

**THE THIRTY-FOURTH MEETING OF THE FINANCE COMMITTEE
OF THE CITY OF GREATER SUDBURY**

**Council Chamber
Tom Davies Square**

**Wednesday, June 21, 2006
Commencement: 4:09 p.m.**

Chair

COUNCILLOR ELDON GAINER, IN THE CHAIR

Present

Councillors Berthiaume; Bradley; Caldarelli; Callaghan; Dupuis (D5:06pm); Gasparini; Kett (A4:19pm); Reynolds; Rivest (A4:24pm); Thompson (A4:20pm)

City Officials

M. Mieto, Chief Administrative Officer; C. Matheson, General Manager of Community Development; B. Lautenbach, Acting General Manager of Growth & Development; A. Stephen, General Manager of Infrastructure & Emergency Services; C. Hallsworth, Executive Director of Administrative Services; L. Hayes, CFO/Treasurer; P. Thomson, Director of Human Resources & Organizational Development; G. Lamothe, Manager of Communications & French Language Service; G. Clausen, City Engineer; S. St. Onge, Acting Manager of Current Accounting Operations; C. Mahaffy, Manager of Financial Planning & Policy; A. Haché, City Clerk; F. Bortolussi, Planning Committee Secretary; CJ Caporale, Council Secretary

News Media

Sudbury Star; Channel 10 News

Declarations of
Pecuniary Interest

None declared.

PRESENTATIONS/DELEGATIONS

Item 2
2005 Audit Findings

Report dated 2006-06-14 from the CFO/Treasurer regarding 2005 Audit Findings Report was received for information only.

Mr. Wayne McDonald of KPMG, on behalf of representatives of Freelandt Caldwell Reilly and Collins Barrow-Maheu Noiseux, gave an electronic presentation.

Mr. McDonald advised Council that an audit of the City's financial statements, the financial position, results of operations and changes in the financial position was conducted under Canadian generally accepted accounting principles.

He also stated that communication regarding the relationship between the City and the three accounting firms regarding their independence as the City's auditors, was conducted.

Item 2
2005 Audit Findings
(continued)

Mr. McDonald gave a summary of the audit approach used to determine areas of risk, materiality and audit risk, reliance on internal controls, and obtaining sufficient and appropriate audit evidence.

He outlined significant accounting policies as they relate to liability recognition of obligations to others, for example, the City's committed donations to the Hospital, Cancer Centre, NOSM, and Dynamic Earth. He stated that \$18.7 million long-term liability was retroactively reflected in the December 31, 2005 financial statements with a corresponding increase in the amounts to be recovered from future revenues.

He listed several entities which Council governs the financial and operating policies (City of Greater Sudbury Housing Corporation, Greater Sudbury Utilities, Metro Centre, etc.).

He stated that municipalities will be required to report "tangible capital assets" effective January 1, 2009 and since this change will have to be implemented retroactively, information concerning these assets will be required for the 2008 fiscal year which will be a significant undertaking for the City. The Auditors recommended that resources should be identified and a plan developed to account for the tangible capital assets of the City as soon as possible. He advised that staff concurs with this recommendation and has been monitoring developments closely to ensure that the City is prepared for this change and once the pronouncements are approved, staff will provide Council with a detailed plan to deal with this issue.

He also outlined their recommendations and the City's comments with respect to performance improvement observations.

Item 3
2005 Annual Financial Reports

Report dated 2006-06-14 from the CFO/Treasurer regarding 2005 Annual Financial Reports was received.

Report entitled "Consolidated Financial Statements of the City of Greater Sudbury Year Ended December 31, 2005" was circulated under separate cover.

Lorella Hayes, CFO/Treasurer, gave an electronic presentation regarding the Consolidated Municipal Financial Information.

She indicated that the consolidated information includes information for Greater Sudbury Housing Corporation, City of Greater Sudbury CDC, Metro Centre Management Board, Flour Mill BIA, Library Board, and Greater Sudbury Police Services Board.

Item 3
2005 Annual Financial
Reports
(continued)

She stated that the net income for the three entities owned by the City of Greater Sudbury are:

Greater Sudbury Utilities Inc. - net income \$876,000
Sudbury Airport CDC - net income \$219,000
Sudbury CDC - net income \$0

Ms. Hayes then gave a breakdown of the City of Greater Sudbury's revenue for 2004-2005, with revenues being \$454,000,000 in 2005.

She outlined schedules of current (\$383,532,000/2005) and capital (\$54,911,000/2005) expenditures, financial activities, change in fund balance, and consolidated financial position was provided.

Ms. Hayes provided a breakdown of the Capital Fund continuity with a Capital Fund balance of \$40.6 million in 2005, and the Reserve and Reserve Fund continuity with a balance of \$74.5 million in 2005.

She also provided a list of the major variance for 2005 which resulted in a \$4.9 million operating surplus, indicating that a contribution of \$1.9 million to the Tax Rate Stabilization and Capital Finance and Reserve Fund - General, was decided by Council. She advised that the balance of \$3.0 million will be used for Council's commitments for 2006 one-time items.

Ms. Hayes provided a breakdown of program specific budget variances totalling \$4.04 million, trends in Reserves and Reserve Funds and a chart on long term debt.

The following recommendation was presented:

2006-25 Berthiaume-Bradley: 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, 2005, be accepted and approved as presented.

CARRIED

Recess

At 5:19 p.m. the Committee recessed.

Reconvene

At 10:00 p.m. the Committee reconvened.

Adjournment

In accordance with the Procedural By-law, the meeting automatically adjourned at 10:00 p.m. because two-thirds consent of all members present was not received to proceed past 10:00 p.m.

Councillor Eldon Gainer, Chair

Angie Haché, City Clerk