

Consolidated Financial Statements of

**CITY OF GREATER SUDBURY**

Year ended December 31, 2013

# CITY OF GREATER SUDBURY

Consolidated Financial Statements Index

(in thousands of dollars)

Year ended December 31, 2013

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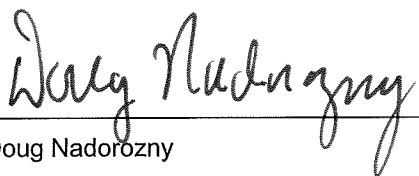
## Management's Responsibility for the Consolidated Financial Statements

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 The Canadian Institute of Chartered Accountants. 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Doug Nadorozny  
Chief Administrative Officer



Lorella Hayes  
Chief Financial Officer and Treasurer



June 24, 2014

## **Independent Auditor's Report**

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

We have audited the accompanying consolidated financial statements of City of Greater Sudbury, which comprise the consolidated statement of financial position as at December 31, 2013 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 City of Greater Sudbury as at December 31, 2013 and the results of their operations, changes in its net financial assets and its cash flows and for the year then ended in accordance with Canadian public sector accounting standards.

**Other matters**

The accompanying consolidated financial statements schedules as at and for the year ended December 31, 2013 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 City of Greater Sudbury.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

# CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position  
(in thousands of dollars)  
December 31, 2013, with comparative figures for 2012

	2013	2012
<b>Financial assets</b>		
Cash	\$ 10,797	\$ 10,104
Taxes receivable (note 4)	7,939	7,334
Accounts receivable (note 5)	39,961	38,072
Inventory held for resale	1,616	1,435
Investment in Government Business Enterprises (note 6 (a))	89,755	82,702
Investments (note 7)	267,842	267,017
	417,910	406,664
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	88,783	78,074
Employee benefit obligations (note 11)	52,639	50,354
Deferred revenue - obligatory reserve funds (note 9)	38,796	29,538
Deferred revenue - other (note 10)	2,896	5,461
Solid waste management facility liability (note 12)	11,359	11,375
Long-term liabilities (note 13)	37,345	43,542
	231,818	218,344
<b>Net financial assets</b>	\$ 186,092	\$ 188,320
<b>Non-financial assets</b>		
Tangible capital assets (note 15)	1,375,254	1,336,882
Inventory of supplies	2,316	2,640
Prepaid expenses	4,756	3,642
	1,382,326	1,343,164
Contractual obligations and commitments (note 16)		
<b>Accumulated Surplus</b> (note 17)	\$ 1,568,418	\$ 1,531,484

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, 2013, with comparative figures for 2012

	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(note 18)</b>		
<b>Revenues</b>			
Government transfers - Provincial	\$ 133,436	\$ 130,617	\$ 132,334
- Federal	11,168	9,750	8,329
Taxation (note 19)	230,877	231,004	222,639
User charges	111,932	112,073	108,934
Investment income	10,948	10,567	10,381
Fines and penalties	5,619	6,226	5,190
Other revenues (note 20)	30,640	31,631	41,260
Government Business Enterprises net earnings (note 6 (c))	860	7,053	2,737
	<b>535,480</b>	<b>538,921</b>	<b>531,804</b>
<b>Expenses</b>			
General government	23,045	22,052	22,023
Protection to persons and property	83,875	85,142	81,273
Transportation services	97,727	98,467	94,621
Environmental services	81,480	79,814	70,798
Health services	26,497	27,113	25,992
Social and family services	100,330	95,877	93,839
Social housing	36,949	38,680	41,340
Recreation and cultural services	39,539	40,226	39,490
Planning and development	14,734	14,616	15,957
	<b>504,176</b>	<b>501,987</b>	<b>485,333</b>
<b>Annual Surplus</b>	<b>31,304</b>	<b>36,934</b>	<b>46,471</b>
<b>Accumulated surplus, beginning of the year</b>	<b>1,531,484</b>	<b>1,531,484</b>	<b>1,485,013</b>
<b>Accumulated surplus, end of the year</b>	<b>\$ 1,562,788</b>	<b>\$ 1,568,418</b>	<b>\$ 1,531,484</b>

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, 2013, with comparative figures for 2012

	2013 Budget (note 18)	2013 Actual	2012 Actual
<b>Annual Surplus</b>	\$ 31,304	36,934	\$ 46,471
Acquisition of tangible capital assets	(111,218)	(106,649)	(74,247)
Amortization of tangible capital assets	67,611	65,178	66,707
Loss (gain) on sale of tangible capital assets		3,000	(98)
Proceeds on sale of tangible capital assets		99	3,541
	(12,303)	(1,438)	42,374
Acquisition of inventory of supplies	-	324	(145)
Prepaid expenses	-	(1,114)	(43)
<b>Change in net financial assets</b>	\$ (12,303)	\$ (2,228)	\$ 42,186
<b>Net financial assets, beginning of the year</b>	188,320	188,320	146,134
<b>Net financial assets, end of the year</b>	\$ 176,017	\$ 186,092	\$ 188,320

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, 2013, with comparative figures for 2012

	2013	2012
<b>Cash flows from operating activities</b>		
Annual Surplus	\$ 36,934	\$ 46,471
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	65,178	66,707
Loss (gain) on sale of tangible capital assets	3,000	(98)
Developer contributions of tangible capital assets	(7,993)	(9,744)
Change in employee benefit obligations	2,285	2,646
Change in solid waste management facility liability	(16)	222
Equity income in Government Business Enterprises	(7,053)	(2,737)
<b>Change in non-cash working capital:</b>		
Increase in inventory held for resale	(181)	(182)
Increase in deferred revenue obligatory reserve funds	9,258	2,432
Decrease in deferred revenue other	(2,565)	(1,507)
Increase in accounts and taxes receivable	(2,494)	(2,898)
Decrease (Increase) in inventory of supplies	324	(145)
Increase in prepaid expenses	(1,114)	(43)
Increase in accounts payable and accrued liabilities	10,709	7,228
	106,272	108,352
<b>Cash flows from financing activities</b>		
Debt principal repayments	(5,945)	(2,368)
Financial obligations	(90)	(30)
Capital lease obligations	(162)	(153)
	(6,197)	(2,551)
<b>Cash flow from capital activities</b>		
Proceeds on sale of tangible capital assets	99	3,541
Cash used to acquire tangible capital assets	(98,656)	(64,503)
	(98,557)	(60,962)
<b>Cash flows from investing activities</b>		
Purchase of investments	(825)	(43,435)
<b>Net increase in cash</b>	693	1,404
<b>Cash, beginning of the year</b>	10,104	8,700
<b>Cash, end of the year</b>	\$ 10,797	\$ 10,104
<b>Supplementary Information</b>		
Interest received	\$ 5,260	\$ 5,010
Interest paid	\$ 1,220	\$ 1,306

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, 2013

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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 Canadian Institute of Chartered Accountants. 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, 2013

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## 1. Significant accounting policies (continued)

### (a) Reporting entity (continued)

#### (ii) Related Entities (continued)

The following contributions were made by the City to these entities

	2013	2012
Nickel District Conservation Authority	\$ 618	\$ 601
Sudbury & District Health Unit	5,578	5,596
City of Greater Sudbury Community Development Corporation	1,437	1,419
	\$ 7,633	\$ 7,616

#### (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, 2013

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## 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, 2013

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## 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 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, 2013

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## 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 City matches contributions made by the employees to OMERS, which is a multi-employer plan. This plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS and expensed in 2013 was \$15,313 (2012 - \$13,504).

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, 2013

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## 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:

<u>Asset</u>	<u>Useful Life - Years</u>
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 SADBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

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## 1. Significant accounting policies (continued)

### (h) Non-financial assets (continued)

#### (ii) 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.

#### (iii) Capital interest

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

#### (iv) 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.

#### (v) Inventory

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

#### (vi) 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 and equipment are the categories where nominal values were assigned.

#### (vii) 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, 2013

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## 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, solid waste management facility liability 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. Adoption of account standards during the year

### a) Government Transfers

PS 3410 was effective for fiscal years beginning on or after April 1, 2012. In accordance with the transitional provisions, the City has adopted this revised standard on January 1, 2013 on a prospective basis. This section provides guidance on recognition of government transfers. The adoption of this standard did not have a material impact to the consolidated financial statements.

### b) Tax Revenue

PS 3510 was effective for fiscal years beginning on or after April 1, 2012. The City has adopted this new standard on January 1, 2013. This section establishes standards on how to account for and report tax revenue in government financial statements. The adoption of this standard did not have a material impact to the consolidated financial statements.

### c) Liability for Contaminated Sites

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. This section establishes standards for reporting a liability associated with the remediation of contaminated sites. The City has early adopted this standard, effective January 1, 2013. The adoption of this standard did not have a material impact to the consolidated financial statements. The City will continue to review contaminated sites on an annual basis that may result in liabilities based on newly identified sites, or changes in the assessment or intended use. These liabilities will be accrued by the City in the year in which they become known.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

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### 3. Accounting Standards issued but not yet adopted

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, 2016. 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.

### 4. Taxes receivable

	2013	2012
Current taxes and grants in lieu of taxes	\$ 7,135	\$ 6,589
Taxes in arrears	8,479	8,420
	15,614	15,009
Less: allowance for doubtful accounts	(7,675)	(7,675)
Net taxes receivable	\$ 7,939	\$ 7,334

### 5. Accounts receivable

Accounts receivable consist of the following:

	2013	2012
Government of Canada	\$ 3,833	\$ 4,224
Province of Ontario	4,519	2,888
Other municipalities	133	144
School boards	122	58
Other receivables	32,914	32,362
	\$ 41,521	\$ 39,676
Less: allowance for doubtful accounts	(1,560)	(1,604)
Net accounts receivable	\$ 39,961	\$ 38,072

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 6. 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 consist of the following:

	SACDC		GSU		2013 Total	2012 Total
Balance, beginning of year	\$	8,594	\$	74,108	\$ 82,702	\$ 79,965
City's share of operating income for the year		665		6,388	7,053	2,737
Balance, end of year	\$	9,259	\$	80,496	\$ 89,755	\$ 82,702

(b) The following tables provide condensed supplementary financial information for the year ending December 31, 2013:

	SACDC		GSU		2013 Total	2012 Total
<b>Financial position</b>						
Current assets	\$	1,272	\$	31,474	\$ 32,746	\$ 32,577
Capital assets		17,761		95,742	113,503	105,961
Other assets		-		12,842	12,842	18,910
Total assets		19,033		140,058	159,091	157,448
Current liabilities		417		20,028	20,445	21,888
Note payable to the City of Greater Sudbury		-		52,340	52,340	52,398
Long term liabilities		9,358		39,534	48,892	52,801
Total liabilities		9,775		111,902	121,677	127,087
Net assets	\$	9,258	\$	28,156	\$ 37,414	\$ 30,361

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 6. Investment in Government Business Enterprises (continued)

(c) The following tables provide condensed supplementary financial information for the year ended December 31, 2013 (continued):

			2013	2012
	SACDC	GSU	Total	Total
Results of operations				
Revenue	\$ 6,401	\$ 134,663	\$ 141,064	\$ 129,051
Expenses	(5,736)	(124,481)	(130,217)	(122,546)
Gain on sale of assets	-	1	1	19
Interest paid to the City of Greater Sudbury	-	(3,795)	(3,795)	(3,787)
<b>Net income</b>	<b>\$ 665</b>	<b>\$ 6,388</b>	<b>\$ 7,053</b>	<b>\$ 2,737</b>
Budgeted net income (loss) for 2013	\$ 1,113	\$ (252)	\$ 861	

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

(i) The investment includes a promissory note of \$52,341 (2012 - \$52,341) from the GSU 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 of the City.

The investment includes a promissory note of \$3,784 (2012 - \$2,881) from SACDC that accrues interest at the City's average monthly rate of return on investments plus 1% and has no specified terms of repayment.

(ii) At December 31, 2013, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$1,583 (2012 - \$2,165) for water billings collected by GSU.

A payable of \$186 (2012 - \$136) for electricity and water bill payments collected by the City of Greater Sudbury on behalf of GSU.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

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## 6. Investment in Government Business Enterprises (continued)

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

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

	2013	2012
Property taxes	\$ 188	\$ 278
Interest on promissory note receivable	3,810	3,779
	\$ 3,998	\$ 4,057

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

	2013	2012
Billing and collection services for water and wastewater	\$ 1,145	\$ 842
Streetlighting maintenance services	504	741
Streetlighting infrastructure	1,552	802
Electricity	6,046	5,144
Telecommunications	428	395
	\$ 9,675	\$ 7,924

(v) There is an amount of \$3,937 (2012 – \$2,938) held in the Trust funds administered by the City for SACDC which are not included in these consolidated financial statements.

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.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 7. Investments

	2013		2012	
	Market	Cost	Market	Cost
Short term investments	\$ 158,322	157,817	\$ 183,928	183,185
Long term investments	111,824	110,025	89,576	83,832
	<u>\$ 270,146</u>	<u>267,842</u>	<u>\$ 273,504</u>	<u>267,017</u>

The investments consisting of term deposits, treasury bills, ONE Fund Money Market and Bond Market funds 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 2014 to 2033 (2012 – 2014 to 2031).

## 8. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2012 - \$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 2.5% (2012 – 2.5%) per annum. No amounts were drawn against the facility at December 31, 2013 and 2012.

## 9. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	December	Externally	Revenue	December
	31, 2012	restricted	earned	31, 2013
		inflows		
Sub-divider contribution	\$ 6,751	2,073	(882)	\$ 7,942
Development Charges Act	539	5,578	(5,389)	728
Recreational Land (Planning Act)	818	238	(224)	832
Gasoline Tax - Provincial	1,097	3,264	(3,044)	1,317
Gasoline Tax - Federal	12,514	9,983	(8,464)	14,033
Building Permit Revenues (Bill 124)	7,819	181	(422)	7,578
Children's Services	-	6,793	(427)	6,366
	<u>\$ 29,538</u>	<u>28,110</u>	<u>(18,852)</u>	<u>\$ 38,796</u>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 10. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31, 2012	Externally restricted inflows	Revenue earned	December 31, 2013
Federal government	\$ 9	25	(16)	\$ 18
Provincial government	4,754	3,454	(6,044)	2,164
Municipal government	-	15	(2)	13
Other	497	160	(157)	500
Consolidated entities	201	-	-	201
	\$ 5,461	3,654	(6,219)	\$ 2,896

## 11. Employee benefit obligations

Employee benefit obligations consist of the following:

	2013	2012
Future payments required for:		
WSIB obligations	\$ 2,198	\$ 1,633
Accumulated sick leave benefits	6,714	6,344
Other post-employment benefits	29,363	28,379
Vacation pay	14,364	13,998
	\$ 52,639	\$ 50,354

The City has established reserve funds in the amount of \$12,382 (2012 - \$10,210) 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, 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.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 11. Employee benefit obligations (continued)

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2013 for each of the plans.

	WSIB	Sick leave	Other Post- Employment Benefits	2013 Total	2012 Total
Accrued benefit liability, beginning of year	\$ 2,962	6,613	29,926	39,501	\$ 39,684
Benefit cost	819	351	1,221	2,391	2,450
Interest cost	150	299	1,327	1,776	1,988
Benefit payments	(730)	(281)	(2,066)	(3,077)	(3,287)
Actuarial gain (loss)	(507)	213	(2,293)	(2,587)	(1,334)
Accrued benefit liability, end of year	2,694	7,195	28,115	38,004	39,501
Unamortized actuarial gain (loss)	(496)	(481)	1,248	271	(3,145)
	\$ 2,198	6,714	29,363	38,275	\$ 36,356

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

	WSIB	Sick Leave	Other Post- Employment Benefits	2013 Total	2012 Total
Current period benefit cost	\$ 819	351	1,221	2,391	\$ 2,450
Prior period cost of plan amendment incurred during the year	-	-	-	-	84
Amortization of actuarial loss	327	1	502	830	890
Benefit interest expense	150	299	1,327	1,776	1,988
Total benefit expense	\$ 1,296	651	3,050	4,997	\$ 5,412



# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

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## 11. Employee benefit obligations (continued)

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	2.1%	2.1%	2.1%
Expected level of salary increases	N/A	2.1%	2.1%
Discount rate	4.5%	4.5%	4.5%

For other post employment benefits, as at December 31, 2013, the initial health care trend rate is 7.79% (2012 – 8.03%) and the ultimate trend rate is 4.5% (2012 – 4.5%) which is expected to be reached in 2029 (2012 – 2029).

## 12. Solid waste management facility liability

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability, which is prepared by an engineering firm, is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses; capacity used or total capacity, useful life and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The City has three active and three inactive landfill sites. Estimated total expenses for these six sites represent the sum of the discounted future cash flows for closure and post-closure care activities discounted using an average borrowing rate of 4.85% (2012 - 4.85%) minus an inflation rate of 1.71% (2012 - 1.80%) (10-year average of CPI from 2003 to 2013). The estimated total landfill closure and post-closure care expenses are calculated to be \$19,104 (2012 - \$19,534). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2013 an amount of \$11,359 (2012 - \$11,375) with respect to landfill closure and post-closure liabilities has been accrued.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

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## 12. Solid waste management facility liability (continued)

### Active sites

The estimated remaining capacity of the Sudbury landfill site is 52% (4,012,000 cubic meters) (2012 - 52%) of its total estimated capacity and its estimated remaining life is 37 years (2012 - 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 35% (691,000 cubic meters) (2012 - 36%) of its total estimated capacity and its estimated remaining life is 22 years (2012 - 23 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 53% (781,000 cubic meters) (2012 - 56%) of its total estimated capacity and its estimated remaining life is 35 years (2012 - 33 years), after which the period for post-closure care is estimated to be 25 years.

## 13. Long-term liabilities

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

	2013	2012
Debentures (i)	\$ 17,207	\$ 18,478
Capital lease obligations (ii)	401	563
Other loans (iii)	3,290	3,465
Accrued financial obligations (iv)	16,447	21,036
	<u>\$ 37,345</u>	<u>\$ 43,542</u>

- (i) The debentures bear interest at rates of 5.386% to 5.734%, repayable in aggregate blended monthly payments of \$189, maturing in March, 2023 to December, 2024.
- (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 other loans bear interest at rates of 5.47% to 5.49%, repayable in aggregate blended annual payments of \$354, maturing in April 2025 to November, 2029.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 13. Long-term liabilities (continued)

Long-term liabilities reported on the consolidated statement of financial position consist of the following (continued):

(iv) Accrued financial obligations consist of the following:

	Last Year of Obligation	2013	2012
Health Sciences North	2023	\$ 7,471	\$ 7,471
Northeastern Ontario Regional Cancer Centre	2023	3,229	3,229
Laurentian University (School of Architecture)	2019	5,500	10,000
Physician Service Agreements	2015	247	336
		\$ 16,447	\$ 21,036

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

2014	\$ 4,886
2015	3,826
2016	3,754
2017	3,794
2018	3,896
Thereafter	17,189
	\$ 37,345

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

General municipal revenues	\$ 34,054
Water/wastewater user fees	3,291
	\$ 37,345

The City expensed \$1,205 in 2013 (2012 - \$ 1,296) in interest on these borrowings.

## 14. 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:

	2013	2012
Taxation	\$ 51,713	\$ 49,690
Payments in lieu of taxes	139	138
	\$ 51,852	\$ 49,828

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

## 15 Tangible capital assets

Cost	Balance December 31, 2012	Additions	Disposals	Balance at December 31, 2013
General Capital:				
Land	\$ 63,761	\$ 3,444	(149)	\$ 67,056
Landfill and land improvements	30,062	2,818	-	32,880
Buildings	299,378	6,776	(2,635)	303,519
Machinery, furniture and equipment	94,279	4,668	(2,061)	96,886
Vehicles	70,537	5,738	(3,841)	72,434
Infrastructure:				
Land improvements	22,405	273	-	22,678
Plants and facilities	325,710	2,956	(625)	328,041
Roads infrastructure	1,113,489	21,918	(7,202)	1,128,205
Water and sewer infrastructure	464,190	17,057	(665)	480,582
Assets under construction	44,657	41,001	-	85,658
<b>Total</b>	<b>\$ 2,528,468</b>	<b>\$ 106,649</b>	<b>\$ (17,178)</b>	<b>\$ 2,617,939</b>

Accumulated amortization	Balance December 31, 2012	Amortization expense	Disposals	Balance at December 31, 2013
General Capital:				
Land	\$ -	\$ -	-	\$ -
Landfill and land improvements	12,373	1,084	-	13,457
Buildings	130,523	8,570	(2,229)	136,864
Machinery, furniture and equipment	57,760	6,515	(2,022)	62,253
Vehicles	38,902	4,727	(3,717)	39,912
Infrastructure:				
Land improvements	2,038	314	-	2,352
Plants and facilities	166,429	9,314	(279)	175,464
Roads infrastructure	644,387	28,095	(5,363)	667,119
Water and sewer infrastructure	139,174	6,559	(468)	145,265
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,191,586</b>	<b>\$ 65,178</b>	<b>\$ (14,078)</b>	<b>\$ 1,242,686</b>

	Net book value December 31, 2012	Net book value December 31, 2013
General Capital:		
Land	\$ 63,761	\$ 67,056
Landfill and land improvements	17,689	19,423
Buildings	168,855	166,655
Machinery, furniture and equipment	36,519	34,633
Vehicles	31,635	32,522
Infrastructure:		
Land improvements	20,367	20,326
Plants and facilities	159,281	152,577
Roads infrastructure	469,102	461,087
Water and sewer infrastructure	325,016	335,317
Assets under construction	44,657	85,658
<b>Total</b>	<b>\$ 1,336,882</b>	<b>\$ 1,375,254</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

## 15 Tangible capital assets (continued):

Cost	Balance December 31, 2011	Additions	Disposals	Balance at December 31, 2012
General Capital:				
Land	\$ 62,936	\$ 1,688	\$ (863)	\$ 63,761
Landfill and land improvements	29,599	854	(391)	30,062
Buildings	291,157	11,143	(2,922)	299,378
Machinery, furniture and equipment	91,206	5,292	(2,219)	94,279
Vehicles	70,039	2,193	(1,695)	70,537
Infrastructure:				
Land improvements	20,096	2,309	-	22,405
Plants and facilities	317,270	8,985	(545)	325,710
Roads infrastructure	1,100,577	15,841	(2,929)	1,113,489
Water and sewer infrastructure	456,273	8,240	(323)	464,190
Assets under construction	26,955	17,702	-	44,657
<b>Total</b>	<b>\$ 2,466,108</b>	<b>\$ 74,247</b>	<b>\$ (11,887)</b>	<b>\$ 2,528,468</b>

Accumulated amortization	Balance December 31, 2011	Amortization expense	Disposals	Balance at December 31, 2012
General Capital:				
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	11,577	1,017	(221)	12,373
Buildings	123,188	8,357	(1,022)	130,523
Machinery, furniture and equipment	53,108	6,867	(2,215)	57,760
Vehicles	35,847	4,751	(1,696)	38,902
Infrastructure:				
Land improvements	1,746	292	-	2,038
Plants and facilities	157,590	9,055	(216)	166,429
Roads infrastructure	617,207	29,968	(2,788)	644,387
Water and sewer infrastructure	133,060	6,400	(286)	139,174
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,133,323</b>	<b>\$ 66,707</b>	<b>\$ (8,444)</b>	<b>\$ 1,191,586</b>

	Net book value December 31, 2011	Net book value December 31, 2012
General Capital:		
Land	\$ 62,936	\$ 63,761
Landfill and land improvements	18,022	17,689
Buildings	167,969	168,855
Machinery, furniture and equipment	38,098	36,519
Vehicles	34,192	31,635
Infrastructure:		
Land improvements	18,350	20,367
Plants and facilities	159,680	159,281
Roads infrastructure	483,370	469,102
Water and sewer infrastructure	323,213	325,016
Assets under construction	26,955	44,657
<b>Total</b>	<b>\$ 1,332,785</b>	<b>\$ 1,336,882</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

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## 15. Tangible capital assets (continued)

### a) Assets under construction

Assets under construction having a value of \$85,658 (2012 - \$44,657) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$51,335 (2012 - \$27,766) to assets under construction and transferred \$10,334 (2012 - \$10,064) 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 \$7,993 (2012 - \$9,744) comprised of the following:

	2013	2012
General Capital		
Land	\$ 461	\$ 76
Land improvements	-	905
Machinery and equipment	212	544
Infrastructure		
Land improvements	205	96
Roads network	3,265	4,347
Water and wastewater network	3,850	3,776
Total	\$ 7,993	\$ 9,744

## 16. Contractual obligations and commitments

### (a) Contracts for capital projects

The balance of capital works uncompleted under contracts in progress at December 31, 2013 amounts to approximately \$86,528 (2012 - \$23,603). The proposed financing of these obligations is \$83,234 (2012 - \$18,730) from surplus funds and \$3,294 (2012 - \$4,874) from external sources.

### (b) Contracts for services

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

2014	\$ 11,691
2015	12,021
2016	7,791
2017	1,331
2018	1,122
	<hr/>
	\$ 33,956

# CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

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(c) Contingent liabilities

As at December 31, 2013, 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.

## 17. Accumulated surplus

Accumulated surplus consists of the following:

	2013	2012
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 1,354,145	\$ 1,314,151
Invested in government business enterprise	89,755	82,702
Other	1,823	1,629
Committed capital:		
Capital projects not completed	79,451	75,462
Unfinanced capital projects to be recovered through taxation or user charges	(34,099)	(20,330)
Unfunded:		
Landfill closure costs	(11,359)	(11,375)
Employee benefits	(52,639)	(50,354)
Accrued financial obligations	(15,200)	(17,200)
	<b>1,411,877</b>	<b>1,374,685</b>
<b>Reserves</b>	<b>8,345</b>	<b>10,966</b>
<b>Reserve funds</b>	<b>148,196</b>	<b>145,833</b>
	<b>\$ 1,568,418</b>	<b>\$ 1,531,484</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 18. Budget data

Budget data presented in these consolidated financial statements are based on the 2013 operating and capital budgets approved by Council. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

	<b>2013</b>
<b>Revenues</b>	
Approved budget:	
Operating	\$ 485,626
Capital	108,879
Consolidated Boards	<u>19,733</u>
	614,238
Adjustments:	
Transfer from reserves to operating	(5,322)
Recognize revenues from obligatory reserve funds	8,457
In year budget adjustments	8,608
Operating transfer to capital and future years funding	(95,753)
Contributed tangible assets	7,994
Reclassification of taxation bad debt expense	<u>(2,742)</u>
<b>Total revenues</b>	<b><u>\$ 535,480</u></b>
<b>Expenses</b>	
Approved budget:	
Operating	485,626
Capital	108,879
Consolidated Boards (A)	<u>18,872</u>
	613,377
Adjustments:	
Amortization of Tangible Capital Assets	67,611
Transfer to reserves and capital	(75,062)
Reduction due to Tangible Capital Assets (TCA)	(111,218)
Post employment benefit expense	1,432
Landfill closure and post closure expense	277
In year budget adjustments	3,595
Reclassification of taxation	(2,742)
Debt principal repayments	(3,445)
Operating expenses budgeted in capital expensed in current year	<u>10,351</u>
<b>Total expenses</b>	<b><u>\$ 504,176</u></b>
<b>Annual surplus</b>	<b><u>\$ 31,304</u></b>

The budget data above does not include amounts for the cost of contributed tangible capital assets (TCA) and the related revenue and gain or loss on the sale of TCA as management cannot estimate the value of these transactions from year to year.

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, 2013

## 19. Taxation

	2013 (Budget)	2013 (Actual)	2012 (Actual)
Municipal tax levy	\$ 222,512	\$ 222,512	\$ 213,894
Supplementary taxation	2,900	2,644	2,859
Payment in lieu of property taxes	7,710	7,685	7,613
Local improvements	522	528	695
	233,644	233,369	225,061
Rebates and Tax Concessions	(2,767)	(2,365)	(2,422)
Net municipal taxation	\$ 230,877	\$ 231,004	\$ 222,639

## 20. Other revenues

Other revenues consist of:

	2013	2012
Gaming and Casino Revenues	\$ 2,360	\$ 2,507
Gain (loss) on sale of Land and Tangible Capital Assets	(2,889)	290
Donated Tangible Capital Assets	7,993	9,744
Donations	2,227	1,274
Development Charges Earned	5,389	4,688
Subdivider Contributions	1,731	1,985
Miscellaneous Recoveries/Revenues	14,820	20,772
	\$ 31,631	\$ 41,260

## 21. Trust funds

Trust funds amounting to \$15,911 (2012 - \$15,626) administered by the City are not included in the consolidated financial statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

## 22. Segmented disclosure

The City of Greater Sudbury is a diversified municipal government institution that provides a wide range of services to more than 160,000 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  
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Year ended December 31, 2013

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## 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, 2013

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## 22. 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, 2013

## 22 Segmented Disclosure (continued)

December 31, 2013	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
<b>Revenues</b>									
Transfer payments	\$ 2,472	13,547	19,053	2,532	94,209	5,186	3,367	-	\$ 140,367
Taxation	16,576	70,083	65,765	-	43,018	26,897	8,663	-	231,004
User charges	5,020	5,173	9,774	65,262	17,494	8,404	946	-	112,074
Other	1,203	9,986	16,673	6,388	5,897	4,975	3,304	7,053	55,477
	25,271	98,788	111,266	74,182	160,618	45,462	16,281	7,053	538,921
<b>Expenses</b>									
Salaries, wages and benefits	25,169	68,537	30,582	17,766	56,969	19,016	7,847	-	225,886
Materials	4,397	7,398	19,544	11,375	21,521	9,939	2,107	-	76,280
Contract services	4,891	2,112	14,420	31,471	31,465	2,864	2,383	-	89,604
Grants and transfer payments	178	664	50	50	39,495	1,269	1,266	-	42,972
Amortization	873	2,934	32,003	17,416	6,694	4,751	507	-	65,178
Other	733	371	109	256	466	104	27	-	2,066
Allocation of shared expenses	(14,188)	3,127	1,760	1,479	5,060	2,283	478	-	0
	22,052	85,142	98,467	79,814	161,670	40,226	14,616	-	501,987
<b>Annual surplus</b>	\$ 3,218	13,646	12,799	(5,631)	(1,052)	5,236	1,665	7,053	\$ 36,934

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2013

22 Segmented Disclosure (continued)

December 31, 2012	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
<b>Revenues</b>									
Transfer payments	\$ 2,398	12,241	15,439	1,515	99,809	4,557	4,704	\$ 140,663	
Taxation	17,368	68,059	54,495	-	45,284	26,398	11,035	222,639	
User charges	4,187	4,841	10,188	63,042	17,358	8,339	979	108,934	
Other	1,565	9,807	25,487	7,256	5,791	5,522	1,403	2,737	59,568
	25,518	94,948	105,609	71,813	168,242	44,816	18,121	2,737	531,804
<b>Expenses</b>									
Salaries, wages and benefits	24,828	65,365	28,599	16,839	55,367	18,383	7,534	216,915	
Materials	5,569	6,704	18,809	11,661	22,888	10,426	2,574	78,631	
Contract services	4,381	1,643	11,539	23,690	31,909	2,566	2,464	78,192	
Grants and transfer payments	144	650	25	52	38,576	691	2,516	42,654	
Amortization	855	3,285	33,885	16,901	6,673	4,610	498	66,707	
Other	780	343	161	267	479	168	36	2,234	
Allocation of shared expenses	(14,534)	3,283	1,603	1,388	5,279	2,646	335	-	
	22,023	81,273	94,621	70,798	161,171	39,490	15,957	-	485,333
<b>Annual surplus</b>	\$ 3,495	13,675	10,988	1,015	7,071	5,326	2,164	2,737	\$ 46,471

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 23. Supplementary financial information

### i) Schedule of Revenues and Expenses - Library

		2013	2012
<b>Revenues:</b>			
Government transfers (note 1)	- Provincial	\$ 421	\$ 412
	- Federal	-	-
Fines and fees		146	145
Other		11	17
		<b>578</b>	<b>574</b>
<b>Expenses:</b>			
Salaries, wages and benefits		\$ 4,431	\$ 4,482
Materials and contract services		1,582	1,596
		<b>6,013</b>	<b>6,078</b>
<b>Excess of expenses over revenues</b>		<b>\$ (5,435)</b>	<b>\$ (5,504)</b>

#### 1. The government transfers are comprised of the following:

##### Provincial

Ministry of Tourism and Culture - Operating	\$ 403	\$ 403
Ministry of Tourism and Culture - Other	5	7
Ontario Library Service - North	2	2
Southern Ontario Library Service	11	-
	<b>\$ 421</b>	<b>\$ 412</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 23. Supplementary financial information (continued)

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

	REVENUES (1)			Total
	Ministry of Education	Legislated Cost Share (Calculated)		
<b>Full Flexibility</b>				
Core Services Delivery (100%)	1,538	0%	0	1,538
Core Services Delivery - (80/20)	6,159	20%	1,540	7,699
Core Service Delivery - (50/50)	355	50%	355	710
Language	1,806	0%	0	1,806
Aboriginal	58	0%	0	58
Cost of Living	254	0%	0	254
Rural/Remote	300	0%	0	300
FDK Transition	393	0%	0	393
Repairs and Maintenance	23	0%	0	23
Utilization Adjustment	0	0%	0	0
Capping Adjustment	4,649	0%	0	4,649
<b>Total (full flexibility)</b>	<b>15,535</b>		<b>1,895</b>	<b>17,430</b>
Transformation	78	0%	0	78
<b>Limited Flexibility</b>				
Capacity Building	53	0%	0	53
Capital Retrofits	92	0%	0	92
Small Water Works	0	0%	0	0
<b>Total (limited flexibility)</b>	<b>145</b>		<b>0</b>	<b>145</b>
<b>No Flexibility</b>				
Territory Without Municipal Organization	0	0%	0	0
<b>TOTAL</b>	<b>15,758</b>		<b>1,895</b>	<b>17,653</b>

(1) Most recent Amended Service agreement

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2013

## 23. Supplementary financial information (continued)

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

Year ended December 31, 2013	EXPENSES		
	Gross Expenditures	Other Offsetting Revenues	Adjusted Gross Expenditure
<b>Full Flexibility</b>			
General Operating	5,067	-	5,067
Regular Fee Subsidy	8,956	(1,264)	7,692
Extended Day Fee Subsidy	395	(54)	341
Recreation Fee Subsidy	227	(13)	214
Ontario Works Formal	1,712	(250)	1,462
Ontario Works Informal	16	-	16
Pay Equity Memorandum	225	-	225
Special needs Resourcing	1,457	-	1,457
Administration	1,558	-	1,558
Repairs and Maintenance	78	-	78
Play-based Material	-	-	-
<b>Total (full flexibility)</b>	<b>19,691</b>	<b>(1,581)</b>	<b>18,110</b>
Transformation	-	-	-
<b>Limited Flexibility</b>			
Capacity Building	52	-	52
Capital Retrofits	240	(65)	175
Small Water Works	-	-	-
<b>Total (limited flexibility)</b>	<b>292</b>	<b>(65)</b>	<b>227</b>
<b>No Flexibility</b>			
Territory Without Municipal Organization	-	-	-
<b>Total</b>	<b>19,983</b>	<b>(1,646)</b>	<b>18,337</b>

## 24. Comparative figures

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted in the current year.