

**THE NINETEENTH MEETING OF THE FINANCE COMMITTEE
OF THE CITY OF GREATER SUDBURY**

**Council Chamber
Tom Davies Square**

**Wednesday, June 18, 2008
Commencement: 4:05 p.m.**

Chair

COUNCILLOR TED CALLAGHAN, IN THE CHAIR

Present

Councillors Cimino, Barbeau, Berthiaume, Rivest (A4:27pm), Thompson (A4:50pm), Craig, Caldarelli, Gasparini, Landry-Altman (A4:22pm),

City Officials

M. Mieto, Chief Administrative Officer; G. Clausen, General Manager of Infrastructure Services; C. Matheson, General Manager of Community Development; D. Nadorozny, General Manager of Growth & Development; B. Mangiardi, Acting Executive Director, Administrative Services; L. Hayes, Chief Financial Officer/Treasurer; E. Stankiewicz, Manager of Financial Planning & Policy; D. Dumontelle, Manager of Financial Support and Budgeting; P. Buchanan, Manager of Accounting; T. Derro, Supervisor of Tax; D. Cayen, Administrative Assistant to the Chief Financial Officer/Treasurer; A. Haché, City Clerk; P. Pelletier, Mail Clerk; F. Bortolussi, Council Secretary

Declarations of
Pecuniary Interest

None declared.

PRESENTATIONS/DELEGATIONS

2007 Audit Findings
Report

Report dated June 11, 2008 was received from the Chief Financial Officer/Treasurer regarding 2007 Audit Findings Report.

Mr. Wayne McDonald of KPMG introduced Mr. Marc Bertrand of Collins Barrow-Maheu Noiseux, Mr. Ed Reilly of Freelandt Caldwell Reilly, Mr. Oscar Poloni and Ms. Sandra Moscal of KPMG.

Wayne McDonald made an electronic presentation outlining the purpose of an Audit Findings Report and the scope of a financial statement audit. He outlined the audit findings regarding accounting for the Greater Sudbury Development Corporation, employee future benefits, landfill liability, allowance for doubtful taxes, payroll related accruals and cross border ambulance services and the actions taken on these matters. He provided a summary of uncorrected and corrected audit differences. He outlined performance improvement observations, recommendations from KPMG and management's comments relating to journal entries, accounts receivable and co-operation with operating departments.

2007 Audit Findings
Report (continued)

Mr. McDonald outlined the matters communicated and provided comments pertaining to the financial statement audit with respect to:

- Significant unusual transactions;
- Accounting policies, judgments and estimates;
- Changes to the audit plan;
- Material weaknesses in internal control over financial reporting;
- Illegal and fraudulent activities;
- Auditors' independence;
- Dealings with management;
- Consultation with other accountants;
- Major issues discussed with management that influence the audit appointment;
- Audit differences.

He concluded by explaining current developments - the tangible capital assets and update; and the new accounting pronouncements and the implications to the City.

2007 Annual
Financial
Statements

Report dated June 11, 2008 was received from the Chief Financial Officer/Treasurer regarding 2007 Annual Financial Statements.

The Consolidated Financial Statements of the City of Greater Sudbury were distributed under separate cover.

The Financial Statements of the City of Greater Sudbury Trust Funds were distributed to Committee Members at the meeting.

Lorella Hayes, Chief Financial Officer/Treasurer provided an electronic presentation entitled *Consolidated Municipal Financial Information - December 31, 2007*.

The Chief Financial Officer/Treasurer advised that the financial statements include the consolidated financial information of all the entities controlled or owned by the City being:

- Greater Sudbury Housing Corporation;
- Metro Centre Management Board;
- Flour Mill Business Improvement Area;
- Library Board;
- Greater Sudbury Police Services Board.

She advised that Greater Sudbury Community Development Corporation was excluded in 2007 as it is not controlled by the City of Greater Sudbury. She also advised that there are three government business enterprises which are controlled by the City and accounted for in the financial statements using the "Equity Method" and have been included in the statement of Financial

2007 Annual
Financial
Statements
(continued)

Activities. The following are the three government business enterprises:

- Greater Sudbury Utilities Inc. - Net Loss \$1,953,020;
- Sudbury Airport CDC - Net Income \$699,402;
- Sudbury CDC - Net Income – NIL.

She stated that the statements were prepared using the generally accepted accounting principles for local governments:

- Accrual basis of accounting;
- Capital assets;
- Fund Accounting – Current, Capital and Reserve Funds;
- Notes to Financial Statements.

She reviewed the revenues totalling \$512M, an increase of \$20M from 2006, and the current expenditures totalling \$414M, an increase of \$14M from 2006. She outlined the capital expenditures, consolidated schedule of financial activities and the change in fund balances. She explained the City's consolidated financial position: assets of \$314M compared to \$280M in 2006; liabilities of \$176M compared to \$168M in 2006 and a net municipal position of \$138M compared to \$111M in 2006. She also explained the capital fund continuity and the reserve and reserve fund continuity. She listed the commitments funded by the 2007 surplus totalling \$3M as well as Physician Recruitment of \$120,000, Summer Games of \$250,000 and St. Joseph's Villa Grant to be determined. She also listed the program specific budget variances totalling \$1.3M. She explained the trends in reserve and reserve funds stating that, although there is a significant improvement, it is still below the BMA study median. She also explained the long term debt trends stating that the majority of the debt is self-supported.

The following recommendation was presented:

2008-02 Craig-Barbeau: 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, 2007 as presented be accepted and recommended for Council approval.

CARRIED

CORRESPONDENCE FOR INFORMATION ONLY

2007 Capital Fund
Year-End Position

Report dated June 11, 2008 was received from the Chief Financial Officer/Treasurer regarding 2007 Capital Fund Year-End Position for information only.

2007 Reserves and
Reserve Funds

Report dated June 11, 2008 was received from the Chief Financial Officer/Treasurer regarding 2007 Reserves and Reserve Funds for information only.

Adjournment

2008-03 Craig-Barbeau: THAT this meeting does now adjourn.
Time: 5:56 p.m.

Councillor Ted Callaghan, Chair

Angie Haché, City Clerk