Consolidated Financial Statements of

CITY OF GREATER SUDBURY

And Independent Auditor’s report thereon

Year ended December 31, 2025

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 KPMG 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.

Shari Lichterman
Chief Administrative Officer

Margaret Karpenko
Executive Director of Finance and
Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the City of Greater Sudbury (the City), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2025, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 City's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 27, 2026

CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position
(in thousands of dollars)

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash	$ 116,534	$ 82,821
Taxes receivable (note 2)	18,896	15,306
Accounts receivable (note 3)	118,900	112,311
Investment in Government Business Enterprises (note 4 (a))	141,617	150,631
Investments (note 5)	633,627	621,686
	1,029,574	982,755
Financial liabilities		
Accounts payable and accrued liabilities (note 6)	162,831	132,255
Deferred revenue - obligatory reserve funds (note 8)	89,149	69,719
Deferred revenue - other (note 9)	15,203	15,274
Employment benefit obligations (note 10)	108,101	96,330
Asset retirement obligations (note 11)	134,626	124,745
Contaminated sites (note 16)	2,197	2,220
Long-term liabilities (note 12)	299,721	311,503
	811,828	752,046
Net financial assets	217,746	230,709
Non-financial assets		
Tangible capital assets (note 13)	1,877,975	1,797,432
Inventory of supplies	8,045	7,991
Prepaid expenses	8,147	6,787
	1,894,167	1,812,210
Contractual rights and contingent assets (note 15)		
Contractual obligations and commitments (note 16)		
Accumulated surplus (note 17)	$ 2,111,913	$ 2,042,919

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)

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 18)	2025 Actual	2024 Actual
Revenue:			
Government transfers			
Provincial	$ 232,423	$ 225,279	$ 205,082
Federal	16,930	19,391	28,382
Taxation (note 19)	387,398	389,400	365,785
User charges	173,350	179,970	167,978
Investment income	25,732	37,115	42,757
Fines and penalties	8,643	10,210	7,907
Other revenues (note 20)	21,954	38,886	33,786
Government Business Enterprises net earnings (loss) (note 4 (b))	3,587	(9,014)	5,400
Total revenue	870,017	891,237	857,077
Expenses:			
General government	26,454	30,123	27,336
Protection services	142,000	151,638	137,562
Transportation services	148,712	152,798	137,468
Environmental services	115,843	123,928	115,021
Health services	43,333	51,749	44,191
Social and family services	199,888	187,241	172,397
Social housing	44,905	43,126	48,143
Recreational and cultural services	59,075	63,187	59,920
Planning and development	17,113	18,453	16,203
Total expenses	797,323	822,243	758,241
Annual surplus	72,694	68,994	98,836
Accumulated surplus, beginning of year	2,042,919	2,042,919	1,944,083
Accumulated surplus, end of year	$ 2,115,613	$ 2,111,913	$ 2,042,919

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)

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 18)	2025 Actual	2024 Actual
Annual surplus	$ 72,694	$ 68,994	$ 98,836
Acquisition of tangible capital assets	(307,162)	(165,593)	(168,411)
Amortization of tangible capital assets	80,331	84,122	84,033
Loss on sale of tangible capital assets	-	692	787
Proceeds on sale of tangible capital assets	-	236	766
	(154,137)	(11,549)	16,011
Use of inventory	-	(54)	1,065
Prepaid expenses	-	(1,360)	333
Change in net financial assets	(154,137)	(12,963)	17,409
Net financial assets, beginning of year	230,709	230,709	213,300
Net financial assets, end of year	$ 76,572	$ 217,746	$ 230,709

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)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 68,994	$ 98,836
Items not involving cash:		
Amortization of tangible capital assets	84,122	84,033
Loss on sale of tangible capital assets	692	787
Developer contributions of tangible capital assets	(4,156)	(4,452)
Change in employee benefit obligations	11,771	5,357
Change in contaminated sites liability	(23)	(42)
Change in asset retirement obligation	9,860	(1,034)
Equity loss (income) in Government Business Enterprises	9,014	(5,400)
	180,274	178,085
Change in non-cash assets and liabilities:		
Accounts and taxes receivable	(10,179)	1,277
Inventory of supplies	(54)	1,065
Prepaid expenses	(1,360)	333
Accounts payable and accrued liabilities	30,576	(839)
Deferred revenue - obligatory reserve funds	19,430	7,117
Deferred revenue - other	(71)	(12,209)
Net change in cash from operating activities	218,616	174,829
Financing activities:		
Debt principal repayments	(3,145)	(2,866)
Financial obligations payments	(100)	(100)
Contributions to sinking fund	(8,243)	(10,928)
Capital lease issued	-	748
Capital lease payments	(294)	(195)
Net change in cash from financing activities	(11,782)	(13,341)
Capital activities:		
Proceeds on sale of tangible capital assets	236	766
Cash used to acquire tangible capital assets	(161,416)	(162,199)
Net change in cash from capital activities	(161,180)	(161,433)
Investing activities:		
Net sale (purchase) of investments	(11,941)	10,587
Net change in cash from investing activities	(11,941)	10,587
Net change in cash	33,713	10,642
Cash, beginning of year	82,821	72,179
Cash, end of year	$ 116,534	$ 82,821
Supplementary information:		
Interest received	$ 32,306	$ 40,590
Interest paid	9,850	9,990

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

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 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 City:

(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.

The City maintains a separate fund for the purpose of providing for periodic repayments on debt to be retired by means of sinking funds. The financial activity and position of this fund are disclosed separately in the sinking funds financial statements.

(in thousands of dollars)

1. Significant accounting policies (continued):

(a) Reporting City (continued):

(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

Board of Health for the Sudbury & District Health Unit

The City of Greater Sudbury Community Development Corporation

The following contributions were made by the City to these entities:

		2025		2024
Nickel District Conservation Authority	$	1,373	$	1,270
Board of Health for the Sudbury & Districts Health Unit		9,568		9,023
The City of Greater Sudbury Community Development Corporation		1,611		1,599
	$	12,552	$	11,892

(iii) Investment in Government Business Enterprises:

Government Business Enterprises (GBE) include the Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. (GSU), and the Sudbury Airport Community Development Corporation (SACDC), and 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.

1. Significant accounting policies (continued):

(b) Revenue recognition:

(i) 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.

(ii) 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.

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

(ii) Taxation and related revenues (continued):

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 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 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.

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.

(iii) 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, performance obligations fulfilled and future economic benefits are measurable and expected to be obtained.

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

(iv) Fines and penalties:

Fines and penalties revenue is primarily generated from the Provincial Offences Administration (POA) office.

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.

(v) 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.

(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, is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the asset 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.

1. Significant accounting policies (continued):

(e) Pensions and employee benefits (continued):

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 employer contributed to OMERS and expensed in 2025 was $21,782 (2024 - $20,962). The amount of employee contributions to OMERS in 2025 was $21,782 (2024 - $20,962). As of December 31, 2025 the OMERS plan, with approximately 665,000 members, has a funding deficit of $6,127 (2024 - deficit $4,319).

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.

(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.

(in thousands of dollars)

1. Significant accounting policies (continued):

(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 (TCA) are recorded at cost which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life – Years
General capital:	
Landfill and land improvements	15 - 75 years
Buildings	15 - 60 years
Machinery, furniture and equipment	2 - 50 years
Vehicles	2 - 20 years
Infrastructure:	
Land improvements	25 - 100 years
Plants and facilities	5 - 80 years
Roads infrastructure	10 - 75 years
Water and wastewater infrastructure	15 - 100 years

Landfill sites are amortized using the units of production method based upon the capacity used during the year.

Half of the annual amortization is recorded as amortization expense in the year of acquisition or construction and in the year of disposal. Assets under construction are not amortized until the asset is put into service.

a. 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.

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(i) Tangible capital assets (continued):

b. 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.

c. Inventory:

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

d. Tangible capital assets disclosed at nominal values:

Where an estimate of fair value cannot be made or where there was no future benefit related to the asset, the tangible capital asset is recognized at a nominal value. Land, buildings and machinery, furniture and equipment are the categories where nominal values are assigned.

e. 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) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset:
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up: and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care related to operational landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the City has also been recognized based on estimated future expenses on closure of the site and post-closure care.

(in thousands of dollars)

1. Significant accounting policies (continued):

(i) Asset retirement obligation (continued):

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outline in (h).

(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, asset retirement obligations 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.

Actual results could differ from these estimates.

(k) Accounting standards issued but not yet adopted:

Section PS 1202, Financial Statement Presentation, is effective for fiscal years beginning on or after April 1, 2026. The new standard provides updated guidance on the general and specific requirements for the presentation of information in general purpose financial statements. PS 1202 will replace current Section PS 1201, Financial Statement Presentation.

The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

2. Taxes receivable:

	2025	2024
Current taxes and grants in lieu of taxes	$ 12,255	$ 12,374
Taxes in arrears	11,141	8,757
	23,396	21,131
Less: allowance for doubtful accounts	(4,500)	(5,825)
Net taxes receivable	$ 18,896	$ 15,306

(in thousands of dollars)

3. Accounts receivable:

Accounts receivable consists of the following:

		2025		2024
Government of Canada	$	18,390	$	18,128
Province of Ontario		12,683		13,235
Other receivables		90,290		84,138
		121,363		115,501
Less: allowance for doubtful accounts		(2,463)		(3,190)
Net accounts receivable	$	118,900	$	112,311

4. Investment in Government Business Enterprises:

The SACDC and GSU are 100% owned and controlled by the City. 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		2025 Total		2024 Total
Balance, beginning of year	$	11,644	$	138,987	$	150,631	$	145,231
City's share of operating income (loss) for the year		(567)		(8,447)		(9,014)		5,400
Balance, end of year	$	11,077	$	130,540	$	141,617	$	150,631

The investment of $130,540 in GSU includes a promissory note receivable of $52,340 (2024 - $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.

(in thousands of dollars)

4. Investment in Government Business Enterprises (continued):

(b) Supplementary information:

The following tables provide condensed supplementary financial information for the year ended December 31, 2025:

Financial Position

	SACDC	GSU	2025 Total	2024 Total
Current assets	$ 1,012	$ 33,396	$ 34,408	$ 33,915
Capital assets	19,229	161,091	180,320	174,632
Other assets	–	12,185	12,185	24,177
Total assets	20,241	206,672	226,913	232,724
Current liabilities	772	24,717	25,489	23,644
Note payable to the City of Greater Sudbury	333	52,340	52,673	53,314
Long-term liabilities	8,059	51,416	59,475	57,476
Total liabilities	9,164	128,473	137,637	134,434
Net assets	$ 11,077	$ 78,199	$ 89,276	$ 98,290

The $333 (2024 - $974) note payable to the City from SACDC accrues interest at the City's average monthly rate of return on investments plus 1% and has no specified terms of repayment.

By-Law 2021-144 authorized an increased loan to the SACDC to $12,500. The By-Law provides flexibility to temporarily exceed the $12,500 limit for bridge financing in order to complete subsidized projects. As at December 31, 2025, the City is in compliance with the requirements of By-Law 2021-144.

Subsequent to year end in March 2026, By-Law 2026-54 amends the terms of the loan and instead authorizes two loans. The first loan is in the form of a short-term line of credit of up to $6,000, for operating expenses and bearing interest at the same rate as provided in the City's line of credit demand revolving credit facility. The second loan is in the form of long-term facility of up to $20,000, for capital expenses and bearing interest at the City's cost of borrowing.

(in thousands of dollars)

4. Investment in Government Business Enterprises (continued):

(b) Supplementary information (continued):

	SACDC	GSU	2025 Total	2024 Total
Revenue	$ 7,342	$ 170,213	$ 177,555	$ 167,456
Expenses	(6,643)	(158,493)	(165,136)	(160,571)
Interest paid to the City of Greater Sudbury	(8)	(3,795)	(3,803)	(4,197)
Other	(1,243)	(16,466)	(17,709)	2,677
Other comprehensive income (loss)	(15)	94	79	35
Comprehensive income (loss)	$ (567)	$ (8,447)	$ (9,014)	$ 5,400
Budgeted comprehensive income (loss)	$ (245)	$ 3,832	$ 3,587	$ 2,070

(c) Related party transactions:

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

(i) At December 31, 2025, the City has the following amounts included in the consolidated statement of financial position:

A receivable of $1,956 (2024 - $2,845) for water billings collected by GSU on behalf of the City.

A payable of $17 (2024 - $30) 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:

	2025	2024
Property taxes	$ 599	$ 564
Interest on promissory note receivable	3,803	4,197
	$ 4,402	$ 4,761

(in thousands of dollars)

4. Investment in Government Business Enterprises (continued):

(c) Related party transactions (continued):

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

	2025	2024
Billing and collection services for water and wastewater	$ 1,988	$ 1,722
Streetlighting maintenance services	718	636
Streetlighting infrastructure	1,580	1,825
Electricity	6,766	6,020
Telecommunications	637	617
	$ 11,689	$ 10,820

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.

5. Investments:

		2025		2024	
	2025 interest rates	Market	Cost	Market	Cost
Short-term investments	(0.00% to 3.79%)	$ 388,759	$ 385,452	$ 380,090	$ 371,878
Long-term investments	(0.00% to 6.43%)	266,302	248,175	262,946	249,808
		$ 655,061	$ 633,627	$ 643,036	$ 621,686

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 0.00% to 6.43% per annum and are recorded at cost adjusted for amortization of discounts and premiums. Maturity dates on long term investments range from 2027 to 2050 (2024 - 2026 to 2050).

By-Law 2024-57 adopted the Investment Policy which allows up to $250 million 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, 2025, the City is in compliance with the requirements of By-Law 2024-57.

(in thousands of dollars)

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2025	2024
Government of Canada	$ 4,287	$ 3,669
Province of Ontario	16,637	4,821
Other payables	141,907	123,765
Total accounts payable and accrued liabilities	$ 162,831	$ 132,255

7. Bank indebtedness:

The City has an unsecured demand revolving credit facility in the amount of $10,000 (2024 - $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 4.45% (2024 - 4.95%) per annum. No amounts were drawn against the facility as at December 31, 2025 and 2024.

8. Deferred revenue - obligatory reserve funds:

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2024	Externally restricted inflows	Revenue earned	December 31, 2025
Canada Community Building Fund - Federal	$ 17,840	$ 11,637	$ (7,353)	$ 22,124
Gasoline Tax - Provincial	6,931	3,287	(1,244)	8,974
Ontario Community Infrastructure Fund	6,974	10,365	(7,844)	9,495
Children's Services – Transition Mitigation Funding	6,296	–	–	6,296
Development Charges Act	12,043	4,392	(4,910)	11,525
Recreational Land (Planning Act)	1,693	204	(345)	1,552
Sub-Divider Contributions	10,354	769	(199)	10,924
Building Permit Revenues (Bill 124)	6,775	1,887	(436)	8,226
Ontario's Main Street Revitalization Initiatives	14	–	–	14
Northern Ontario Resource Development Fund	–	377	(377)	–
Building Faster Fund	799	2,015	(1,092)	1,722
Fire Protection	–	189	(189)	–
Housing Enabling Water Fund	–	9,033	(736)	8,297
	$ 69,719	$ 44,155	$ (24,725)	$ 89,149

(in thousands of dollars)

9. Deferred revenue - other:

Deferred revenue - other consist of the following:

	December 31, 2024	Externally restricted inflows	Revenue earned	December 31, 2025
Federal government	$ 4,395	$ 1,166	$ (457)	$ 5,104
Provincial government	9,305	11,034	(14,294)	6,045
Other	1,144	3,561	(1,133)	3,572
Consolidated entities	430	482	(430)	482
	$ 15,274	$ 16,243	$ (16,314)	$ 15,203

10. Employee benefit obligations:

Employee benefit obligations consist of the following:

	2025	2024
Future payments required for:		
WSIB obligations	$ 38,685	$ 30,481
Accumulated sick leave benefits	6,064	5,860
Other post-employment benefits	38,482	38,910
Liability for stop loss insurance	724	723
Vacation pay	24,146	20,356
	$ 108,101	$ 96,330

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 represents future payments for claims relating to catastrophic losses that occurred during the insured period and has exceeded or will exceed the City's deductible.

(in thousands of dollars)

10. Employee benefit obligations (continued):

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2025 for each of the plans.

	WSIB	Sick leave	Other post-employment benefits	2025 Total	2024 Total
Accrued benefit liability, beginning of year	$ 65,880	$ 4,824	$ 37,346	$ 108,050	$ 92,228
Benefit cost	5,773	242	1,594	7,609	7,332
Interest cost	2,400	166	1,327	3,893	3,579
Benefit payments	(6,128)	(44)	(3,537)	(9,709)	(9,201)
Actuarial gain	13,234	77	2,907	16,218	14,112
Accrued benefit liability, end of year	81,159	5,265	39,637	126,061	108,050
Unamortized actuarial gain (loss)	(42,474)	799	(1,155)	(42,830)	(32,799)
	$ 38,685	$ 6,064	$ 38,482	$ 83,231	$ 75,251

The total employee benefits expense include the following components:

	WSIB	Sick leave	Other post-employment benefits	2025 Total	2024 Total
Current period benefit cost	$ 5,773	$ 242	$ 1,594	$ 7,609	$ 7,332
Prior period cost of plan amendment incurred during the year	–	–	416	416	(51)
Amortization of actuarial gain (loss)	6,159	(160)	(228)	5,771	4,224
Interest expense	2,400	166	1,327	3,893	3,579
	$ 14,332	$ 248	$ 3,109	$ 17,689	$ 15,084

(in thousands of dollars)

10. Employee benefit obligations (continued):

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

	WSIB	Sick leave	Other post-employment benefits
Expected inflation rate	2.00%	2.00%	2.00%
Expected level of salary increases	N/A	3.50%	3.50%
Discount rate	3.25%	3.25%	3.25%

For other post-employment benefits, as at December 31, 2025, the initial health care trend rate is 5.35% (2024 - 5.35%) and the ultimate trend rate is 4.35% (2024 - 4.35%) which is expected to be reached in 2031 (2024 - 2031).

11. Asset retirement obligation:

The City's asset retirement obligations consist of several obligations as follows:

(a) Landfill obligation:

The City owns and operates a number of landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under *PS 3280 Asset Retirement Obligations*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years (2024 - 24) post this date. Post-closure care is estimated to be required for 25 (2024 - 24) years from the date of site closure. These costs were discounted to December 31, 2025 using a discount rate of 3.50% (2024 - 3.75%) per annum.

(b) Asbestos obligation:

The City owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of *PS 3280 Asset Retirement Obligations*, the City recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

(in thousands of dollars)

11. Asset retirement obligation (continued):

(b) Asbestos obligation (continued):

Changes to the asset retirement obligation in the year are as follows:

Asset retirement obligation	Landfill closure	Asbestos removal	Balance at December 31, 2025
Opening balance	$ 24,620	$ 100,125	$ 124,745
Accretion expense	1,629	–	1,629
Change in estimate	1,879	6,373	8,252
Closing balance	$ 28,128	$ 106,498	$ 134,626

Asset retirement obligation	Landfill closure	Asbestos removal	Balance at December 31, 2024
Opening balance	$ 23,895	$ 100,125	$ 124,020
Accretion expense	238	–	238
Change in estimate	487	–	487
Closing balance	$ 24,620	$ 100,125	$ 124,745

12. Long-term liabilities:

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

	2025	2024
Debentures (i)	$ 24,652	$ 26,872
Sinking fund debentures (ii)	303,000	303,000
Other loans (iii)	10,344	11,269
Capital lease obligations (iv)	549	843
Accrued financial obligations (v)	–	100
	338,545	342,084
Total value of sinking fund deposits	(38,824)	(30,581)
Net long-term liabilities	$ 299,721	$ 311,503

(in thousands of dollars)

12. Long-term liabilities (continued):

(a) (continued):

(i) The debentures bear interest at a rate of 3.10%, repayable in aggregate blended monthly payments of $252, maturing May 2035.

(ii) The sinking fund debentures bear interest rates of 2.416% to 3.457%, payable semi-annually. On an annual basis the City must contribute $6.8 million to the sinking funds, with the City's sinking fund contributions and associated investment income used to repay the debenture at maturity from March 2047 to March 2050.

(iii) The other loans bear interest at rates of 5.49% to 6.162%, repayable in aggregate blended annual payments of $173 and an aggregated blended monthly payment of $116, maturing from November 2029 to May 2035.

(iv) The capital lease obligation bears interest at a rate of 0%, repayable in aggregate blended annual payments of $150, maturing Aug 2029.

(v) Accrued financial obligations consist of the following:

	Last year of obligation	2025	2024
Health Sciences North (PET Scanner)	2025	$ –	$ 100

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

2026	$ 10,224
2027	10,354
2028	10,490
2029	10,568
2030	10,458
Thereafter	143,339
Interest to be earned on sinking funds	104,288
	$ 299,721

12. Long-term liabilities (continued):

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

General municipal revenues	$	272,395
Water/wastewater user fees		27,326
	$	299,721

(d) The City expensed $9,850 in 2025 (2024 - $9,990) in interest on these borrowings.

(in thousands of dollars)

13. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals / transfers	Balance at December 31, 2025
General capital:				
Land	$ 105,903	$ 1,096	$ (144)	$ 106,855
Landfill and land improvements	62,453	3,578	(197)	65,834
Buildings	508,363	36,971	(15,326)	530,008
Machinery, furniture and equipment	131,570	8,245	(1,556)	138,259
Vehicles	107,546	10,490	(2,817)	115,219
Infrastructure:				
Land improvements	52,666	536	-	53,202
Plants and facilities	467,187	9,377	(1,136)	475,428
Roads infrastructure	1,586,553	29,463	(2,265)	1,613,751
Water and sewer infrastructure	633,658	16,045	(417)	649,286
Assets under construction	102,462	86,824	(20,298)	168,988
Total	$ 3,758,361	$ 202,625	$ (44,156)	$ 3,916,830

Accumulated amortization	Balance at December 31, 2024	Amortization expense	Disposals / transfers	Balance at December 31, 2025
General capital:				
Landfill and land improvements	$ 33,249	$ 1,956	$ (174)	$ 35,031
Buildings	330,149	10,192	2,042	342,383
Machinery, furniture and equipment	96,138	7,677	(1,494)	102,321
Vehicles	53,614	6,998	(2,817)	57,795
Infrastructure:				
Land improvements	8,654	947	-	9,601
Plants and facilities	281,326	9,828	(1,136)	290,018
Roads infrastructure	938,482	37,286	(2,240)	973,528
Water and sewer infrastructure	219,317	9,238	(377)	228,178
Total	$ 1,960,929	$ 84,122	$ (6,196)	$ 2,038,855

Net book value	Balance at December 31, 2024	Balance at December 31, 2025
General capital:		
Land	$ 105,903	$ 106,855
Landfill and land improvements	29,204	30,803
Buildings	178,214	187,625
Machinery, furniture and equipment	35,432	35,938
Vehicles	53,932	57,424
Infrastructure:		
Land improvements	44,012	43,601
Plants and facilities	185,861	185,410
Roads infrastructure	648,071	640,223
Water and sewer infrastructure	414,341	421,108
Assets under construction	102,462	168,988
Total	$ 1,797,432	$ 1,877,975

(in thousands of dollars)

13. Tangible capital assets (continued):

Cost	Balance at December 31, 2023	Additions	Disposals / transfers	Balance at December 31, 2024
General capital:				
Land	$ 91,121	$ 14,842	$ (60)	$ 105,903
Landfill and land improvements	61,030	1,423	-	62,453
Buildings	489,362	20,292	(1,291)	508,363
Machinery, furniture and equipment	130,181	9,149	(7,760)	131,570
Vehicles	100,633	11,007	(4,094)	107,546
Infrastructure:				
Land improvements	48,842	3,824	-	52,666
Plants and facilities	462,577	4,610	-	467,187
Roads infrastructure	1,534,385	60,104	(7,936)	1,586,553
Water and sewer infrastructure	616,428	17,510	(280)	633,658
Assets under construction	76,812	71,995	(46,345)	102,462
Total	$ 3,611,371	$ 214,756	$ (67,766)	$ 3,758,361

Accumulated amortization	Balance at December 31, 2023	Amortization expense	Disposals / transfers	Balance at December 31, 2024
General capital:				
Landfill and land improvements	$ 31,270	$ 1,979	$ -	$ 33,249
Buildings	321,199	10,180	(1,230)	330,149
Machinery, furniture and equipment	96,182	7,663	(7,707)	96,138
Vehicles	50,925	6,543	(3,854)	53,614
Infrastructure:				
Land improvements	7,749	905	-	8,654
Plants and facilities	271,012	10,314	-	281,326
Roads infrastructure	907,964	37,411	(6,893)	938,482
Water and sewer infrastructure	210,463	9,038	(184)	219,317
Total	$ 1,896,764	$ 84,033	$ (19,868)	$ 1,960,929

Net book value	Balance at December 31, 2023	Balance at December 31, 2024
General capital:		
Land	$ 91,121	$ 105,903
Landfill and land improvements	29,760	29,204
Buildings	168,163	178,214
Machinery, furniture and equipment	33,999	35,432
Vehicles	49,708	53,932
Infrastructure:		
Land improvements	41,093	44,012
Plants and facilities	191,565	185,861
Roads infrastructure	626,421	648,071
Water and sewer infrastructure	405,965	414,341
Assets under construction	76,812	102,462
Total	$ 1,714,607	$ 1,797,432

(in thousands of dollars)

13. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of $168,985 (2024 - $102,462) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added $86,824 (2024 - $71,995) to assets under construction and transferred $20,301 (2024 - $46,345) 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 $4,156 (2024 - $4,452) comprised of the following:

	2025	2024
General capital:		
Land	$ 131	$ 94
Machinery and equipment	116	221
Infrastructure:		
Roads network	2,398	841
Water and wastewater network	1,511	3,296
Total	$ 4,156	$ 4,452

14. Operations of school boards:

Further to Note 1(a) (iv), taxation and other revenues generated from the operations of the school board excluded from reported revenues are comprised of the following:

	2025	2024
Taxation	$ 50,441	$ 50,788
Payment in lieu of taxes	137	137
	$ 50,578	$ 50,925

(in thousands of dollars)

15. Contractual rights and contingent assets:

(a) Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise because of contracts entered into for lease agreements. The following table summarizes the contractual rights of the City:

2026	$	3,625
2027		3,196
2028		3,034
2029		582
2030 and onwards		1,118
	$	11,555

(b) Contingent assets:

As of December 31, 2025, certain legal actions are pending in favour to the City. An estimate of the contingency cannot be made since the outcome of these matters is interminable. Should any gain result from the resolution of these matters, such gain would be realized to operations in the year of disposition.

16. Contractual obligations and commitments:

(a) Contracts for capital projects:

The balance of capital works uncompleted under contracts in progress at December 31, 2025 amounts to approximately $102,919 (2024 - $118,779). The proposed financing of these obligations is $88,768 (2024 - $98,719) from surplus funds and $14,151 (2024 - $20,060) 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:

2026	$	37,831
2027		34,668
2028		20,127
2029		17,506
2030 and onwards		58,544
	$	168,676

16. Contractual obligations and commitments (continued):

(c) Contingent liabilities:

As at December 31, 2025, 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.

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 identified three (2024 - three) inactive landfill sites for which it retains responsibility for all costs relating to closure and post-closure care.

Post-closure care activities for landfill sites are expected to occur in perpetuity and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and maintenance of the landfill cover.

The estimated liability for the care of inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs discounted using the City's average long-term borrowing rate of 3.5% (2024 - 3.75%). The estimated present value of future expenditures for post-closure care is $2,197 (2024 - $2,220).

(in thousands of dollars)

17. Accumulated surplus:

Accumulated surplus consists of the following:

	2025	2024
Surplus:		
Invested in tangible capital assets	$ 1,936,468	$ 1,868,853
Invested in government business enterprises	141,617	150,631
Other	327	500
Reserves	41,105	42,068
Reserve funds	238,355	205,648
Unfunded:		
Contaminated sites obligation	(2,197)	(2,220)
Asset retirement obligations	(134,626)	(124,745)
Employee benefits	(107,286)	(95,516)
Other	(1,850)	(2,300)
	$ 2,111,913	$ 2,042,919

(in thousands of dollars)

18. Budget information:

Budget information presented in these consolidated financial statements are based on the 2025 operating and capital budgets approved by Council and Consolidated Boards. The chart below reconciles the approved budget with the budget information as presented in these consolidated financial statements.

Revenues:		
Approved budget:		
Operating	$	785,173
Capital		307,850
Consolidated Boards		31,311
		1,124,334
Adjustments:		
Transfer from reserves to operating		(12,998)
Recognize revenues from obligatory reserve funds		(80,784)
In year budget adjustments – operating		26,622
Operating transfer to capital and future years funding		(184,398)
Reclass between revenues and expenses		(279)
Reclassification of taxation bad debt expense		(2,480)
Total revenues	$	870,017
Expenses:		
Approved budget:		
Operating	$	785,173
Capital		307,850
Consolidated Boards		27,723
		1,120,746
Adjustments:		
Amortization of tangible capital assets		80,331
Transfer to reserves and capital		(127,562)
Reduction due to tangible capital assets		(307,850)
Post-employment benefit expense		5,200
Asset retirement obligations and contaminated sites		(262)
In year budget adjustments – operating		26,622
Reclassification of taxation bad debt expense		(2,480)
Debt principal repayments		(9,994)
Reclass between revenues and expenses		(279)
Operating expenses budgeted in capital expensed in current year		12,851
Total expenses	$	797,323
Annual surplus	$	72,694

(in thousands of dollars)

18. Budget information (continued):

Budget information has been reclassified for purposes of these consolidated financial statements to comply with Public Sector Accounting Board reporting requirements.

The approved budgets of the Consolidated Boards include amortization. Their budgets also provide figures for the acquisition of tangible capital assets.

19. Taxation:

Taxation consists of:

	2025 Budget (note 18)	2025 Actual	2024 Actual
Municipal tax levy	$ 377,248	$ 377,228	$ 355,910
Supplementary taxation	2,767	2,723	4,178
Assessment appeal revenue	–	1,748	–
Payment in lieu of property taxes	9,841	10,716	8,924
Local improvements	22	–	–
	389,878	392,415	369,012
Rebates and tax concessions	(2,480)	(3,015)	(3,227)
Net municipal taxation	$ 387,398	$ 389,400	$ 365,785

20. Other revenues:

Other revenues consist of:

	2025 Budget (note 18)	2025 Actual	2024 Actual
Gaming and casino revenues	$ 2,175	$ 2,236	$ 2,271
Donated tangible capital assets	688	4,156	4,452
Donations	11	228	105
Development charges earned	–	4,910	4,749
Sub-divider contributions	436	199	1,073
Miscellaneous recoveries/revenues	18,644	27,849	21,923
Loss on sale of land and tangible capital assets	–	(692)	(787)
	$ 21,954	$ 38,886	$ 33,786

21. Trust funds:

Trust funds amounting to $23,117 (2024 - $21,519) administered by the City are not included in the consolidated financial statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

22. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. These changes have no effect on the annual surplus previously reported in the prior year.

23. Segmented disclosure:

The City is a diversified municipal government institution that provides a wide range of services to more than 190,000 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:

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.

23. Segmented disclosure (continued):

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.

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.

23. Segmented disclosure (continued):

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.

(in thousands of dollars)

23. Segmented disclosure (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	2025 Total	2024 Total
Revenue:										
Transfer payments	$ 25,378	$ 6,482	$ 20,892	$ 5,678	$ 181,669	$ 2,980	$ 1,591	$ -	$ 244,670	$ 233,464
Taxation	47,251	125,184	77,822	21,497	69,269	36,403	11,974	-	389,400	365,785
User charges	4,572	8,895	11,698	115,908	25,766	11,952	1,179	-	179,970	167,978
Other	43,876	7,092	8,442	13,227	5,988	1,683	5,903	(9,014)	77,197	89,850
	121,077	147,653	118,854	156,310	282,692	53,018	20,647	(9,014)	891,237	857,077
Expenses:										
Salaries, wages and benefits	42,763	120,644	44,579	25,189	99,042	26,658	10,565	-	369,440	338,595
Materials	10,202	15,667	35,592	30,038	30,651	18,254	3,940	-	144,344	123,640
Contract services	5,386	2,719	22,935	41,571	72,709	1,495	1,277	-	148,092	137,747
Grants and transfer payments	1,752	1,403	49	119	57,499	1,993	1,137	-	63,952	61,484
Amortization of tangible capital assets	1,362	4,433	43,635	21,755	6,815	5,666	456	-	84,122	84,033
Other	397	616	2,761	1,545	2,264	4,581	129	-	12,293	12,742
Allocation of shared expenses	(31,739)	6,156	3,247	3,711	13,136	4,540	949	-	-	-
	30,123	151,638	152,798	123,928	282,116	63,187	18,453	-	822,243	758,241
Annual surplus (deficit)	$ 90,954	$ (3,985)	$ (33,944)	$ 32,382	$ 576	$ (10,169)	$ 2,194	$ (9,014)	$ 68,994	$ 98,836

(in thousands of dollars)

24. Supplementary financial information:

Schedule of Revenues and Expenses – Library:

		2025		2024
Revenue:				
Government transfers (note i)	$	403	$	403
Fines and fees		80		74
Other		49		40
		532		517
Expenses:				
Salaries, wages and benefits		6,167		6,157
Materials and contract services		4,018		3,753
		10,185		9,910
Deficiency of revenues over expenses	$	(9,653)	$	(9,393)

(i) The government transfer are comprised of the following:

Provincial:				
Ministry of Tourism and Culture - operating	$	403	$	403