's draft 2017 Annual Report is attached and describes the city's financial and non-financial accomplishments for the year. The Annual Report includes the Consolidated Financial Statements of the City of Greater Sudbury for the year ended December 31, 2017. These financial statements have been drafted by Finance in accordance with generally accepted accounting principles as established by the Public Sector Accounting Board and have been audited by KPMG, LLP. The Independent Auditor's Report expresses an unqualified audit opinion.

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

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

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

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

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

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

The Consolidated Financial Statements include the following components:

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

Notes	Provides additional information regarding the City's significant accounting policies and additional information to supplement the statements above.	<ul style="list-style-type: none"> • Revenue recognition policies • Summary of GBE activities • Long term debt information • Accumulated Surplus details • Budget reconciliation
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At a later date, a comprehensive package will be provided containing the following financial reports for the year ended December 31, 2017:

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

Summary

The draft City of Greater Sudbury Annual Report for 2017 including the draft consolidated financial statements of the City of Greater Sudbury and draft financial statements of the City of Greater Sudbury Trust Funds including the respective auditor's reports have been presented to the Audit Committee, to be subsequently approved by Council.