

Your 2016 Taxes at a Glance

The City of Greater Sudbury provides numerous municipal services to approximately 160,000 citizens and 74,851 households within its vast boundaries. Departments of the City are responsible for overseeing numerous programs and services that keep the city running every day, from road construction to swimming lessons, and everything in between.

Every year, the City undergoes a budget process guided by City Council. This budget process determines the property tax change for that year.

There are many factors that influence a tax increase, including loss of revenue and inflation.

2016 tax increase breakdown:	Municipal Tax Increase
Increases in Provincially mandated programs and decline in provincial funding <i>(Social Services, Housing, Children Services and Land Ambulance)</i>	1.3 %
Maintaining services net of assessment growth <i>(increases in operating costs such as utilities and contractual obligations)</i>	1.8 %
Additional Capital Investments <i>(increase in capital funding)</i>	0.3 %
Increase in outside board budgets <i>(Police, Sudbury and District Health Unit and Nickel District Conservation Authority)</i>	0.5 %
Total tax increase:	3.9 %

How are property taxes calculated?

The difference between the City's total expenses (what it costs us to run the City) and revenues and other funding sources (what we receive) equals the property taxes that need to be raised for the year to balance the budget.

This equals to a 3.9 per cent property tax increase for residents in 2016.

Expenses: \$518 million <i>(For example salaries, operating costs)</i>	-	Revenues: \$279 million <i>(For example funding from other governments, user fees)</i>	=	Municipal Property Taxes: \$239 million <i>3.9% proposed municipal tax increase for a balanced budget</i>
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How much more will I pay?

For a typical bungalow in the former City of Sudbury area, assessed at a CVA of \$230,000, a 3.9 per cent tax increase would amount to an extra \$102 in property taxes in 2016.

Municipal Property Taxes	Typical Bungalow Assessed at a CVA \$230,000*
2015	\$2,638
2016	\$2,740
For a home in the former City of Sudbury	
Increase (\$)	\$102
Increase (%)	3.9%

* 2012 current value assessment of 230,000

What are my taxes spent on?

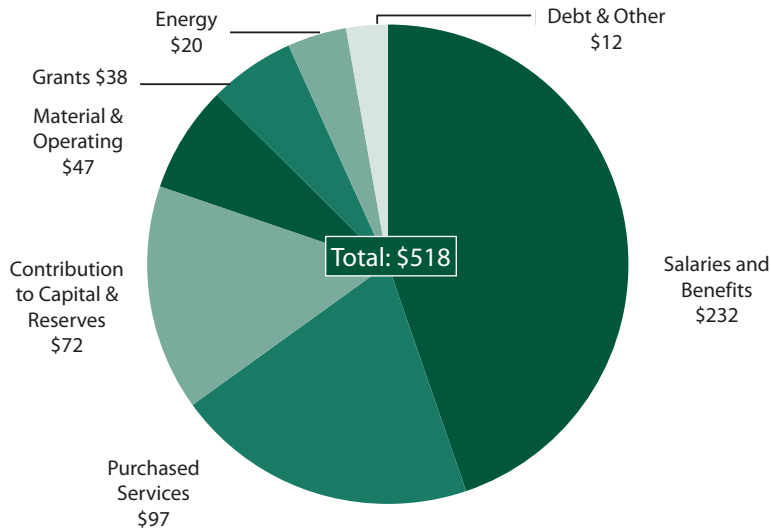


2016 Base Budget

Expenses = Municipal Property Taxes + Other Revenues
 (\$518 M) (\$239 M) (\$279 M)

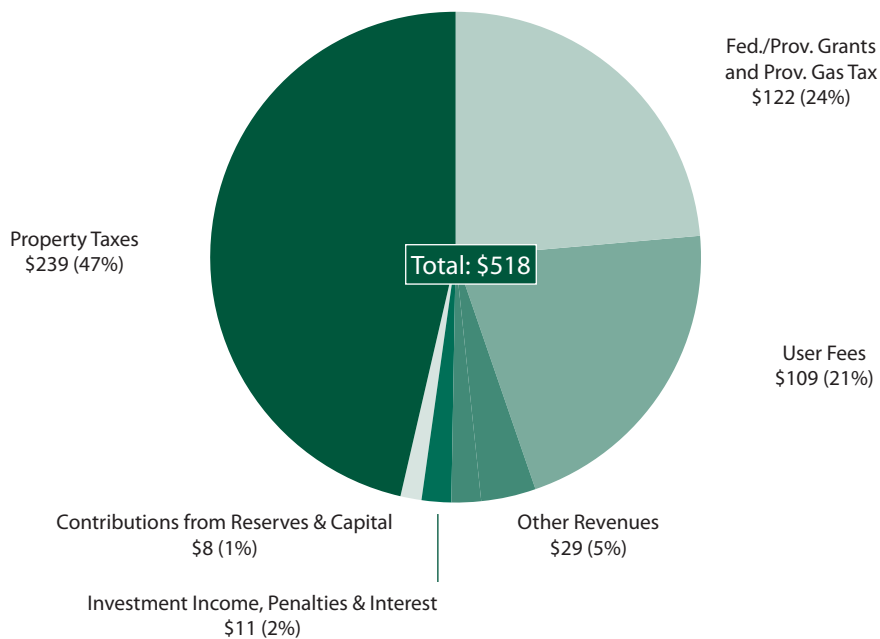
The difference between total expenses and revenues is the municipal tax levy. This is the amount required to be raised by property taxes to ensure a balanced budget. The total gross budgeted expenses for the City are \$518 million and are funded with property taxation of \$239 million and other revenues of \$279 million.

Composition of the 2016 Base Budget (in millions):



Overall, the City's budget expenses have increased 0.8% from the approved 2015 budget.

Revenue (in millions):



Appendix A

2016 Budget Variance Analysis

(in \$ millions)

	Gross Budget \$513.7	Revenue \$285.3	Net Levy \$228.4	% Chg
2015 Approved Operating Budget (as restated)				
Provincially Mandated Programs including OMPF:				
Social Housing				
- Contribution to Greater Sudbury Housing Corporation	0.7	-	0.7	
- Contribution to Non-Profit Housing Corporations	0.1		0.1	
Social Services				
- Increase in Ontario Works Programs	0.7	0.6	0.1	
- Ontario Works Upload (from 8.6% to 5.7% municipal share)		0.8	(0.8)	
Children Services	0.4	0.5	(0.1)	
Decrease in Ontario Municipal Partnership Fund (OMPF)		(2.7)	2.7	
Emergency Medical Services (Land ambulance)	0.6	0.3	0.3	
	2.5	(0.5)	3.0	1.3%
Maintaining Services:				
Decrease in internal financing interest		(0.1)	0.1	
Increase in Payments in Lieu of Taxation		0.1	(0.1)	
Decrease in OLG Slot Revenue		(0.1)	0.1	
Decrease in Tax Writeoffs	(0.2)		(0.2)	
Increase in Parking Revenues and Expenses	0.1	0.1	-	
Decrease in Environmental Services Revenues and increases in contractual obligations	0.2	(0.6)	0.8	
Decrease in Economic Development Grants	(1.3)	(1.3)	-	
Increase in Pioneer Manor Revenues and Expenses	1.0	0.6	0.4	
Increase in Leisure User Fees		0.2	(0.2)	
Increase in Energy Costs(except WWW and Police)	0.2		0.2	
Increase in Fleet Material and Parts Costs	0.4		0.4	
Increase in energy expenses /Decrease in One-time funding for Transit-Fleet Garage	0.1	(0.1)	0.2	
Increase in other contractual obligations, salaries and benefits and other changes	3.6	-	3.6	
Increase in Water and Wastewater Budget and Fire Protection levy	1.1	1.0	0.1	-
	5.2	(0.2)	5.4	2.4%
Prior Year Council Approvals				
Removal of 2015 one time options for Primary care recruitment and trails maintenance	(0.4)		(0.4)	
Reduction in one time funding from reserves		(6.0)	6.0	
Removal of 2015 target revenues/expenses from sale of properties/advertising	(1.2)	(1.2)	-	
Project 6 Million Tax Levy Savings	(3.9)	1.5	(5.4)	
Increase in Arts and Culture Grants - Art Gallery of Sudbury	0.1		0.1	
	(5.4)	(5.7)	0.3	0.1%
Capital:				
Increase Capital Envelopes (except WWW and police)	0.7		0.7	0.3%
Outside Boards:				
NDCA / SDHU	0.2	-	0.2	
Police Services	0.8	(0.2)	1.0	
	1.0	(0.2)	1.2	0.5%
2016 Proposed Base Budget	\$517.7	\$278.7	\$239.0	4.6%
Less: Estimated Assessment Growth				(0.7%)
2016 Proposed Municipal Base Budget Tax Increase				3.9%

2016 Operating Budget summary: by department

		2016 BASE BUDGET (\$000)			TAX LEVY INCREASE (DECREASE)		
		Expenses	Revenues	Net Tax Levy	Net Tax Levy	% change over 2015	% 2016 levy
Corporate Revenue-Expenditures	Taxation Levy	2,185	-10,269	-8,084	-309	4.0%	
	Grants and Subsidies		-25,792	-25,792	2,676	-9.4%	
	Other Revenue Summary	3,396	-14,092	-10,696	6,020	-36.0%	
Total		5,581	-50,153	-44,572	8,388	-15.8%	3.67%
Executive - Administrative	Office of the Mayor	614		614	10	1.8%	
	Council Memberships & Travel	74		74	1	1.4%	
	Council Expenses	1,051		1,051	5	0.5%	
	Auditor General	353		353	4	0.9%	
	Office of the C.A.O. Summary	1,447		1,447	-101	-6.5%	
Total		3,539	0	3,539	-80	-2.2%	-0.04%
Administrative Services	Election Services	200		200	0	0.0%	
	Clerks Administrative Services	1,307	-193	1,114	-31	-2.7%	
	Debt - Contribution to Capital	476		476	9	2.0%	
	Legal Services	1,710	-235	1,475	-54	-3.5%	
	Provincial Offences	3,341	-4,286	-945	-155	19.6%	
	Information Technology	50	-50	0	7	-100.0%	
Total		7,085	-4,764	2,321	-223	-8.8%	-0.10%
Human Res and Org Dev	Human Resources	506	-506	0	-25	-100.0%	
	Total	506	-506	0	-25	-100.0%	-0.01%
Financial Services	Financial Services	9,302	-2,263	7,039	-196	-2.7%	
	Total	9,302	-2,263	7,039	-196	-2.7%	-0.09%
Growth - Development Services	General Manager's Office				-299	-100.0%	
	Economic Development	5,669	-826	4,843	-148	-3.0%	
	Planning and Development	5,940	-1,338	4,602	-188	-3.9%	
	Building Services	4,028	-4,028	0	0	0.0%	
Total		15,637	-6,192	9,445	-635	-6.3%	-0.28%
Assets Citizen & Leisure	Debt - Contribution to Capital	3,434		3,434	-33	-0.9%	
	Citizen Services	32,334	-21,358	10,976	-316	-2.8%	
	Leisure - Recreation Services	27,859	-9,106	18,753	-49	-0.3%	
	Asset Services Summary	10,339	-5,504	4,835	91	1.9%	
	Transit-Fleet-Crossing Guard	24,685	-10,460	14,225	236	1.7%	
Total		98,651	-46,428	52,223	-71	-0.1%	-0.03%
Infrastructure Services	I.S. G.M.'s Office	232		232	7	3.1%	
	Public Works Depots	1,219	-23	1,197	15	1.2%	
	Engineering Services	139	-139	0	0	0.0%	
	Water/Wastewater Maintenance	69,086	-65,627	3,459	138	4.2%	
	Roads Mtce	65,967	-533	65,435	525	0.8%	
	Environmental Services	21,474	-9,778	11,696	557	5.0%	
Total		158,118	-76,100	82,018	1,242	1.5%	0.54%

2016 Operating Budget summary: by department

		2016 BASE BUDGET (\$000)			TAX LEVY INCREASE (DECREASE)		
		Expenses	Revenues	Net Tax Levy	Net Tax Levy	% change over 2015	% 2016 levy
Health, Social & EMS	General Manager Office	1,099		1,099	-28	-2.4%	
	Housing Services	24,722	-5,636	19,086	759	4.1%	
	Long Term Care-Senior Services	34,415	-30,517	3,897	403	11.5%	
	Social Services	44,681	-37,297	7,383	-737	-9.1%	
	Emergency Services	22,557	-11,538	11,019	268	2.5%	
	Fire Services Division	24,744	-393	24,351	344	1.4%	
Total		152,217	-85,382	66,835	1,010	1.5%	0.44%
Share of N.D.C.A	N.D.C.A. Share	701	-30	671	16	2.4%	
Total		701	-30	671	16	2.4%	0.01%
Share of Public Health	Public Health Share	5,917		5,917	144	2.5%	
Total		5,917	0	5,917	144	2.5%	0.06%
Greater Sudbury Airport	Sudbury Airport Personnel	2,173	-2,173	0	0	0.0%	
Total		2,173	-2,173	0	0	0.0%	0.00%
Police Services	Police Service	58,283	-4,733	53,550	1,022	1.9%	
Total		58,283	-4,733	53,550	1,022	1.9%	0.45%
Net Levy		517,710	-278,723	238,987	10,591	4.6%	

Greater Sudbury at a Glance



MUNICIPAL STATISTICS

Population
161,900

Households
74,851

EMPLOYEES (2016 Budget)

Full-time employees
1,988

SERVICE INFORMATION

Building Permit Values (in 1000's)
\$344,303

Average monthly social assistance case load
3,703

Kilometres of roads
3,619

Annual volume of treated wastewater
(megalitres)
36,715

Annual volume of treated drinking water
(megalitres)
20,804

Annual disposal of solid waste (tonnes)
102,725

Annual diversion of solid waste (tonnes)
35,345

Regular service passenger Transit trips
4,458,000

2015 TAXABLE ASSESSMENT (\$ millions)

Residential and multi-residential assessment
\$12,863

Commercial assessment
\$1,737

Industrial and large industrial assessment
\$473

BENCHMARK INFORMATION

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

No. of conventional transit passenger
trips per person in service area per year
32.3

No. of wastewater main backups per 100 km
of waste water main per year
6.7

% of wastewater estimated to have
bypassed treatment
2.1

No. of water main breaks per 100 km
of water distribution pipe per year
14.7

% of residential solid waste
diverted for recycling
45.0

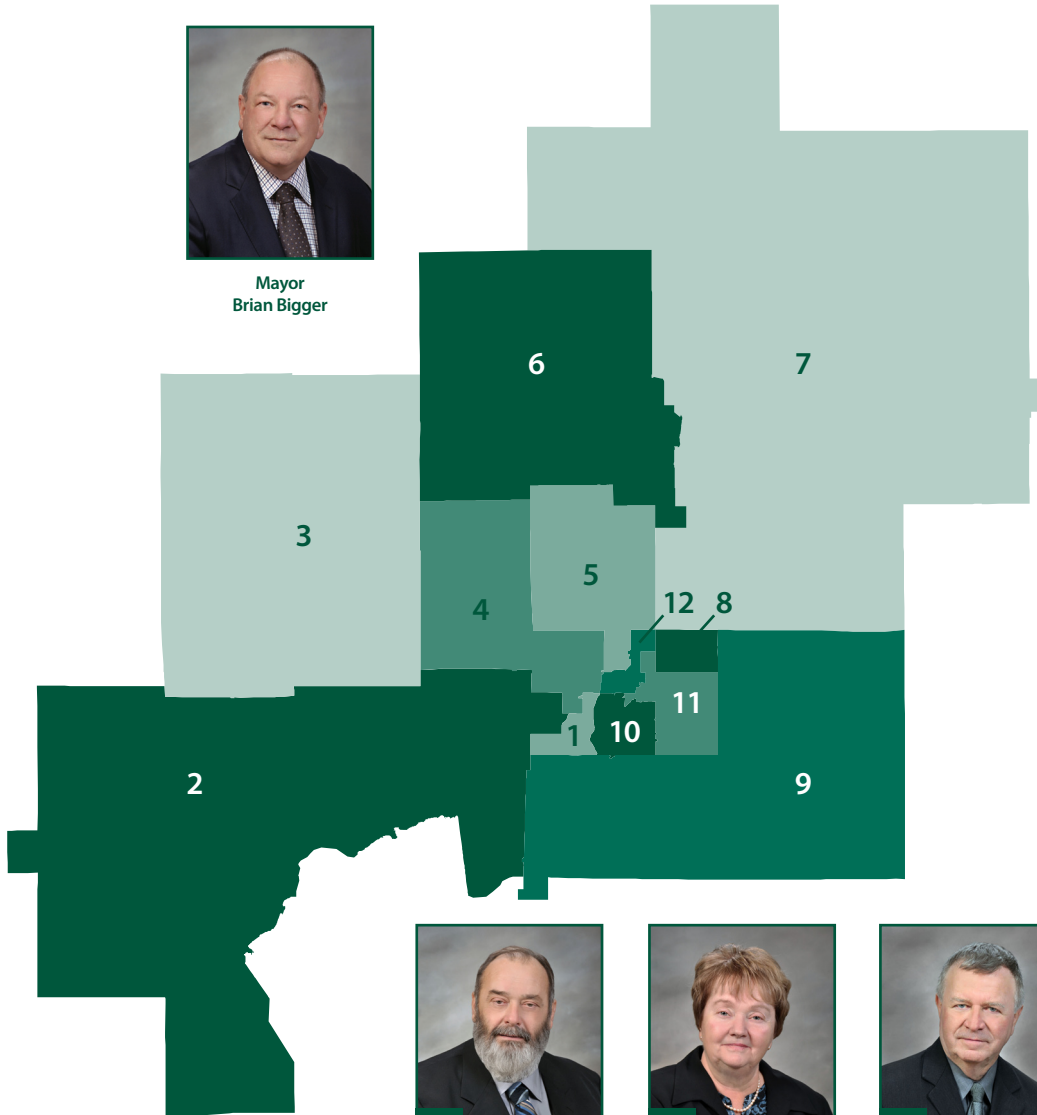
City Council

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

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



Mayor
Brian Bigger



1
Mark Signoretti
Ward 1



2
Michael Vagnini
Ward 2



3
Gerry Montpellier
Ward 3



4
Evelyn Dutrisac
Ward 4



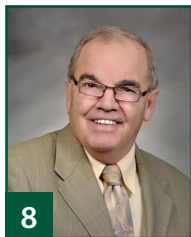
5
Robert Kirwan
Ward 5



6
René Lapierre
Ward 6



7
Mike Jakubo
Ward 7



8
Al Sizer
Ward 8



9
Deb McIntosh
Ward 9



10
Fern Cormier
Ward 10



11
Lynne Reynolds
Ward 11



12
Joscelyne
Landry-Altman
Ward 12

Executive Team

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

These departments work together to ensure all of our customers' needs are met in a professional, timely manner, – to achieve the goals of Council, and to provide excellent service and delivery of programs and services to our community.



Interim Chief Administrative Officer
Kevin Fowke

- Corporate Communications and French Language Services



Administrative Services
Executive Director/City Clerk
Caroline Hallsworth

- By-law and Court Services (POA)
- Legal Services
- Clerk's Services
- Information Technology
- Corporate Security



Human Resources and Organizational Development
Acting Director
Joanne Kelly

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



Financial Services
Acting Chief Financial Officer & Treasurer
Ed Stankiewicz

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



Assets, and Citizen and Leisure Services
General Manager
Ron Henderson

- Assets
- Citizen Services
- Leisure Services
- Transit and Fleet



Growth and Development
General Manager
Paul Baskcomb

- Economic Development
- Building Services
- Planning Services



Health, Social and Emergency Services
General Manager
Tim Beadman

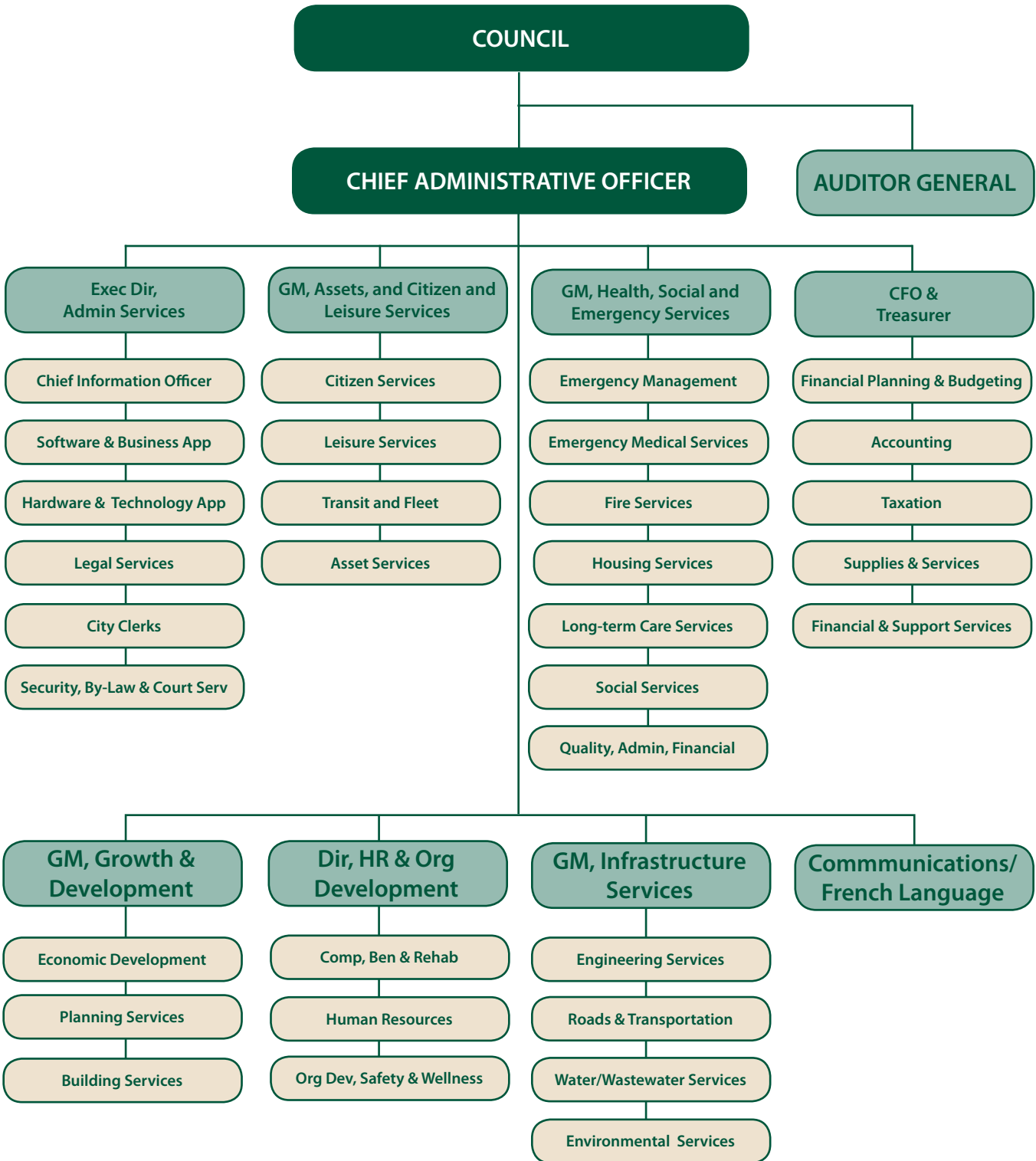
- Housing Services
- Pioneer Manor
- Social Services
- Emergency Medical Services
- Emergency Management
- Fire Services



Infrastructure Services
General Manager
Tony Cecutti

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

Organizational Chart - Leadership





Vision, Mission, Values

Vision

The City of Greater Sudbury is a growing, world-class community bringing talent, technology and a great northern lifestyle together.

Mission

We provide excellent access to quality municipal services and leadership in the social, environmental and economic development of the City of Greater Sudbury.

Values

In fulfilling our roles we commit ourselves to:

- providing high quality service with a citizen focus
- managing the resources in our trust efficiently, responsibly and effectively
- encouraging innovation and accepting risks
- maintaining honest and open communication
- creating a climate of trust and a collegial working environment
- acting today in the interests of tomorrow.



Working Together for an even Greater Sudbury

2015-2018 Corporate Strategic Plan

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

The four pillars of Council's Strategic Framework are:

1. Growth and economic development
2. Responsive, fiscally prudent, open governance
3. Quality of life and place
4. Sustainable infrastructure

This strategic framework, along with four key planning documents, including the Healthy Community Strategic Plan, the Official Plan, the Long-Term Financial Plan, and From the Ground Up, guide the City of Greater Sudbury in managing an annual operating budget more than of \$500 million.

2016 Budget Process Overview

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

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

BUDGET PROCESS

The City annually approves two budgets: an operating budget and a capital budget. The operating budget is prepared using the modified cash basis and provides for operating expenses such as salaries and benefits, materials, grants, and contractual obligations. The capital budget is a five-year plan for the acquisition and rehabilitation of tangible capital assets or one-time projects. The Water and Wastewater Budget is a section included in the City's annual budget. Since the majority of this budget is funded by user fees, separate approval is required.

The first stage of the budget process is usually the preparation of a Three Year Forecast. A forecast was presented to the Finance and Administration Committee on August 12, 2014 and reflected an estimated tax increase (net of estimated assessment growth of 0.6%) of 4.9% for 2015, 3.5% in 2016 and 3.1% in 2017.

The second stage of the budget process is the preparation of the budget in accordance with the Base Budget Preparation Policy. A more detailed analysis is conducted of staffing levels, inflationary pressures such as wage adjustments in accordance with collective agreements, contract and material price increases. Operating departments and finance staff review projected year end actual costs against budgets to identify variances or areas that require more resources to maintain service levels or items that may be reduced while still maintaining approved service levels. The budget also reflects known funding approvals from senior levels of government. Staff in all departments have carefully reviewed the draft budget, looking for additional savings and efficiencies to lower the forecasted tax increase for 2016.



The final stage of the budget process includes a detailed review of the Operating and Capital Budgets by the Finance and Administration Committee. Any service enhancements or reductions must be approved by the Committee prior to finalization of the budget. In addition, a presentation from the Police Services Board, Nickel District Conservation Authority, and Sudbury & District Health Unit take place on December 8 and 15, 2015.

Historically budget enhancements or reductions were vetted through the standing committees. Staff will endeavor to follow this process for the 2016 Budget, however, in certain circumstances this will not be possible due to the timelines.

Final approval of the 2016 Operating and Capital Budgets by the Finance and Administration Committee is tentatively scheduled for Wednesday, February 3, 2016. Should additional meeting dates be required, the schedule would be adjusted accordingly.

After approval of the 2016 budget, the development of property tax policy will be required to generate final property tax rates to provide for the 2016 tax levy.

2016 Budget Process Overview

Project 6 Million (P6M)

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

On March 5, 2015, City Council passed the following resolution (FA2015-17):

"That staff be directed to implement a strategy to achieve a target of \$6 million in savings through a combination of attrition, reductions in purchasing contract services, and user fee revenues, as outlined in Scenario 3, and contribution 100 per cent of the actual savings achieved during 2015 to replenish the Tax Rate Stabilization Reserve and that permanent budget savings be incorporated into the 2016 Budget and used to reduce the tax levy in 2016 and beyond; and that staff prepare regular reports to Council (i.e. Monthly or Quarterly Report Cards) to report on the progress towards achieving the targets set by City Council."

P6M was officially launched in May 2015, and over the course of six months, staff received, reviewed and responded to more than 800 ideas from citizens, and employees at all levels of the organization. Staff focused on finding the \$6 million while maintaining service levels and customer service excellence, as well as improving business processes and identifying efficiencies and opportunities.

P6M was an intense undertaking, involving an ambitious objective within a limited timeframe. Staff worked diligently to achieve the P6M goal and were successful, with total of \$6,050,249 in savings achieved.

Of the \$6 million identified, \$3.9 million came through attrition. In a given year, the City has about 160 separations by way of retirements, terminations or other employee departures, and in the majority of cases, the resulting vacancies are filled for operational purposes.

Given the short timeframe of the P6M process, areas for potential attrition did not always match where vacancies were available. As a result, senior staff creatively restructured around opportunities as they presented themselves during the P6M period. In some cases, this meant making a temporary draw on reserves to take advantage of attrition occurring in 2016.

Over the course of several Finance and Administration Committee meetings, the various departments identified initiatives pursued, savings achieved, and responses to ideas associated with their respective areas. Many other ideas are undergoing further review as longer-term possibilities for efficiencies or savings. Staff will work to bring forward ideas in 2016 and beyond, which flow from a strong sense of fiscal responsibility, as well as the many other values that make up municipal service, including customer service, civic responsibility, environmental sustainability and solid business approaches.

Staff's dedication to the task of responsibly removing \$6 million from the budget has demonstrated the City's ability to adapt and seek innovative solutions to operational challenges.

Good financial management requires regular review and ongoing value-based analysis. Since 2010, under the Toward Fiscal Sustainability Plan and P6M, more than \$15 million in savings, additional revenues, and cost avoidances have been implemented throughout the organization.

P6M ideas which have been identified as having the potential for savings, efficiencies, or which present an opportunity for improved customer service or business process, but which require more time to review or implement, will be pursued over the course of the next several years.

Staff and Council continue to work together on high priority, high value ideas that will positively impact the tax levy.

2016 Budget Process Overview

P6M Tracking Achievements

Achievement	2016 Estimated Savings				2016 Budget Impact	2015 Savings (1)
	Salaries & Benefits / Attrition	Purchased Services	User Fees	Other		
All Departments	\$79,282				\$79,282	\$-
Executive and Legislative	\$107,552	\$-	\$-	\$9,500	\$117,052	\$22,000
Administrative Services	\$266,452	\$-	\$45,300	\$261,791	\$573,543	\$15,800
Human Resources and OD	\$179,281	\$-	\$-	\$32,154	\$211,435	\$15,647
Growth and Development	\$621,838	\$20,000	\$-	\$33,713	\$675,550	\$134,828
Assets and Finance	\$215,107	\$140,000	\$192,740	\$175,639	\$723,486	\$278,664
Health Social and Emergency	\$802,981	\$115,000	\$151,726	\$(151,017)	\$918,690	\$-
Citizen and Leisure	\$629,229	\$42,382	\$25,000	\$242,224	\$938,835	\$200,000
Infrastructure	\$1,094,436	\$551,736	\$85,000	\$81,204	\$1,812,376	\$70,000
TOTALS	\$3,996,156	\$869,118	\$499,766	\$685,209	\$6,050,249	\$736,938
	66%	14%	8%	11%	101%	

Total Water and Waste Water	\$606,822
Total Parking	\$60,747
2016 Tax Levy impact (\$958,694 to be funded from reserves in 2016)	\$5,382,680
TOTAL	\$6,050,249

(1) 2015 Savings will reduce the total contribution from Tax Rate Stabilization Reserve

Community Consultation Session

As part of the City's commitment to long-term fiscal sustainability and community engagement, a Community Consultation Session has historically been held to find creative solutions, efficiencies and opportunities for savings. This offers the community an opportunity to present service level enhancement requests to the Finance and Administration Committee.

A Community Consultation was held September 16, 2015, at Tom Davies Square. In addition, online and written submissions were accepted, from September 1 to 18, 2015.

Water and Wastewater Budget

City Council approves the Water and Wastewater user fees, which are required to fund the Water and Wastewater Operating and Capital budgets. The 2016 Water and Wastewater Budgets are scheduled to be reviewed and approved by the Finance and Administration Committee on January 5, 2016 with City Council approval on January 12, 2016.

Monitoring and Oversight After Approval of Budget

Monitoring and or amendments to the Council Approved Budgets are only made in accordance with Operating Budget Policy or the Capital Budget Policy. These policies provide fiscal control and accountability related to the approved budgets and provides monitoring of the budgets. On a quarterly basis the Finance and Administration Committee receives variance reports; this includes a year-end projection of revenues and expenditures. The variance report provides Council with an overview of potential year-end variances by division or section. On a quarterly basis, the Finance and Administration Committee receives a Capital Variance Report for completed projects.

Financial Management and Policies

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

LONG-TERM FINANCIAL PLAN

In 2002, Council adopted the Long Term Financial Plan (LTFP) and related policies and principles. These policies and principles are used in managing the financial affairs of the City. The nine principles are:

1. Ensure long-term financial sustainability
2. Deliver services in a cost-effective and efficient manner
3. Ensure operating revenues are sustainable and consider community-wide and individual benefits (taxes versus user fees)
4. Meet social equity objectives through specific programs
5. Manage the City's capital assets to maximize long-term community benefit
6. Recognize that funding from senior levels of government is a crucial element of fiscal sustainability
7. Use debt financing where appropriate
8. Maintain Reserve and Reserve Funds at appropriate levels
9. Identify and quantify long-term liabilities.

The LTFP principles are designed to be flexible and adaptable. This key planning document guides the strategic thinking of the City and promotes a healthy and sustainable service delivery model for our community.

With the LTFP, the City recognized the need to adopt a new budgeting process with a new approach to financial management, one that shifts the emphasis from bottom line financial concerns to service delivery within a longer term financial planning horizon.

The City of Greater Sudbury, like other municipalities, must continually realign budgets, refocus activities, and streamline operational priorities and procedures, to ensure value for property taxes are maximized.

The LTFP principles formed the foundation for the Toward Fiscal Sustainability Plan, developed in 2010.

LONG-TERM DEBT

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

Financial Management and Policies

DEBT MANAGEMENT POLICY

In August 2013, City Council approved a Debt Management Policy to demonstrate its commitment to long-term capital and financial planning. This policy allows the City to debt finance major projects previously approved by Council. As well, it will provide Council the ability to undertake additional capital projects through debt financing in an effort to close the City's current infrastructure gap. Council set a limit for annual debt repayment at 5 per cent of the City's own source revenue

(as defined by the Province), which is considerably lower than the 25 per cent maximum allowed by the Province. In the 2016 Budget, the City's annual debt repayment charges are \$10.02 million or approximately 2.5 per cent of the City's own purpose revenues. The 2016 anticipated increase relates to the acquisition of debt to fund the Biosolids Management Facility and the Transit Fleet Centre.

The following is a summary of the City's External Debt as of December 31, 2015 and the 2016 debt repayment:

Project Name	Term (Start Date - End Date)	Total Outstanding as of Dec 31, 2015	2016 Debt Payment
Northern Ontario School of Architecture	2009-2019	3.50	1.00
Health Sciences North	2001-2023	7.70	1.00
AMRIC	2014-2018	0.40	0.10
199 Larch Street	2003-2023	10.55	1.45
Pioneer Manor	2004-2024	7.36	0.82
1160 Lorne Street	2015-2035	13.70	0.94
Biosolids Plant	2015-2035	45.86	3.46
Purchase of Falconbridge wells from Glencore (Xstrata)	2009-2025	1.04	0.18
Purchase of Onaping wells from Glencore (Xstrata)	2010-2029	1.35	0.17
Total External Debt		<u>91.46</u>	<u>9.12</u>
Total Internal Debt		<u>25.30</u>	<u>0.90</u>
Total Debt		<u>116.76</u>	<u>10.02</u>

* The \$0.9 Million in 2016 internal debt payments is the interest portion only.

Financial Management



DEVELOPMENT CHARGES

Development charges are collected by municipalities to recover a portion of the growth-related costs associated with the capital infrastructure needed to service new development. Each year, Finance staff, in consultation with project managers, reviews the Capital Budget to determine if there are any growth-related projects that are eligible for recovery from development charges. Generally, the City finances the growth-related portion of capital projects. At the end of each year, the capital projects are reviewed, and the growth-related portion of the capital costs are identified. The actual development charges revenues collected during the year are then applied to fund any growth-related portion of the project as identified in the current Development Charges Background Study. In 2014, the City updated the Development Charges background study and By-law (2014-151).

For 2016 staff are forecasting Development Charge revenues of approximately \$4.0 million. In 2015, the revenue generated is expected to be \$4.9 million.

RESERVES AND RESERVE FUNDS

The City maintains reserve and reserve funds in accordance with the Reserves and Reserve Fund By-law. They are a critical component of a municipality's long-term financing plan. The purpose of maintaining reserves is to:

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

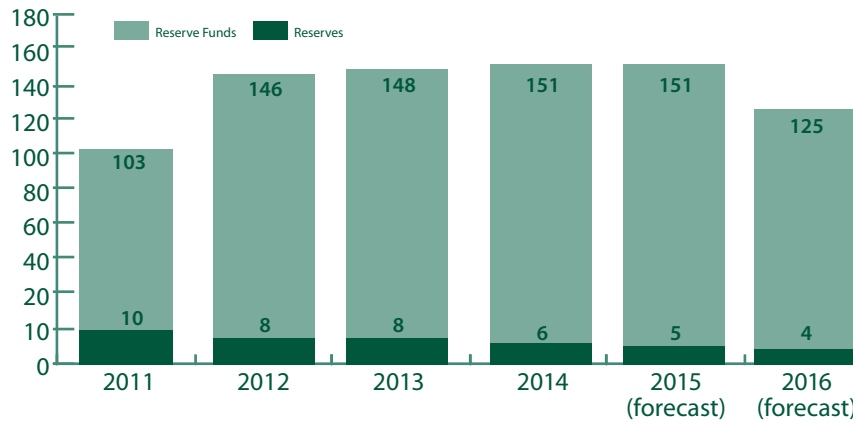
Reserves offer liquidity, which enhances the municipality's flexibility, both in addressing unplanned operating requirements and in permitting the municipality to temporarily fund capital projects internally.

2011 - 2016 Reserves and Reserve Funds

The level of reserves and reserve funds is a key measure of the financial health of a municipality.

Reserves and reserve funds, including budget reductions, are forecasted to be \$129 million as of December 31, 2016. A significant portion of the funds are set aside for capital purchases either previously committed by City Council or available for future capital projects.

Reserves and Reserve Funds (in millions \$)
*including budget reductions



2016 Forecast of Reserves and Reserve Funds (in millions \$)

