

# **SECTION 1**

Consolidated Financial Statements

**CITY OF GREATER SUDBURY**

Year ended December 31, 2008

# **CITY OF GREATER SUDBURY**

## **Financial Statements Index**

(in thousands of dollars)

Year ended December 31, 2008

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## AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the **City of Greater Sudbury** as at December 31, 2008 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

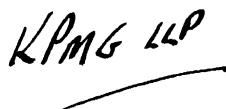
In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**COLLINS BARROW, SUDBURY - NIPISSING LLP**  
Chartered Accountants, Licensed Public Accountants



**FREELANDT CALDWELL REILLY LLP**  
Chartered Accountants, Licensed Public Accountants



**KPMG LLP**  
Chartered Accountants, Licensed Public Accountants

Sudbury, Canada  
May 1, 2009

# CITY OF GREATER SUDBURY

## Consolidated Statement of Financial Position

(in thousands of dollars)

December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and short-term investments (note 2)	\$ 173,436	\$ 130,550
Taxes receivable	7,968	7,919
Accounts receivable	36,187	44,245
Long-term investments (note 3)	48,191	48,621
Other current assets	1,786	1,717
	<u>267,568</u>	<u>233,052</u>
<b>Non-Financial Assets</b>		
Inventory	1,015	769
Investment in government business enterprises (note 16(b))	83,230	80,786
	<u>84,245</u>	<u>81,555</u>
	<u>\$ 351,813</u>	<u>\$ 314,607</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 71,314	\$ 58,348
Employee benefit obligations (note 4)	43,307	42,008
Deferred revenue - other	28,307	4,353
Deferred revenue - obligatory reserve funds (note 5)	27,944	22,804
Solid waste management facility liability (note 6)	11,573	8,296
Long-term liabilities (note 7)	39,397	40,727
	<u>221,842</u>	<u>176,536</u>
<b>Municipal Position</b>		
<b>Fund Balances:</b>		
Current (note 8(a))	115	87
Capital (note 8(b))	51,048	48,148
Reserves and reserve funds (note 8(c))	89,900	100,127
Equity in government business enterprises (note 16(b))	83,230	80,786
	<u>224,293</u>	<u>229,148</u>
<b>Amounts to be recovered (note 9):</b>		
From reserves and reserve funds on hand	(4,666)	(4,547)
From future revenues	(89,656)	(86,530)
	<u>(94,322)</u>	<u>(91,077)</u>
Municipal Position	<u>129,971</u>	<u>138,071</u>
Contractual obligations and commitments (note 11)		
	<u>\$ 351,813</u>	<u>\$ 314,607</u>

The accompanying notes are an integral part of this consolidated financial statement.

# CITY OF GREATER SUDBURY

## Consolidated Statement of Financial Activities

(in thousands of dollars)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Revenues:</b>		
Transfer payments	\$ 199,032	\$ 210,619
Taxation	187,570	174,610
User charges	98,178	94,356
Investment	13,493	13,123
Other	12,831	15,696
Fines and penalties	4,902	4,950
Government business enterprises		
net earnings (loss) (note 16(b))	2,444	(1,353)
	518,450	512,001
<b>Expenditures:</b>		
Current:		
General government	19,657	17,402
Protection to persons and property	67,387	63,710
Transportation services	53,042	43,868
Environmental services	57,197	48,789
Health services	21,392	16,903
Social and family services	142,584	153,340
Social housing	29,651	28,421
Recreation and cultural services	31,089	29,888
Planning and development	12,092	11,776
	434,091	414,097
Capital:		
General government	4,098	5,233
Protection to persons and property	4,769	2,608
Transportation services	41,210	28,489
Environmental services	26,120	25,494
Health services	2,266	2,019
Social and family services	4,442	490
Social housing	2,577	2,930
Recreation and cultural services	6,194	2,397
Planning and development	784	1,244
	92,460	70,904
	526,551	485,001
<b>Excess (deficiency) of revenues over expenditures</b>	(8,101)	27,000
Financial obligations	(30)	(1,389)
Debt principal repayments	(1,060)	(2,748)
Employee benefits and other liabilities	1,299	1,302
Solid waste management facility liability	3,277	471
Capital lease obligations	(240)	(512)
	3,246	(2,876)
<b>Increase (decrease) in fund balances</b>	(4,855)	24,124
Fund balances, beginning of year	229,148	205,024
<b>Fund balances, end of year</b>	\$ 224,293	\$ 229,148

The accompanying notes are an integral part of this consolidated financial statement.

# CITY OF GREATER SUDBURY

## Consolidated Statement of Cash Flows

(in thousands of dollars)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenditures	\$ (8,101)	\$ 27,000
Changes in non-cash working capital:		
Decrease (increase) in inventory	(246)	149
Increase in deferred revenue - other	23,954	2,735
Increase in deferred revenue - obligatory reserve funds	5,140	4,799
Decrease (increase) in accounts and taxes receivable	8,009	(3,858)
Decrease in accounts receivable decrease due to change in control of GSCDC	-	7
Increase in employee benefit obligations	1,299	1,302
Decrease (increase) in other current assets	(69)	223
Increase in accounts payable and accrued liabilities	12,966	5,689
Increase in solid waste management facility liability	3,277	471
	46,229	38,517
Cash flows from investing activities:		
Reduction of long-term debt due to change in control of GSCDC	-	(2,741)
Financial obligations	(30)	(1,389)
Capital lease obligations	(240)	(512)
Long-term investments	431	(11,793)
Debt principal repayments	(1,060)	(2,748)
Decrease in long-term investments due to change in control of GSCDC	-	2,675
Investment in government business enterprises	(2,444)	1,353
	(3,343)	(15,155)
<b>Net increase in cash</b>	<b>42,886</b>	<b>23,362</b>
Cash and short-term investments, beginning of year	130,550	107,188
<b>Cash and short-term investments, end of year</b>	<b>\$ 173,436</b>	<b>\$ 130,550</b>

The accompanying notes are an integral part of this consolidated financial statement.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

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The City of Greater Sudbury is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

### 1. Significant accounting policies:

The consolidated financial statements of the City of Greater Sudbury (the "City") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

#### (a) Reporting entity:

##### (i) Consolidated Entities:

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances 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 and entities include:

Greater Sudbury Housing Corporation  
Greater Sudbury Police Services Board  
Metro Centre Management Board  
Flour Mill Business Improvement Area  
Greater Sudbury Public Library Board  
Greater Sudbury Heritage Museum Advisory Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

##### (ii) Related Entities:

These consolidated financial statements do not reflect the assets, liabilities, sources of financing, expenditures and the activities of the following boards and enterprises which are not under the control of Council:

Nickel District Conservation Authority  
Sudbury & District Health Unit  
City of Greater Sudbury Community Development Corporation

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2008

### 1. Significant accounting policies (continued):

#### (a) Reporting entity (continued):

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

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

	2008	2007
Nickel District Conservation Authority	\$ 597	403
Sudbury & District Health Unit	5,035	4,898
City of Greater Sudbury Community Development Corporation	853	589
	\$ 6,485	5,890

##### (iii) Equity Accounting:

Government, business enterprises comprised of the Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. ("GSU"), Sudbury Community Development Corporation ("SCDC") and the Sudbury Airport Community Development Corporation ("SACDC"), are accounted for by the modified equity method.

Under the modified equity method, the business enterprise's accounting principles are not adjusted to conform with those of the City and inter-organization transactions and balances are not eliminated.

##### (iv) Accounting for School Board Transactions:

The taxation, other revenues, expenditures, assets and liabilities of Le Conseil Scolaire de District Catholique du Nouvel-Ontario, Sudbury Catholic District School Board, Rainbow District School Board and Conseil Scolaire Du District Du Grand Nord De L'Ontario are not reflected in these consolidated financial statements.

#### (b) Fund Accounting:

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers among funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the City are not included in these financial statements but are reported on separately on the Trust Funds financial statements.



# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

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### 1. Significant accounting policies (continued):

#### (c) Basis of Accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### (d) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

#### (e) Capital Assets:

The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition.

#### (f) Inventory:

Inventory is valued at the lower of cost and replacement cost.

#### (g) Pensions and Employee Benefits:

The City accounts for its participation in the Ontario Municipal Employee Retirement Fund ("OMERS"), a multi-employer public sector pension fund, as a defined benefit plan.

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 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 by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experiences and from changes in actuarial assumptions used to determine the accrued benefit obligation. These gains (losses) are amortized over the average remaining service period of active employees.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

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### 1. Significant accounting policies (continued):

#### (h) Deferred Revenue - Obligatory Reserve Funds:

The City receives certain subdivider 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 expenditures, are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

#### (i) Amounts to be Recovered:

Amounts to be recovered make up part of the Municipal position, which includes balances for accrued interest on long-term debt, outstanding long-term liabilities, liability for solid waste management facility liability and liabilities for employee benefits.

#### (j) Taxation and Related Revenues:

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

#### (k) Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes receivable, accounts receivable, solid waste landfill closure and post-closure liabilities and post-employment benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

### 2. Short-term investments:

The short-term investments consisting of cash, term deposits, bonds, treasury bills and ONE Fund Money Market and Bond Market earn rates of return ranging from 2.3% to 3.8% per annum and amount to \$173,436 (2007 - \$130,550) which are recorded at cost adjusted for amortization of discount or premium, have a market value of \$173,876 (2007 - \$131,261) at the end of the year. Cash other than short-term investments earn a competitive rate of return while on deposit.

### 3. Long-term investments:

Details of the long-term investments are as follows:

	2008	2007
Term deposits, bonds and ONE Fund Equity	\$ 48,191	48,621

The term deposits and bonds earn rates of return ranging from 3.7% to 6.7% per annum and are recorded at cost adjusted for amortization of discount or premium. The long-term investments have a market value of \$47,520 (2007 - \$49,206).

### 4. Employee benefit obligations:

Details of the obligations are as follows:

	2008	2007
Future payments required to WSIB	\$ 857	736
Accumulated sick leave benefit	8,071	8,024
Other post-employment benefits	22,945	21,767
Vacation pay	11,434	11,481
	\$ 43,307	42,008

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

### 4. Employee benefit obligations (continued):

The City has established reserve funds in the amount of \$4,666 to mitigate the future impact of these obligations.

- (i) The City has elected to be a Schedule 2 employer under the provisions of the Workplace Safety and Insurance Board Act, and as such, remits payments to the WSIB only as required to fund disability payments.
- (ii) Accumulated sick leave benefits accrue to certain employees of the City and are paid out either on approved retirement or upon termination or death.
- (iii) Other post-employment benefits represent the City's share of the cost to provide certain employees with extended benefits upon early retirement.
- (iv) The following table sets out the results as determined by the actuarial valuation completed in March 2009 for each of the plans, as at December 31, 2008.

	WSIB	Sick Leave	Other Post-Employment Benefits	2008 Total	2007 Total
Accrued benefit liability, beginning of year	\$ 1,994	7,065	31,705	40,764	41,873
Benefit cost	902	439	998	2,339	1,971
Interest cost	136	359	1,591	2,086	2,060
Benefit payments	(1,035)	(613)	(2,232)	(3,880)	(4,120)
Actuarial loss	1,123	(232)	399	1,290	(1,020)
Accrued benefit liability, end of year	3,120	7,018	32,461	42,599	40,764
Unamortized gain (loss)	(2,263)	1,053	(9,516)	(10,726)	(10,237)
	\$ 857	8,071	22,945	31,873	30,527

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	3%	3%	3%
Expected level of salary increases	N/A	3%	3%
Interest discount rate	5.5%	5.5%	5.5%

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2008

### 5. Deferred revenue - obligatory reserve funds:

The balances in the obligatory reserve funds consist of:

	2008	2007
Sub-divider contributions	\$ 7,014	5,050
Recreational Land (The Planning Act)	908	820
Gasoline Tax - Province	1,688	1,119
Gasoline Tax - Federal	6,774	4,862
Building Permit Revenues (Bill 124)	4,425	3,591
Regional Road 80	4,969	5,275
Canada Transit Funding (Bill C-48)	2,166	2,087
	\$ 27,944	22,804

### 6. Solid waste management facility liability:

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

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability 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 expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted using a 30 year Government Bond rate of 5% (2007 - 5.75%) minus an inflation rate of 1.82% (2007 - 2.12%) (10-year average of CPI from 1998 to 2008). The estimated total landfill closure and post-closure care expenditures are calculated to be \$18,273 (2007 - \$13,730). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. At December 31, 2008 an amount of \$11,573 (2007 - \$8,296) with respect to landfill closure and post-closure liabilities has been accrued.

The estimated remaining capacity of the Sudbury landfill site is 44% (3,450,000 cubic meters) of its total estimated capacity and its estimated remaining life is 45 years (2007 - 46 years), after which the period for post-closure care is estimated to be 25 years.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2008

### 6. Solid waste management facility liability (continued):

The estimated remaining capacity of the Walden landfill site is 6% (27,000 cubic meters) of its total estimated capacity and its estimated remaining life is 2 years (2007 - 9 years), after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Valley East landfill site is 38% (753,000 cubic meters) of its total estimated capacity and its estimated remaining life is 26 years (2007 - 27 years), after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Rayside-Balfour landfill site is 51% (757,000 cubic meters) of its total estimated capacity and its estimated remaining life is 26 years (2007 - 44 years), after which the period for post-closure care is estimated to be 25 years.

During the year, the City revised its estimate of remaining lives of certain landfill sites as a result of new information. This change is accounted for prospectively.

### 7. Long-term liabilities:

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

	2008	2007
Debtentures	\$ 22,908	23,869
Capital lease obligations	497	737
Other loans	262	361
Accrued financial obligations (b)	15,730	15,760
	\$ 39,397	40,727

(b) The accrued financial obligations consist of the following commitments:

	Last Year of Commitment	2008	2007
Sudbury Regional Hospital	2023	\$ 10,271	10,971
Northeastern Ontario Regional Cancer Centre	2023	4,429	4,729
Northern Ontario School of Medicine	2009	30	60
St. Joseph's Villa	2009	1,000	—
		\$ 15,730	15,760

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

### 7. Long-term liabilities (continued):

The principal payments are due as follows:

	2009 to 2013	2014 to 2018	2019 and thereafter	2008 Total	2007 Total
From general municipal revenues	\$ 10,338	11,906	14,314	36,558	37,600
From benefiting landowners	2,152	637	50	2,839	3,127
	\$ 12,490	12,543	14,364	39,397	40,727

### 8. Fund balances:

#### (a) Current fund:

The current fund balances are comprised of the following:

	2008	2007
- to be applied to the operations of the current fund (excluding local boards)	\$ -	-
- to be applied to operations of local boards and entities	115	87
	\$ 115	87

#### (b) Capital fund:

The capital fund balance is comprised of the following:

	2008	2007
Funds available for capital projects not fully complete on December 31	\$ 60,566	58,192
Unfinanced capital outlay to be recovered through taxation or user charges	(9,518)	(10,044)
	\$ 51,048	48,148

The unfinanced capital outlay will be funded through general municipal revenues recovered within the term of Council in the amount of \$5,693 with the remainder, \$3,825 raised through taxation and user charges beyond the current term of Council.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

### 8. Fund balances (continued):

#### (c) Reserves and reserve funds:

The reserves and reserve funds consist of:

	2008	2007
Reserves	\$ 12,021	10,361
Reserve funds	77,879	89,766
	\$ 89,900	100,127

### 9. Amounts to be recovered:

Amounts to be recovered represent liabilities established for accrual accounting purposes. In some cases, reserves and reserve funds have been established to fund these amounts. In other cases, the liabilities are to be funded from future years' budgetary allocations. Net increase in amounts to be recovered is \$3,244 (2007 - net decrease of \$2,188).

	2008	2007
Capital lease obligations	\$ 497	737
Long-term liabilities	23,170	24,230
Employee benefit obligations	43,307	42,008
Accrued interest payable on long-term liabilities	45	46
Solid waste management facility liability	11,573	8,296
Accrued financial obligations	15,730	15,760
	\$ 94,322	91,077

Reserves and reserve funds in the amount of \$4,666 (2007 - \$4,547) have been established to mitigate the impact of these future obligations.

### 10. Operations of school boards:

Further to note 1(a) (iv), the taxation, other revenues and expenditures of the school boards are comprised of the following:

	2008	2007
Taxation	\$ 50,731	50,505
Payments in lieu of taxes	132	144
	\$ 50,863	50,649



# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

### 11. Contractual obligations and commitments:

#### (a) Work-in-progress:

The balance of capital works uncompleted under contracts in progress at December 31, 2008 amounts to approximately \$27,852 (2007 - \$30,488). The proposed financing of these obligations is \$19,958 from contributions from own funds and \$7,894 from provincial grants.

#### (b) Contracts for services:

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

2009	\$	7,789
2010		4,792
2011		3,276
2012		1,698
2013'		6
		\$ 17,561

#### (c) Contingent liabilities:

As at December 31, 2008, 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.

### 12. Pension agreement:

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

The amount contributed to OMERS in 2008 was \$8,908 (2007 - \$8,419).

### 13. Budget figures:

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over several years. Current revenue fund budgets are affected on an ongoing basis, depending on when various government programs become available to the City. Accordingly, the budgets are not directly comparable with current year actual amounts and therefore, budgets have not been reflected on the consolidated statement of financial activities.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

### 14. Provincial offences administration (POA):

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

Balances arising from operation of the POA office have been consolidated with these financial statements.

### 15. Trust funds:

Trust funds amounting to \$10,188 (2007 - \$9,158) and their related operations administered by the City are not consolidated, but are reported separately on the Trust Funds balance sheet and Trust Funds statement of continuity.

### 16. Investment in government business enterprises:

The Sudbury Airport Community Development Corporation ("SACDC"), Greater Sudbury Utilities Inc. ("GSU") and Sudbury Community Development Corporation ("SCDC") are owned and controlled by the City of Greater Sudbury. As these corporations are business enterprises of the City, they are accounted for on a modified equity basis in these consolidated financial statements.

(a) The following table provides condensed supplementary financial information for the year ending December 31, 2008:

	SACDC	GSU	SCDC	2008 Total	2007 Total
<b>Financial Position</b>					
Current assets	\$ 1,515	36,370	16	37,901	34,722
Capital assets	11,640	76,310	278	88,228	85,832
Other assets	–	6,520	–	6,520	6,933
<b>Total assets</b>	<b>13,155</b>	<b>119,200</b>	<b>294</b>	<b>132,649</b>	<b>127,487</b>
Current liabilities	400	16,105	16	16,521	15,614
Note payable to the City of Greater Sudbury	–	52,341	–	52,341	52,458
Other long-term liabilities	6,509	30,295	278	37,082	35,153
<b>Total liabilities</b>	<b>6,909</b>	<b>98,741</b>	<b>294</b>	<b>105,944</b>	<b>103,225</b>
<b>Net assets</b>	<b>\$ 6,246</b>	<b>20,459</b>	<b>–</b>	<b>26,705</b>	<b>24,262</b>

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

### 16. Investment in government business enterprises (continued):

	SACDC	GSU	SCDC	2008 Total	2007 Total
Results of operations:					
Revenue	\$ 4,212	103,726	351	108,289	107,660
Expenses	(3,448)	(98,251)	(351)	(102,050)	(105,065)
Loss on sale of assets	—	—	—	—	(49)
Interest paid to the City of Greater Sudbury	—	(3,795)	—	(3,795)	(3,800)
Net income (loss)	\$ 764	1,680	—	2,444	(1,254)

(b) The investment at December 31, 2008 consists of the following:

	SACDC	GSU	2008 Total	2007 Total
Balance, beginning of year	\$ 5,482	75,304	80,786	82,139
City's share of operating income (loss) for the year	764	1,680	2,444	(1,353)
Balance, end of year	\$ 6,246	76,984	83,230	80,786

### 17. Tangible capital assets:

Tangible capital assets are reported as an expenditure in the consolidated statement of operations in the year of acquisition. Effective for the fiscal year beginning January 1, 2009, the City of Greater Sudbury along with all other local governments, will be required to recognize tangible capital assets in the consolidated statement of financial position and any amortization, gains or losses on disposal and impairments on the consolidated statement of operations. This change in accounting standards will require recognition of tangible capital assets on the consolidated statement of financial position.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2008

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### 17. Tangible capital assets (continued):

The City is undertaking an inventory of all its tangible capital assets and has identified the following major asset classes within each category (General or Infrastructure). The cost of these assets, excluding land, will be amortized on a straight-line basis over their estimated useful lives as follows:

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General capital:	
Land	No amortization
Land improvements	15 to 60 years
Buildings	15 to 60 years
Machinery and equipment	8 to 20 years
Vehicles	4 to 20 years
Infrastructure:	
Plants and facilities	10 to 60 years
Road networks	15 to 100 years
Water and wastewater networks	40 to 100 years

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During 2008, the City continued to work towards compliance with the new requirements. As of December 31, 2008, the City has completed the inventories and opening (January 1, 2008) values for capital assets with a historical cost of \$1,024,064,688 (unaudited) and accumulated amortization of \$387,806,942 (unaudited). The inventory and valuation for all remaining assets will be completed for recognition on the consolidated statement of financial position for the year ending December 31, 2009.

### 18. Segmented disclosure:

The City of Greater Sudbury is a diversified municipal government institution that provides a wide range of services to more than 160,000 citizens. Services include water, roads, fire, police, emergency medical services, waste management, public transit, recreation programs, economic development, land use planning and health and social services. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2008

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### 18. Segmented disclosure (continued):

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 and Financial 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.

#### 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 ensure the safety of the lives and property of citizens; preserve peace and order; prevent 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.

#### 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 Sudbury Airport Community Development Corporation.

#### 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.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)

Year ended December 31, 2008

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### 18. Segmented disclosure (continued):

#### 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 422 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.

#### 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 is 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 Current Fund services based on a percentage of operations.

This disclosure is a new reporting requirement. The City of Greater Sudbury will be treating this disclosure prospectively; therefore comparative information is not reported. Accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as discussed in Note 2.

# CITY OF GREATER SUDBURY

Note 18 - Segmented Information (continued)

Year ended December 31, 2008

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Consolidations	Total
<b>Revenues</b>										
Transfer payments	\$ 5,452	12,085	23,547	2,526	148,584	4,558	2,250	-	30	199,032
Taxation	26,687	45,497	49,654	12,088	30,361	16,245	7,038	-	-	187,570
User charges	3,465	4,500	8,898	54,078	9,357	7,393	2,352	-	8,135	98,178
Transfer from other funds	18,523	6,917	39,085	35,475	10,967	6,768	2,534	-	3,344	123,613
Other	3,150	6,721	6,366	3,209	6,953	1,673	2,574	2,444	580	33,670
	57,277	75,720	127,550	107,376	206,222	36,637	16,748	2,444	12,089	642,063
<b>Expenditures</b>										
Salaries, wages and benefits	19,457	55,229	23,189	17,524	42,205	15,928	5,521	-	3,061	182,114
Materials and contract services	10,131	12,969	70,799	61,219	62,524	18,413	4,827	-	15,784	256,666
Grants and transfer payments	80	684	17	68	86,334	728	1,530	-	(10,576)	78,865
Transfers to other funds	23,418	6,398	38,598	34,905	12,323	1,347	3,278	-	3,344	123,611
Other	3,734	492	106	2	975	120	233	-	-	5,662
	56,820	75,772	132,709	113,718	204,361	36,536	15,389	-	11,613	646,918
<b>Change in Fund Balances</b>	\$ 457	(52)	(5,159)	(6,342)	1,861	101	1,359	2,444	476	(4,855)
<b>Analysed as follows:</b>										
Increase in government business enterprise	\$ -	-	-	-	-	-	-	2,444	-	2,444
Increase (decrease) in Current Fund	-	-	-	-	-	-	-	-	28	28
Increase (decrease) in capital fund	1,425	(18)	(4,568)	3,664	2,531	(34)	(100)	-	-	2,900
Increase (decrease) in reserves and reserve funds	(968)	(34)	(591)	(10,006)	(670)	135	1,459	-	448	(10,227)
<b>Change in Fund Balances</b>	\$ 457	(52)	(5,159)	(6,342)	1,861	101	1,359	2,444	476	(4,855)

# CITY OF GREATER SUDBURY

## Schedule of Current Fund Operations

(in thousands of dollars)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Revenues:</b>		
Transfer payments	\$ 183,296	\$ 190,840
Taxation	187,570	174,610
User charges	98,178	94,356
Other	9,885	13,239
Investment	9,846	9,234
Fines and penalties	4,902	4,950
	<u>493,677</u>	<u>487,229</u>
<b>Expenditures:</b>		
General government	19,657	17,402
Protection to persons and property	67,387	63,710
Transportation services	53,042	43,868
Environmental services	57,197	48,789
Health services	21,392	16,903
Social and family services	142,584	153,340
Social housing	29,651	28,421
Recreation and cultural services	31,089	29,888
Planning and development	12,092	11,776
	<u>434,091</u>	<u>414,097</u>
<b>Net revenues</b>	<u>59,586</u>	<u>73,132</u>
<b>Transfers to other funds:</b>		
Transfer to capital fund	(57,680)	(52,824)
Transfer to reserves and reserve funds	(5,364)	(17,911)
	<u>(63,044)</u>	<u>(70,735)</u>
Solid waste management facility liability	3,277	471
Employee benefits and other liabilities	1,299	1,302
Financial obligations	(30)	(1,389)
Debt principal repayments	(1,060)	(2,748)
	<u>(59,558)</u>	<u>(73,099)</u>
<b>Increase in fund balance</b>	<u>28</u>	<u>33</u>
Fund balance, beginning of year	87	54
<b>Fund balance, end of year</b>	<u>\$ 115</u>	<u>\$ 87</u>

The accompanying notes are an integral part of this financial statement.



# CITY OF GREATER SUDBURY

## Schedule of Capital Fund

(in thousands of dollars)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Revenues:</b>		
Transfer payments	\$ 15,736	\$ 19,779
Other	2,898	2,403
	<u>18,634</u>	<u>22,182</u>
<b>Expenditures:</b>		
General government	4,098	5,233
Protection to persons and property	4,769	2,608
Transportation services	41,210	28,489
Environmental services	26,120	25,494
Health services	2,266	2,019
Social and family services	4,442	490
Social housing	2,577	2,930
Recreation and cultural services	6,194	2,397
Planning and development	784	1,244
	<u>92,460</u>	<u>70,904</u>
<b>Net expenditures</b>	<u>(73,826)</u>	<u>(48,722)</u>
<b>Transfers from (to) other funds:</b>		
Transfer from current fund	57,680	52,824
Transfer from (to) reserves and reserve funds	19,286	9,939
	<u>76,966</u>	<u>62,763</u>
Capital lease obligations	(240)	(512)
	<u>76,726</u>	<u>62,251</u>
<b>Increase in fund balance</b>	<u>2,900</u>	<u>13,529</u>
Fund balance, beginning of year	48,148	34,619
<b>Fund balance, end of year</b>	<u>\$ 51,048</u>	<u>\$ 48,148</u>

The accompanying notes are an integral part of this financial statement.

# CITY OF GREATER SUDBURY

## Schedule of Reserves and Reserve Funds

(in thousands of dollars)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Revenues:		
Investment	\$ 3,647	\$ 3,889
Contributions from developers	36	40
Other	12	14
	3,695	3,943
Transfers (to) from other funds:		
Transfers from current fund	5,364	17,911
Transfers from (to) capital fund	(19,286)	(9,939)
	(13,922)	7,972
<b>Increase (decrease) in fund balance</b>	<b>(10,227)</b>	<b>11,915</b>
Balance, beginning of year	100,127	88,212
<b>Balance, end of year</b>	<b>\$ 89,900</b>	<b>\$ 100,127</b>

The accompanying notes are an integral part of this financial statement.