

Consolidated Financial Statements of

CITY OF GREATER SUDBURY

Year ended December 31, 2015

CITY OF GREATER SUDBURY

Consolidated Financial Statements Index

(in thousands of dollars)

Year ended December 31, 2015

	Page
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-38

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 28, 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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"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.

PricewaterhouseCoopers LLP

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	2015	2014
	Budget	Actual	Actual
	(note 17)		
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	3,556
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
	\$ 8,025	\$ 7,844

(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:

<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 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 SADBURY

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
	\$ 9,232	\$ 10,110

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
		\$ 295,508	290,917	\$ 270,674	262,931

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
	\$ 56,458	\$ 55,758

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)
	\$ 2,504	6,763	30,957	40,224	39,376

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
	\$ 88,531	\$ 32,519

(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

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	<u>20,507</u>
	635,192
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	<u>(6,779)</u>
Total revenues	<u>\$ 530,973</u>
Expenses	
Approved budget:	
Operating	505,036
Capital	109,648
Consolidated Boards (A)	<u>17,052</u>
	631,736
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	<u>9,534</u>
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							Total
		General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	
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	17,685	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
		26,733	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
	<u>608</u>		<u>553</u>
Expenses:			
Salaries, wages and benefits	\$ 4,624	\$	4,579
Materials and contract services	1,710		1,679
	<u>6,334</u>		<u>6,258</u>
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
	<u>\$ 435</u>	<u>\$</u>	<u>411</u>

Federal

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

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)			Total
	Ministry of Education	Legislated Cost Share (Calculated)		
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/HCCEG	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/HCCEG	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
Full Flexibility					
A525 - ECD Planning	28	0%	0	28	0
Limited Flexibility					
A525 - ECD Aboriginal	17	0%	0	17	0
No Flexibility					
A386 - Delivery Agent - Resource Centres	786	80%	197	983	(0)
TOTAL	831		197	1,028	(0)