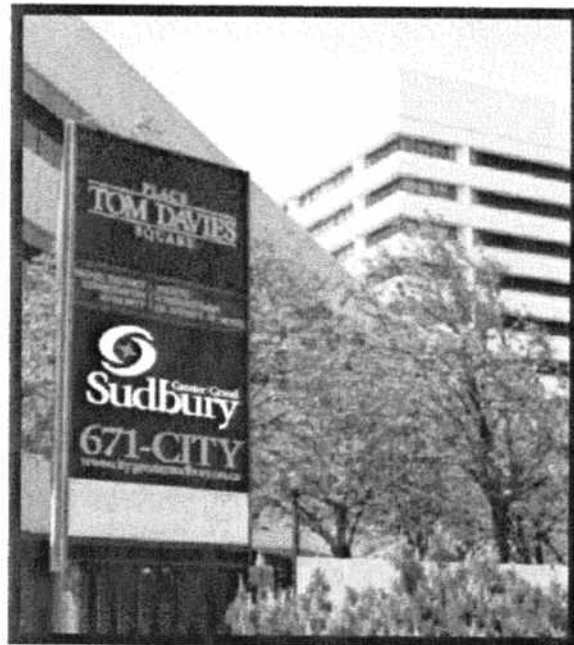


Agenda

Ordre du Jour

Councillor/Conseiller
Ted Callaghan
Chair/Présidente

Councillor/Conseiller
Russ Thompson
Vice-Chair/Vice-Président



For the
Finance Committee
Meeting to be held

Wednesday, June 17, 2009

at 4:30 p.m

Council Chamber
Tom Davies Square

Pour la réunion du
Comité des finances
qui aura lieu

mercredi le 17 juin 2009

à 16 h 30

dans la Salle du Conseil
Place Tom Davies

Finance Committee AGENDA

**THIRTY-THIRD MEETING OF THE FINANCE COMMITTEE
TO BE HELD ON WEDNESDAY, JUNE 17, 2009 AT 4:30 P.M.
IN THE COUNCIL CHAMBER, TOM DAVIES SQUARE**

COUNCILLOR CALLAGHAN, CHAIR

(PLEASE ENSURE CELL PHONES AND PAGERS ARE TURNED OFF)

The Council Chamber of Tom Davies Square is wheelchair accessible. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device. Persons requiring assistance are requested to contact the City Clerk's Office at least 24 hours in advance of the meeting if special arrangements are required. Please call (705) 674-4455, extension 2471. Telecommunications Device for the Deaf (TTY) (705) 688-3919. Copies of Agendas can be viewed on the City's web site at www.greatersudbury.ca.

1. Declarations of Pecuniary Interest of the General Nature Thereof

PRESENTATIONS/DELEGATIONS**PAGE NO.**

2. Report dated June 10, 2009 from the Chief Financial Officer/Treasurer regarding 2008 Audit Findings Report. **1 - 2**
(ELECTRONIC PRESENTATION) (FOR INFORMATION ONLY)

➤ Wayne McDonald, CA, KPMG LLP

(This report provides the audit findings with respect to the 2008 year-end.)

3. Report dated June 10, 2009 from the Chief Financial Officer/Treasurer regarding 2008 Annual Financial Statements. **3 - 4**
(ELECTRONIC PRESENTATION) (RECOMMENDATION PREPARED)
(FINANCIAL STATEMENTS UNDER SEPARATE COVER)

➤ Lorella Hayes, Chief Financial Officer/Treasurer

(This report provides the Consolidated Financial Statements of the City of Greater Sudbury for the year ended December 31, 2008.)

CORRESPONDENCE FOR INFORMATION ONLY

4. Report dated June 10, 2009 from the Chief Financial Officer/Treasurer regarding 2008 Reserves and Reserve Funds. **5 - 18**
(FOR INFORMATION ONLY)

(This report advises of the balances in the reserves and the reserve funds at December 31, 2008.)

5. Report dated June 10, 2009 from the Chief Financial Officer/Treasurer regarding 2008 Capital Fund Year-End Position. **19 - 24**
((FOR INFORMATION ONLY))

(This report advises on the status of the Capital Fund as of December 31, 2008.)

ADJOURNMENT (RECOMMENDATION PREPARED)

COUNCILLOR TED CALLAGHAN
CHAIR

FRANCA BORTOLUSSI
COUNCIL SECRETARY

Request for Recommendation Finance Committee



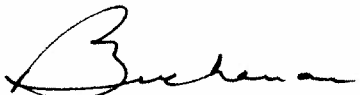
Type of Decision							
Meeting Date	June 17, 2009				Report Date	June 10, 2009	
Decision Requested	X	Yes		No	Priority	X	High
	Direction Only				Type of Meeting	X	Open
							Closed

Report Title
2008 Audit Findings Report

Budget Impact/Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

<p>NOT APPLICABLE</p>	<p>FOR INFORMATION ONLY</p>
<input checked="" type="checkbox"/> Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Nadorozny Chief Administrative Officer

Report Prepared By	Division Review
 Paddy Buchanan Acting Manager of Accounting	

BACKGROUND

For entities with public accountability, auditing standards now require auditors to communicate specific information to an audit committee. In the absence of an audit committee, the auditor is required to communicate to those who have responsibility for financial oversight. This is the Finance Committee for the City of Greater Sudbury. The City's auditors will be presenting their Audit Findings report with respect to the 2008 year-end to the Finance Committee on June 17, 2009. Their presentation will cover the following issues:

- Audit Opinion
- Independence
- Audit highlights and Findings
- Current Developments
- Performance Improvement Observations

The purpose of their presentation will be to communicate to the Committee a summary of any significant findings and other matters which our auditors believe should be brought to your attention, thereby assisting this committee with respect to their review and recommendation to Council for approval of the 2008 financial statements.

Staff are pleased to report that this year's audit report has been issued "without reservation". This means that, in the auditor's opinion, our financial statements present fairly, "in all material respects", our financial position and the results of our operations and changes in financial position for the year ended December 31, 2008.

In addition to reporting all financial transactions appropriately following Generally Accepted Accounting Principles, management also has a responsibility to apply their best judgement at the time in preparing accounting estimates and/or disclosures in the financial statements.

The concept of materiality is applied in determining whether or not the statements are considered to be a fair representation. Materiality includes both qualitative and quantitative factors which are assessed in the light of whether or not they may be likely to influence the decisions made by persons relying on the financial statements. The auditors will confirm that they have reviewed uncorrected financial statement misstatements. Management has reviewed the misstatements and determined that individually and in aggregate they are not material to the financial statements.

A further requirement of any audit is to obtain sufficient understanding of internal controls and to test those internal controls so that the auditor can place reliance on them as part of the audit. The Audit Findings Report will comment on any material weaknesses that have been identified as part of the audit.

Request for Recommendation Finance Committee




Type of Decision									
Meeting Date	June 17, 2009				Report Date	June 10, 2009			
Decision Requested	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	Closed

Report Title
2008 Annual Financial Reports

Budget Impact/Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

<p>NOT APPLICABLE</p>	<p>THAT the Consolidated Financial Statements for the City of Greater Sudbury and the City of Greater Sudbury Trust Funds, for the year ended December 31, 2008 as presented be accepted and recommended for Council approval.</p>
<input checked="" type="checkbox"/> Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Nadorozny Chief Administrative Officer

Report Prepared By	Division Review
 Paddy Buchanan Acting Manager of Accounting	

BACKGROUND

Under separate cover, please find the Consolidated Financial Statements of the City of Greater Sudbury and the City of Greater Sudbury Trust funds for the year ended December 31, 2008. These financial statements have been audited and the Audit Report expresses an unqualified audit opinion.

At a later date, you will receive a comprehensive package that includes the following financial reports for the year ended December 31, 2008:

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

Request for Recommendation Finance Committee





Type of Decision									
Meeting Date	June 17, 2009				Report Date	June 10, 2009			
Decision Requested		Yes	X	No	Priority	X	High		Low
	Direction Only				Type of Meeting	X	Open		Closed

Report Title
2008 Reserves and Reserve Funds Report

Budget Impact / Policy Implication	Recommendation
X This report has been reviewed by the Finance Division and the funding source has been identified.	

	FOR INFORMATION ONLY
X Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer / Treasurer	 Doug Nadrozny Chief Administrative Officer

Report Prepared By	Division Review
 Terry Sweeney Financial Analyst	 Dion Dumontelle Manager of Financial Support & Budgeting

EXECUTIVE SUMMARY:

The purpose of this report is to provide Council with a snapshot of the balances in the reserve and reserve funds at December 31, 2008.

Overall, the consolidated reserve and reserve funds have decreased during 2008 by \$10.2 million to \$89.9 million from \$100.1 million at December 31, 2007.

The decrease of \$10.2 million is due to:

Net Program Specific over expenditures	\$ -4.1 million
Interest Earned by Reserve Funds	3.6 million
Other approved net transfers	-10.2 million
Increase in Consolidated Entities	<u>.5 million</u>

Increase in closing Reserve and Reserve Fund Balance \$ -10.2 million

Net program specific over expenditures of \$4.1 million were impacted largely by the draws from water, wastewater and winter control reserve funds according to policy. These over expenditures were offset by program under expenditures including but not limited to EMS, Police, Information Technology, Housing and Land Reclamation.

The other approved net transfers were highlighted by transfers to capital for the South End Rock Tunnel, Levack Water Supply and Pioneer Manor Redevelopment projects totalling \$10.0 million.

The following tables illustrate the trends in reserve and reserve funds over the past five years:

	2004	2005	2006	2007	2008
CGS Reserves	\$ 3,946	\$ 7,385	\$6,004	\$9,524	\$10,737
CGS Reserve Funds	59,169	60,356	81,581	89,765	77,878
Total CGS Reserves & Reserve Funds	\$63,115	\$67,741	\$87,585	\$99,289	\$88,615
Other Consolidated Entities	300	382	626	838	1,285
Total	\$64,372	\$70,218	\$88,211	100,127	\$89,900

	2004	2005	2006	2007	2008
Reserves as a % of Total Expenditures	15%	16.3%	18.5%	20.0 %	17.7 %
BMA Study – Median	27.7%	29.6%	31.8 %	46.1%	TBD
BMA Study – Low	7.4%	10.6%	3.6 %	11.3%	TBD
BMA Study – High	140.9%	141.7%	135.6%	157.9 %	TBD

TBD to be determined

As outlined in the BMA study, reserves and reserve funds are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves, as outlined in the report, 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. The level of reserves and reserve funds is a key measure of the financial health of a municipality. Compared to other municipalities in Ontario, the City is below the median as it pertains to reserves and reserve funds as a percentage of total expenditures, as identified in the 2008 BMA municipal study which is based on statistics for 2007. In 2007, only eleven of seventy-nine participants in the study have a lower percentage than Sudbury. The results across the survey range from a low of 11.3% to a high of 157.9% in 2007. For 2008, there has been a decrease at the CGS from 20.0% to 17.7%.

BACKGROUND:

Reserves and reserve funds are generally set aside for significant future purchases, to replace major capital infrastructure, are accumulated to meet a growing future liability, or are simply accumulated to provide a buffer for significant unanticipated expenditures beyond the control of Council.

The main difference between a reserve and a reserve fund is that a reserve does not earn interest, whereas a reserve fund is in a separate fund and is credited, on a monthly basis, with the interest it has earned.

The attached report provides a more detailed explanation of each of the City's reserves and reserve funds at the end of 2008.

By-law

By-law 2008-162, being the by-law to establish and continue reserves, reserve funds and trust funds, is reviewed on an annual basis and recommendations to establish, discontinue or consolidate reserves are brought to Council for approval, and for authority to amend the By-law.

Trust Funds

Trust funds are not included in this report. Trust funds are monies of others, being held in trust by the City, for specific purposes. The money is spent on the intended purpose or returned to the original source. Examples of trusts are the cemetery trust where money has been received and is held in trust to ensure perpetual care and maintenance of the cemeteries, or the funds belonging to residents of Pioneer Manor being held in trust for them.

Deferred Revenue – Obligatory Reserve Funds

Obligatory Reserve Funds are not included in this report as they represent deferred revenues. The balance as at December 31, 2008 was \$27.9 million, up from \$22.8 million in 2007. Deferred Revenue-Obligatory Reserve Funds, that by nature of the revenues received, involve restrictions on their use and are not available for the discretionary use of Council. The increase relates to unspent Federal and Provincial Gas Tax Revenues and building permit revenues.

Long Term Financial Plan

The Long Term Financial Plan, adopted by Council, references reserves in a number of its recommendations:

- 1.6 Plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves.
- 5.2 Undertake regular reviews of remaining life and condition of assets and determine required annual reserve contributions sufficient to ensure that 90% of approved infrastructure rehabilitation / replacement schedules can be met at the required time.
- 8.1 Facility, equipment and infrastructure replacement reserves should be established and funded to ensure that 90% of approved infrastructure rehabilitation / replacement schedules are met (long-term), as determined in point 5.2
- 8.2 Establish a Stabilization Reserve for programs that are susceptible to significant annual expenditure fluctuations (eg. Winter Maintenance). Program budgets should be based on a moving five year historical average of program spending. In years when surplus funds occur in these programs, surpluses should be reserved, provided an overall City surplus exists. Where the City's overall surplus is less than the program surplus, funds should only be reserved up to the level of the overall City surplus.
- 8.3 Establish reserves to provide funding for future liabilities (eg. sick leave). Contributions to these reserves should be set, at a minimum, at an amount sufficient to ensure the liability does not increase.

The City needs to address these recommendations through the establishment of and continuation of increased funding for reserves.

CONCLUSION:

It is recommended that the City continue to implement and foster prudent reserve and reserve fund policies, especially in light of the intense capital financing pressures which it faces over the next five to ten years.

Periodically the By-law governing Reserves, Reserve Funds and Trust Funds is reviewed to ensure the content is still applicable and appropriate.

CITY OF GREATER SUDBURY

**Reserve and Reserve Fund Balances
as at December 31, 2008 compared to December 31, 2007**

NAME	RESERVES	Dec. 31/08 \$	Dec. 31/07 \$
Reserve - Election	Annual contributions are made to this reserve so as to avoid major budget fluctuations in election years.	594,964	339,963
Reserve Libraries / Citizen Service Centre	Because libraries receive Provincial operating grants, a working reserve is required. When the City is in a surplus position overall, any Library surplus is contributed to this reserve, and deficits are funded from this reserve. Also used to finance capital and special projects.	35,491	79,991
Committed	2009 Budgeted expenditures on the Azilda Library and Rayside Balfour Museum	44,500	
Land Reclamation Reserve	Fund created from surpluses due to net under expenditures in Land Reclamation over the years. Used to offset fluctuations in the cost of purchasing seedlings each year, which eliminates fluctuations in operating costs.	271,457	194,640
Reserve for Various Expenses	Created at year-end, through resolution of Council, to allow funds budgeted in current year to be carried forward to the following year to pay for certain items. The majority of these funds will be spent in 2009.	2,482,672	1,540,868
Reserve for Ex-Gratia Grants	This reserve was collapsed into the Insurance Reserve Fund.	0	128,193
Water Meter Installation Reserve	This reserve was collapsed into CFRF Water.	0	138,763
Reserve for Ontario Works	Established to be used as a buffer for such instances as the Province increasing benefits to recipients mid-year when no budget provision had been made.	340,150	510,150
H/R Organizational Develop-ment Reserve	This reserve shall be funded from any annual under expenditures in training related accounts, and shall be used to fund training and development of City staff.	580,312	580,312
Pioneer Manor Fundraising Reserve	Net revenue resulting from fund-raising activities at Pioneer Manor (mainly through auxiliary). Committee of residents, auxiliary, staff recommend expenditures from this reserve (i.e. prints for walls, etc.). Not truly City's money.	62,659	55,659
Future Development Charges Study Reserve	Set aside to fund the Development Charges study.	51,247	51,247
Tax Rate Stabilization Reserve	This reserve provides for year-to-year variances in the operating budget.	728,453	1,101,602
Committed	Represents funds committed by Council for a number of one-time programs. The balance includes all of Council's decisions to December 31, 2008.	4,785,145	4,429,669
Reserve for Agricultural Drains	Funded through contributions from the current budget to ensure sufficient funds on hand for municipal portion of agricultural drains maintenance.	377,532	106,658
Reserve for Cultural Exchange	This fund was collapsed into the Tax Rate Stabilization Reserve.	0	2,518

CITY OF GREATER SUDBURY

**Reserve and Reserve Fund Balances
as at December 31, 2008 compared to December 31, 2007**

NAME	RESERVES	Dec. 31/08 \$	Dec. 31/07 \$
Reserve for Property Evaluation	Annual contribution to this reserve to update property evaluations for insurance purposes. Updates to be done every third year.	274,949	171,949
Reserve for West Nile Virus	Established to fund the City's share of West Nile Virus expenditures that may be incurred and levied by the Health Unit.	107,000	92,000
	Sub Total	\$10,736,531	\$9,524,182

CITY OF GREATER SUDBURY

Reserve and Reserve Fund Balances as at December 31, 2008 compared to December 31, 2007

NAME	RESERVE FUNDS	Dec. 31/08 \$	Dec. 31/07 \$
Sick Leave Reserve Fund	Annual contributions from current budget to be used to pay out accumulated sick leave credits. Most employees no longer receive sick leave credits, but are covered through weekly indemnity and long term disability. Sick leave credits in existence at the time of the change were left intact, and employees are entitled to a payout of 50% of these credits, to a maximum of 6 months pay, when they retire. Employees at Pioneer Manor and Fire Services still accumulate 1.5 days per month of sick leave. Total CGS liability of \$8.1 million exceeds the balance in the fund.	2,804,007	2,980,140
Sick Leave Reserve Fund - Police	The Police still accumulate sick leave credits of 1.5 days per month, and are entitled to a pay out of 50% of accumulated credits, up to six months of pay, when they leave. Total CGS liability of \$8.1 million far exceeds the balance in the fund.	1,337,757	1,142,071
Human Resources Management Reserve Fund	Balance in fund indicates favourable claims experience. To be used to fund claims and absorb fluctuations in premium rates. Can also be used for any initiatives targeted to reduce or control expenses to the benefit plans and sick leave reserve fund. In addition, an unfunded liability of \$22.9 million relating to post-employment benefits exists.	6,352,982	4,713,339
Committed	Approved by Council for succession planning, Year of the Employee and other initiatives.	4,979,120	5,905,400
WSIB (Workers Compensation Insurance Board) Schedule 2 Reserve Fund	Established through contributions from Current Fund by assessing 'premiums' on payroll. In the early years of being a Schedule 2 employer, the premiums charged were equal to those that would be charged by WSIB. The premiums being charged in 2008 are just sufficient to meet expenses. The reserve is used to pay invoices from WSIB, to top up salaries in accordance with Collective Bargaining Agreement requirements, to pay rehabilitation expenses and to fund the premium for stop loss coverage. The reserve ensures there is no detrimental impact on the operating budget. It is strongly recommended that the balance in this reserve fund be maintained in order to have funds available should the City experience any catastrophic loss. The stop loss coverage has a deductible of \$400,000. All City employees except Pioneer Manor are under Schedule 2.	523,757	424,596
Committed	Fully committed funds set aside, through Council resolution in regard to ongoing litigation.	0	900,000
Insurance Reserve Fund	Funded through contributions from Current Fund and used to fund adjuster expenses and the deductible portion of claims. There are many outstanding claims, with the deductible portion of most claims being \$50,000. The fund is required to ensure that claims can be covered with no impact on the Current Fund. If deductible limits or claims experience should increase, the annual contributions to this reserve may also have to be increased.	1,809,141	1,875,816

CITY OF GREATER SUDBURY

**Reserve and Reserve Fund Balances
as at December 31, 2008 compared to December 31, 2007**

NAME	RESERVE FUNDS	Dec. 31/08 \$	Dec. 31/07 \$
Environmental / Other Initiatives	Funded from proceeds from the sale of landfill gas to be used to fund "green projects" or other initiatives.	349,582	
Land Acquisition Reserve Fund	Funded from net proceeds of sale of surplus property and used to fund purchases of any required property.	1,755,055	2,530,176
Committed	Earmarked for future purchase of land	1,340,000	
Parking Improvement Reserve Fund	Funded from net proceeds of parking facilities, and to be used on improvements or expansions to parking facilities.	1,676,794	1,832,635
Committed	Approved in 2009 Budget for 4 pay & display machines	76,000	
Pioneer Manor Capital	Funded from surpluses in the current budget to be used for capital improvements at Pioneer Manor as authorized by council. This reserve fund is fully committed based on previous Council approvals.	1,314,130	3,575,483
Pioneer Manor Donations Reserve Fund	Funded through donations and to be used specifically for improvements to the grounds and courtyards at Pioneer Manor.	38,451	31,847
Social Housing Capital Reserve Fund	Established with Provincial Funding with a small portion remaining which is payable to GSHA employees for benefits (\$263,000), as established by the Province at the time of devolution. Balance needed to fund any major capital undertakings for the housing stock. Operating surpluses in this section are to be credited to this reserve fund if the City is in an overall surplus position. Deficits are to be funded from this reserve fund. This fund is capped at 10 million.	5,997,880	5,581,099
Industrial Park Reserve Fund	Established from proceeds of land sales in the Industrial Park and to be used for the expansion or creation of Industrial Parks.	2,571,042	2,093,281
Committed	Committed by Council primarily for improvements to Walden Industrial Park.	415,044	479,658
Community Initiatives	Funded through contributions from operating with Council approval for community projects with the funds being either conditional or required at a later time. In 2008 funds were earmarked for St. Joseph's Villa as approved by Council.	1,000,000	
Business Centre Reserve Fund	Originally established through a contribution from the Industrial Reserve Fund, has continued through contributions from partners in the Regional Business Centre. The balance therefore is not completely attributable to the City. The Business Centre was created to help businesses become established and viable. Surpluses and deficits in the Regional Business Centre are credited to or debited from this fund.	428,264	339,434
Capital Lot Levies Reserve Fund	Funds collected under the terms of capital levy by-laws, and related to some subdivisions. Funds collected can be used only on water and / or wastewater capital projects.	226,235	211,708

CITY OF GREATER SUDBURY

**Reserve and Reserve Fund Balances
as at December 31, 2008 compared to December 31, 2007**

NAME	RESERVE FUNDS	Dec. 31/08 \$	Dec. 31/07 \$
Public Safety	Funded by Contribution from operating fund with Council approval to be used for replacement of communication infrastructure.	379,327	
Centennial Drive Booster Reserve Fund	Funded through \$2,000 per lot charge collected on registration of Plans of Subdivision in the area near Centennial Drive. Funds must be used to provide booster for water service.	64,048	55,781
Roads Winter Control Reserve Fund	Established in 2003 in accordance with Long Term Financial Plan recommendations as a stabilization reserve. May be used to offset Winter Control over expenditures. This balance was drawn down by \$1.6 million to offset the 2008 winter deficit.	857,777	2,367,462
Vegetation Enhancement Technical Advisory Committee (VETAC) Reserve Fund	Funded through donations and to be used for projects recommended by the Vegetation Enhancement Technical Advisory Committee, as authorized by Council.	4,211	4,057
Whitewater Lake Park Reserve Fund	This Reserve Fund was collapsed into the CFRF - Citizen and Leisure Services	0	11,257
CLELC Reserve Fund	Funded from the operating budget to be used to fund capital projects for the Lionel E Lalonde Centre.	0	
Museum Reserve Fund	Carried forward from the former Rayside-Balfour and to be used for projects related to that museum.	25,495	24,558
South Branch Library Reserve Fund	Net rent proceeds from the tenant at the South Branch location were credited to this reserve fund to be used for required renovations. Council has committed additional funds for renovations.	989,462	831,872
Police Services Donations Reserve Fund	Under control of the Police Services Board and to be used for crime prevention initiatives.	99,641	79,759
Gazebo Concert Series Reserve Fund	This Reserve Fund was collapsed into CFRF - Citizen and Leisure Services.	0	5,741
Cemeteries Reserve Fund	Cemetery Services is self-funding; therefore this reserve is funded through any annual operating surpluses of cemeteries and is to be used only for funding deficits and for cemetery capital projects.	374,221	518,583
Committed	Funds approved in 2009 Capital Budget for various projects.	255,000	
Emergency Services - Ambulance Reserve Fund	Funded through contributions from Current and Provincial grants. Must be used for ambulance capital projects including all vehicles and equipment. May be subject to having to return funds to Province if not used for projects specific to EMS.	2,932,707	2,581,568

CITY OF GREATER SUDBURY

**Reserve and Reserve Fund Balances
as at December 31, 2008 compared to December 31, 2007**

NAME	RESERVE FUNDS	Dec. 31/08 \$	Dec. 31/07 \$
199 Larch Street Building Maintenance Reserve Fund	Established at time of purchase of 199 Larch (a \$17 million asset), with annual contributions. To be used to offset any major capital repairs not budgeted, thus preventing a substantial impact on the current fund. Surpluses in this section shall be credited to the reserve fund, if the City is in a surplus position overall. Deficits are to be funded from this reserve fund.	1,447,973	1,150,287
	Sub Total	\$42,425,103	\$42,247,608

CITY OF GREATER SUDBURY

**Reserve and Reserve Fund Balances
as at December 31, 2008 compared to December 31, 2007**

NAME	CAPITAL FINANCING RESERVE FUNDS (CFRF)	Dec. 31/08	Dec. 31/07
		\$	\$
CFRF - Information Technology	Funded from any under expenditures in the Information Technology section, if the City is in an overall surplus position. Also funded from any under expenditures in related capital projects. To be used for information technology projects only.	2,247,153	3,478,511
Committed	Previously approved funds for fleet maintenance software and for consulting costs. An additional \$785,800 was committed during the 2009 capital budget process.	934,504	148,706
Equipment and Vehicle Replacement Reserve Fund	Funded through contributions from Current Fund by equipment credits.	4,103,107	4,392,679
Police Vehicle and Equipment Reserve Fund	Funded through contributions from Current Fund. Annual contribution is scheduled to be fully utilized. This Reserve Fund is controlled by the Police Services Board.	476,701	867,714
Transit Vehicle and Equipment Reserve Fund	Funded through contributions from Current Fund and to be used for replacing transit vehicles.	3,059,690	1,289,666
Fire Vehicle and Equipment Reserve Fund	Funded through contributions from Current Fund and to be used for replacing fire vehicles and equipment. Annual contributions are not sufficient for replacements.	158,699	125,620
Recycling Equipment Replacement Reserve Fund	Funded through contributions from Current Fund. Much of the recycling equipment is 15 years old and has almost reached the end of its useful life. It is anticipated that the equipment will have to be replaced within the next few years, and the full balance of this fund will be required.	1,316,225	1,388,548
Parks Vehicle and Equipment Reserve Fund	Funded through contributions from Current and to be used for replacing parks equipment. Annual contribution is scheduled to be fully utilized.	280,225	322,357
CFRF - Solid Waste	Funded from annual contributions from the current budget and under expenditures in related capital projects. To be used only for solid waste projects. The balance of this reserve fund is required for projects identified in the approved Certificate of Approval for the landfill sites, in particular the Sudbury site which is slated to become the only landfill site in the City once all other sites are closed. The post-closure liabilities amounted to \$11.6 million at the end of 2008. In addition, there is a capital funding gap.	2,867,417	5,547,542
Committed	Includes \$2 million for the Organics Launch as well as funds approved in 2009 Budget for various approved projects	2,366,622	
CFRF - CD Buildings	Funding from any unallocated or excess funds from the Community Development capital envelope to be used only for CD Buildings capital projects with the approval of Council.	0	

CITY OF GREATER SUDBURY

**Reserve and Reserve Fund Balances
as at December 31, 2008 compared to December 31, 2007**

NAME	CAPITAL FINANCING RESERVE FUNDS (CFRF)	Dec. 31/08	Dec. 31/07
		\$	\$
CFRF - General	One half of any annual current operating surplus or deficit is funded from or contributed to this reserve fund. It is also the only source of funding for capital projects that have no capital envelope.	615,095	2,171,283
Committed	Represents funds committed by Council for a number of one-time programs. The balance includes all of Council's decisions to December 31, 2008.	1,990,519	1,782,000
CFRF - Administrative	Funded from any under expenditures in related capital projects. To be used only for corporate infrastructure (i.e. telephone systems, docutech equipment, etc.).	64,753	383,522
Committed	Funds approved in 2009 Budget for central inserter machine replacement	66,521	
CFRF - Economic Development	To be funded from unallocated or excess funds in the capital envelope, and to be used only for Economic Development projects.	104,684	72,369
Committed	Committed funds for GSCDC grants.	539,733	775,158
CFRF - Buildings	Funded from under expenditures in related capital projects. To be used only for assets (buildings) projects. In excess of \$96 million has been identified as unfunded capital needs for the next 10 years.	229,155	193,174
Committed	Previously approved funds for fuel systems, salt domes and water depots	750,000	750,000
CFRF - Police	Funded from under expenditures in related capital projects. Will be used only for Police projects. Reserve is under the control of Police Services Board.	749,095	2,080,255
Committed	Funds approved in 2009 Budget for leasehold improvements	1,000,000	
CFRF - Roads	Funded from under expenditures in related capital projects. To be used only for Roads projects. A capital funding gap of \$157 million is projected for 10 years.	748,496	1,025,028
Committed	This balance is committed for property acquisition.	663,952	789,821
CFRF - Waste Water	Funded from under expenditures in related capital projects and development charges. In addition, surpluses and deficits in this utility are contributed to or funded from this reserve fund. To be used only for Wastewater projects. Used to address any emergency upgrades which may be required, upon authority of Council. Wastewater has a 10 year capital gap approaching \$19 million.	159,139	2,761,776
Committed	The balance is committed to the Lively treatment plant upgrades.	1,802,000	6,252,000

CITY OF GREATER SUDBURY

**Reserve and Reserve Fund Balances
as at December 31, 2008 compared to December 31, 2007**

NAME	CAPITAL FINANCING RESERVE FUNDS (CFRF)	Dec. 31/08	Dec. 31/07
		\$	\$
CFRF - Water	Funded from under expenditures in related capital projects, development charges and deposits at the building stage for water meter installation. In addition, surpluses and deficits in this utility are contributed to or funded from this reserve fund. To be used only for water projects, including water meter installation and any projects necessitated by the Ministry of the Environment. Used to address any emergency upgrades which may be required, upon authority of Council. Water has a 10 year capital gap approaching \$19 million.	6,832,370	7,308,598
Committed	The balance was committed to upgrade of the Levack water supply and was transferred to capital in 2008.	0	2,254,300
CFRF - Community Development - H & S S	Funded from restructuring and high wage subsidies received from the Province for Pioneer Manor, and from any under expenditures in related capital projects.	939,268	897,020
Committed	This amount represents previously approved funds for physician recruitment & retention.	105,370	278,232
CFRF - Fire Services	Funded from under expenditures in related capital projects. To be used only for Fire Services Projects.	27,727	26,708
CFRF - Community Development - Citizen / Leisure Services	Funded from under expenditures in related capital projects. To be used only for Citizen and Leisure Services projects.	84,999	154,557
Committed	Commitments related to Council related projects and scoreboard replacement	170,102	
	Sub Total	35,453,321	47,517,144
	TOTAL RESERVE AND RESERVE FUNDS	88,614,955	99,288,934

Request for Recommendation Finance Committee




Type of Decision							
Meeting Date	June 17, 2009				Report Date	June 10, 2009	
Decision Requested		Yes	X	No	Priority	X	High
	Direction Only				Type of Meeting	X	Open
							Closed

Report Title
2008 Capital Fund Year End Position

Budget Impact/Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified.	

	FOR INFORMATION ONLY
<input checked="" type="checkbox"/> Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Lorella Hayes Chief Financial Officer/Treasurer	 Doug Nadorozny Chief Administrative Officer

Report Prepared By	Division Review
 Dion Dumontelle Manager of Financial Support & Budgeting	

Background

Council has adopted a pay-as you go capital financing strategy, directly funding capital projects through the operating budget each year. The capital fund balance represents the unspent capital funding at the end of the year. The majority of the projects are underway and funding will be spent in 2009 or shortly thereafter.

Year End Balance

The 2008 year-end balance in the Capital Fund was \$51.0 million, an increase of \$2.9 million from the 2007 closing balance. Attached is a summary which shows the breakdown of the fund, by major category as at December 31, 2008, with comparative figures for 2007, and immediately following that is a brief description of the projects underway at the end of 2008.

CITY OF GREATER SUDBURY
Capital Works in Progress
as at December 31, 2008

	Year - End Balance 2007 \$	Year - End Balance 2008 \$
(1) Administrative Services		
Information Technology	1,010,983	1,431,740
Administration	929,149	694,360
Human Resources & Org Dev	0	363,430
Other Projects	924,350	1,165,101
Subtotal-Administrative Services	2,864,482	3,654,631
(2) Community Development		
Health & Social Services	(511,768)	2,274,056
Healthy Community	117,720	117,720
Leisure Services	1,772,844	1,615,152
Leisure Services - Facilities	579,507	703,999
Library Services	(162,926)	(45,017)
Cemetery Services	105,896	0
Subtotal-Community Development	1,901,273	4,665,910
(3) Growth & Development		
Economic Development	173,216	4,559
Community & Strategic Planning	24,264	74,187
Planning	589,191	517,498
Transit	-	-
Parking	352,000	409,203
Subtotal-Growth & Development	1,138,671	1,005,447
(4) Police Services	2,272,654	3,116,708
(5) Infrastructure		
Equipment	1,339,810	1,898,408
Facilities	717,481	765,546
Solid Waste	3,520,355	2,376,589
Water	10,474,583	14,502,590
Wastewater	17,234,384	18,041,905
Roadways	8,756,213	3,998,294
Municipal Drains	80,055	80,404
Subtotal-Infrastructure	42,122,881	41,663,736
(6) Emergency Services		
EMS	636,447	937,490
Emergency Planning	(2,981,850)	(3,897,278)
Subtotal-Emergency Services	(2,345,403)	(2,959,788)
(7) Fire Services	193,548	(98,746)
TOTAL - CAPITAL WORKS IN PROGRESS	48,148,106	51,047,898

Explanatory Notes - Capital Works in Progress (CWIP) Summary - December 31, 2008

(1) Administration Services

Information Technology

The major projects still outstanding in this section are Microsoft office conversion, application system upgrades, CLELC Storage Area Network, E-recruit implementation and certain Hardware and Software costs.

Administration

Document Management System, records management and various projects were not completed at year-end but it is anticipated that all of these projects will be finalized in 2009 and 2010.

Human Resources

This balance relates to ergonomic assessment equipment.

Other Projects

Other projects related to funds approved for the implementation of ERP applications, such as Chart of Accounts, new budget system, commitment control and other ERP projects. In accordance with the ERP roadmap, it is anticipated that the balance will be largely spent during 2009 to 2012.

(2) Community Development

Health and Social Services

The balance represents unexpended capital funds for the Pioneer Manor Boreal Redevelopment project.

Leisure Services

A number of projects remain outstanding throughout this section, including Neighbourhood Participation and Community Improvement allocations, the Laurentian track, playground upgrades, soccer field development and miscellaneous equipment.

Leisure Services - Facilities

A number of projects including roof and building shell repairs, barrier free/accessibility remain outstanding as well as compliance upgrades.

Library Services

The balance represents the net of expended capital funds for the South Branch Library, which will be recovered through envelope commitments until 2012 and pre-funding for Anderson Farm and the Archive building projects.

(3) **Growth and Development**

Community & Strategic Planning

The balance represents funds for Connect Ontario and the “My Sudbury” initiative.

Planning

The balance relates to the partial funding for the new zoning by-law and funding designated for the official plan.

Parking

The available funding in this section is mainly for completion of small projects including the gate arm / cash system for the Tom Davies Square parking garage, replacement of pay and display machines and signage.

(4) **Police Services**

The majority of the capital balance relates to mobile data terminals, vehicles, leasehold improvements and equipment requirements.

(5) **Infrastructure**

Equipment

Efforts have been made to reduce the time lag in receipt of the equipment budgeted for in 2007 and 2008, and it is expected that the equipment will be received in 2009, including the fuel management system.

Facilities

The balance here is from various mechanical, electrical and building shell projects that were not quite completed prior to year-end.

Solid Waste

A number of projects remain open in this section, including Azilda site stormwater and pond, work at the Hanmer site, and the Solid Waste management facility.

Water

There are a number of ongoing projects which have been budgeted for and funded such as numerous water main replacements, mandated operating manuals and SCADA upgrades at all facilities, tank inspections as well as major compliance work at the Wahnapiatae treatment plant. In addition, there are upcoming major projects which have been partially funded such as the Levack and Valley East water supply systems. These projects will be completed over the next few years.

Wastewater

Similar to water, there are a number of ongoing projects such as sewer replacements, sludge management, mandated operating manuals, SCADA and upgrades at all waste water facilities, as well as necessary upgrades to a number of lift stations. Offsetting this are Kingsway expenditures which will be recovered from s. 391 charges.

Roadways

Approximately \$7.7M more in COMRIF spending during 2008 has resulted in expended funds of \$910,000 for COMRIF I Kingsway widening project and \$1.9M in expended COMRIF III projects for MR80 and MR15, which will be recovered through the 2009 and 2010 budgets. Offsetting this are various projects outstanding from 2007 and 2008 which include, miscellaneous culverts, storm sewer upgrades, Garson-Coniston Road, Lake Nepawhin Treatment station and various bridge work which total approximately \$6.8 million. The result is a net unexpended balance of \$4.0 million for roads.

Municipal Drains

Drain projects tend to span a number of years, from the initial planning stage to the completion and billing stage. Active projects at the end of 2008 were the Hanmer, Hope, Brunet, O'Bomsawin, Poitras, Horizon, Val Caron, Castonguay and Lavallee Municipal Drains.

(6) Emergency Services

Emergency Medical Services

The available funding in EMS, for the most part, relates to timing between when speciality equipment, such as electronic patient care records, is ordered and received. It is anticipated that the balance will be spent during 2009.

Emergency Planning

The balance includes the expended capital funds for the Lionel E. Lalonde Centre, which will be recovered through envelope commitments until 2021.

(7) Fire Services

Fire Services

The balance represents the net of unexpended and expended capital funds for Fire Equipment. In particular, the last portion for the 2004 major equipment purchase will be recovered during 2009.