

Consolidated Financial Statements of

CITY OF GREATER SUDBURY

And Independent Auditor's report thereon

Year ended December 31, 2022

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the City of Greater Sudbury (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Ed Archer
Chief Administrative Officer



Kevin Fowke
General Manager, Corporate Services



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2022, and its consolidated results of operations and accumulated surplus, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



A handwritten signature in black ink that reads "KPMG LLP". A single horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public

Accountants Sudbury, Canada

June 15, 2023

CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position
(in thousands of dollars)

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 22,480	\$ 13,510
Taxes receivable (note 3)	11,189	11,125
Accounts receivable (note 4)	89,604	76,431
Investment in Government Business Enterprises (note 5(a))	142,765	140,845
Investments (note 6)	671,399	550,518
	<u>937,437</u>	<u>792,429</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	133,098	111,461
Deferred revenue - obligatory reserve funds (note 9)	64,469	68,563
Deferred revenue - other (note 10)	14,484	16,690
Employment benefit obligations (note 11)	85,759	78,126
Solid waste management facility liability (note 12)	17,731	19,243
Long-term liabilities (note 13)	338,481	248,538
	<u>654,022</u>	<u>542,621</u>
Net financial assets	283,415	249,808
Non-financial assets		
Tangible capital assets (note 14)	1,663,848	1,649,660
Inventory of supplies	8,260	6,848
Prepaid expenses	6,210	5,639
	<u>1,678,318</u>	<u>1,662,147</u>
Contractual rights and contingent assets (note 16)		
Contractual obligations and commitments (note 17)		
Accumulated surplus (note 18)	\$ 1,961,733	\$ 1,911,955

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

CITY OF GREATER SUDBURY

Consolidated Statement of Operations and Accumulated Surplus
(in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
	(note 19)		
Revenue:			
Government transfers			
Provincial	\$ 170,216	\$ 176,368	\$ 164,116
Federal	32,210	24,275	19,001
Taxation (note 20)	323,568	326,152	311,769
User charges	151,472	147,220	133,614
Investment income	12,430	19,676	10,740
Fines and penalties	6,870	5,503	5,318
Other revenues (note 21)	21,002	32,910	43,278
Government Business Enterprises net earnings (note 5(b))	1,852	1,920	5,409
Total revenue	719,620	734,024	693,245
Expenses:			
General government	27,079	31,115	27,743
Protection services	116,046	121,837	119,925
Transportation services	133,591	136,293	117,345
Environmental services	107,548	103,364	102,539
Health services	36,146	38,808	36,104
Social and family services	138,903	136,802	121,726
Social housing	39,921	42,145	39,696
Recreational and cultural services	54,159	57,358	44,155
Planning and development	15,012	16,524	13,624
Total expenses	668,405	684,246	622,857
Annual surplus	51,215	49,778	70,388
Accumulated surplus, beginning of year	1,911,955	1,911,955	1,841,567
Accumulated surplus, end of year	\$ 1,963,170	\$ 1,961,733	\$ 1,911,955

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

CITY OF GREATER SUDBURY

Consolidated Statement of Change in Net Financial Assets
(in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
	(note 19)		
Annual surplus	\$ 51,215	\$ 49,778	\$ 70,388
Acquisition of tangible capital assets	(205,658)	(102,887)	(122,261)
Amortization of tangible capital assets	81,114	81,316	80,121
Gain on sale of tangible capital assets	-	(974)	(9,346)
Proceeds on sale of tangible capital assets	-	8,357	11,088
	(73,329)	35,590	29,990
Use of inventory	-	(1,412)	(10)
Prepaid expenses	-	(571)	(223)
Change in net financial assets	(73,329)	33,607	29,757
Net financial assets, beginning of year	249,808	249,808	220,051
Net financial assets, end of year	\$ 176,479	\$ 283,415	\$ 249,808

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

CITY OF GREATER SUDBURY

Consolidated Statement of Cash Flows
(in thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 49,778	\$ 70,388
Items not involving cash:		
Amortization of tangible capital assets	81,316	80,121
Gain on sale of tangible capital assets	(974)	(9,346)
Developer contributions of tangible capital assets	(3,330)	(3,679)
Change in employee benefit obligations	7,633	5,974
Change in solid waste management liabilities	(1,512)	1,740
Equity income in Government Business Enterprises	(1,920)	(5,409)
	130,991	139,789
Change in non-cash assets and liabilities:		
Increase (decrease) in accounts and taxes receivable	(13,237)	4,098
Increase in inventory of supplies	(1,412)	(10)
Increase in prepaid expenses	(571)	(223)
Increase (decrease) in accounts payable and accrued liabilities	21,637	(5,714)
Increase (decrease) in deferred revenue - obligatory reserve funds	(4,094)	12,538
Increase (decrease) in deferred revenue - other	(2,206)	5,799
Net change in cash from operating activities	131,108	156,277
Financing activities:		
Long-term debt issued	103,000	-
Debt principal repayments	(9,220)	(12,378)
Financial obligations payments	(3,250)	(1,250)
Capital lease issued	-	724
Capital lease payments	(273)	(274)
Net change in cash from financing activities	90,257	(13,178)
Capital activities:		
Proceeds on sale of tangible capital assets	8,357	11,088
Cash used to acquire tangible capital assets	(99,557)	(118,582)
Net change in cash from capital activities	(91,200)	(107,494)
Investing activities:		
Purchase of investments	(121,195)	(36,233)
Net change in cash	8,970	(628)
Cash, beginning of year	13,510	14,138
Cash, end of year	\$ 22,480	\$ 13,510
Supplementary information:		
Interest received	\$ 10,392	\$ 7,524
Interest paid	\$ 9,643	\$ 7,047

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

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

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

1. Significant accounting policies:

The consolidated financial statements of the City of Greater Sudbury (the "City") are prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

(a) Reporting entity:

(i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These boards, organizations and entities include:

Greater Sudbury Housing Corporation
Greater Sudbury Police Services Board
Downtown Sudbury
Flour Mill Business Improvement Area
Greater Sudbury Public Library Board

All interdepartmental and inter-organizational assets and liabilities and revenue and expenses have been eliminated.

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

(ii) Related entities:

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

Nickel District Conservation Authority
Board of Health for the Sudbury & District Health Unit
The City of Greater Sudbury Community Development Corporation

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(a) Reporting entity (continued):

(ii) Related entities (continued):

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

	2022	2021
Nickel District Conservation Authority	\$ 1,122	\$ 1,089
Board of Health Sudbury & Districts	7,808	7,297
The City of Greater Sudbury Community Development Corporation	1,576	1,576
	<hr/> \$ 10,506	<hr/> \$ 9,962

(iii) Investment in Government Business Enterprises:

Government Business Enterprises (GBE) include the Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. (GSU), and the Sudbury Airport Community Development Corporation (SACDC), and are accounted for by the modified equity method.

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

(iv) Accounting for school board transactions:

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

(b) Revenue recognition:

Government transfers:

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the City.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Taxation and related revenues:

Annually, the City bills and collects property tax revenues for municipal purposes as well as provincial education taxes on behalf of the Province of Ontario (the "Province") for education purposes. The authority to levy and collect property taxes is established under the Municipal Act, 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual municipal property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the cost of education on a Province wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all of Ontario's Municipalities. The current value assessment (CVA) of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the City in the returned assessment roll in December of each year.

The amount of property tax levied on an individual property is the product of the CVA of the property (assessed by MPAC), the municipal tax rate for the class (approved by Council) and the education rates (approved by the Province), together with any adjustments that reflect Council approved mitigation or other tax policy measures, rebate programs, etc.

Property taxes are billed by the City twice annually. The interim billing, issued in February is based on approximately 50% of the total property taxes in the year, and provides for the cash requirements of the City for the initial part of the year. Final bills are issued in June.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The City may receive supplementary assessment rolls over the course of the year from MPAC, identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then billed according to the approved tax rate for the property class and on the supplementary/omitted due dates approved by Council.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Taxation and related revenues (continued):

Taxation revenues in any year may also be reduced by reductions in assessment values resulting from assessment and/or property tax appeals. Each year, an amount is identified within the annual operating budget and accrued in the consolidated financial statements to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenues (i.e. uncollectible amounts, write offs, etc.).

In the City of Greater Sudbury, annual property tax increases for properties within the commercial, industrial and multi-residential tax classes have been subject to limitations on the maximum allowable year-over-year increase since 1998, in order to mitigate dramatic tax increases due to changes in assessed values.

User charges:

User charges relate to various programs, and fees imposed based on specific activities, such as: transit fees, leisure services, water, wastewater and solid waste. Revenue is recognized when the activity is performed or when the services are rendered.

Fines and penalties:

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

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 License Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

Balances arising from operation of the POA office have been consolidated with these consolidated financial statements. The City cannot reliably estimate the collections of this revenue, accordingly, revenue is recognized on the cash basis.

Other revenue:

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) Investments and investment income:

Investments are recorded at cost less any amounts written off to reflect a permanent decline in value.

Investment income is reported as revenue in the period earned. Investment income earned on reserve funds that are set aside for specific purposes by legislation, regulation or agreement, is added to the fund balance and forms part of the respective deferred revenue balances.

(d) Inventory held for resale:

Inventory held for resale, is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

(e) Pensions and employee benefits:

The City makes contributions to the Ontario Municipal Employees' Retirement System plan (OMERS), a multi-employer pension plan, on behalf of most of its employees. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, the City does not recognize any share of the pension plan deficit, as this is a joint responsibility of all Ontario municipalities and their employees. Employer's contributions for current and past service are included as an expense on the consolidated statement of operations and accumulated surplus.

The amount employer contributed to OMERS and expensed in 2022 was \$19,042 (2021 - \$17,524). The amount of employee contributions to OMERS in 2022 was \$19,042 (2021 - \$17,524). As of December 31, 2022, the OMERS plan, with approximately 559,000 members, has a funding deficit of \$6,100,000 (2021 – deficit \$69,000).

Vacation entitlements are accrued for as entitlements are earned.

Sick leave benefits are accrued when they are vested and subject to pay out when an eligible employee leaves the City's employ.

Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined with reference to the City's cost of borrowing at the measurement date taking into account the cash flows that match the timing and amount of expected benefit payments.

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

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(f) Deferred revenue - obligatory reserve funds:

The City receives certain sub-divider contributions and other revenues under the authority of federal and provincial legislation and City by-laws. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(g) Deferred revenue – other:

The City receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met (i.e. related expenses are incurred, services are performed) except when stipulations are present and to the extent that the transfer give rise to an obligation that meets the definition of a liability.

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

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

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

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

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(i) Tangible capital assets (continued):

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

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(iii) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(iv) Inventory:

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

(v) Tangible capital assets disclosed at nominal values:

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

(vi) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(i) Landfill closure and post closure liability:

The costs to close existing landfill sites and to maintain closed solid waste landfill sites are based on estimated future expenditures in current dollars, adjusted for estimated inflation. The estimated liability for active sites is recognized as the landfills site capacity is used. These costs are reported as a liability on the consolidated statement of financial position.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods.

Significant items subject to such estimates and assumptions include valuation allowances for taxes receivable, accounts receivable and post-employment benefits. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

Actual results could differ from these estimates.

2. Accounting standards issued but not yet adopted:

Section PS 1201, Financial Statement Presentation, PS 3041, Portfolio Investments, PS 3280, Asset Retirement Obligations, PS 3450, Financial Instruments, are effective for fiscal years beginning on or after April 1, 2022. While early adoption is permitted, all four of the standards must be adopted in the same year except for PS 3280. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. PS 3041, Portfolio Investments provides guidance on how to account for and report portfolio investments. PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of tangible capital assets. PS 3450, Financial Instruments provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

Section PS 2601 Foreign Currency Translation is effective for fiscal years beginning on or after April 1, 2022. This section includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

Section PS 3400, Revenue is effective for fiscal years beginning on or after April 1, 2023 , early adoption is permitted. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

3. Taxes receivable:

	2022	2021
Current taxes and grants in lieu of taxes	\$ 8,459	\$ 8,380
Taxes in arrears	6,865	7,395
	<hr/> 15,324	<hr/> 15,775
Less: allowance for doubtful accounts	(4,135)	(4,650)
Net taxes receivable	\$ 11,189	\$ 11,125

4. Accounts receivable:

Accounts receivable consists of the following:

	2022	2021
Government of Canada	\$ 18,932	\$ 13,343
Province of Ontario	13,040	10,664
Other receivables	60,725	53,691
	<hr/> 92,697	<hr/> 77,698
Less: allowance for doubtful accounts	(3,093)	(1,267)
Net accounts receivable	\$ 89,604	\$ 76,431

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

5. Investment in Government Business Enterprises:

The SACDC and GSU are 100% owned and controlled by the City. These corporations are business enterprises of the City and are accounted for on a modified equity basis in these consolidated financial statements.

(a) The investment in Government Business Enterprises consists of the following:

	SACDC	GSU	2022 Total	2021 Total
Balance, beginning of year	\$ 13,931	\$ 126,914	\$ 140,845	\$ 135,436
City's share of operating income for the year	(1,518)	3,438	1,920	5,409
Balance, end of year	\$ 12,413	\$ 130,352	\$ 142,765	\$ 140,845

The investment of \$130,352 in GSU includes a promissory note receivable of \$52,340 (2021 - \$52,340) which is unsecured and bears interest at a rate of 7.25% per annum. The note is repayable in full upon six months written notice from the City.

(b) Supplementary information:

The following tables provide condensed supplementary financial information for the year ended December 31, 2022:

Financial Position

	SACDC	GSU	2022 Total	2021 Total
Current assets	\$ 1,046	\$ 29,238	\$ 30,284	\$ 31,125
Capital assets	23,799	139,857	163,656	159,946
Other assets	–	28,207	28,207	36,247
Total assets	24,845	197,302	222,147	227,318
Current liabilities	442	20,707	21,149	19,644
Note payable to the City of Greater Sudbury	3,694	52,340	56,034	56,998
Long-term liabilities	8,296	46,244	54,540	62,171
Total liabilities	12,432	119,291	131,723	138,813
Net assets	\$ 12,413	\$ 78,011	\$ 90,424	\$ 88,505

The \$3,694 (2021 \$4,658) note payable to the City from SACDC accrues interest at the City's average monthly rate of return on investments plus 1% and has no specified terms of repayment.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

5. Investment in Government Business Enterprises (continued):

b) Supplementary Information (continued):

By-Law 2017-16 authorized an increased loan to the SACDC to \$7,500. The By-Law provides flexibility to temporarily exceed the \$7,500 limit for bridge financing in order to complete subsidized projects. As at December 31, 2022, the City is in compliance with the requirements of By-Law 2017-16.

	SACDC	GSU	2022 Total	2021 Total
Revenue	\$ 6,965	\$ 147,769	\$ 154,734	\$ 154,293
Expenses	(8,386)	(140,713)	(149,099)	(143,727)
Interest paid to the City of Greater Sudbury	(112)	(3,795)	(3,907)	(3,931)
Other	—	(373)	(373)	(1,353)
Other comprehensive income	15	550	565	127
Net income	\$ (1,518)	\$ 3,438	\$ 1,920	\$ 5,409
 Budgeted net income	 \$ (513)	 \$ 2,365	 \$ 1,852	 \$ 484

(c) Related party transactions:

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

- (i) At December 31, 2022, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$2,094 (2021 - \$991) for water billings collected by GSU on behalf of the City.

A payable of \$15 (2021 - \$11) for electricity and water bill payments collected by the City on behalf of GSU.

- (ii) Revenues included in the Consolidated Statement of Operations and Accumulated Surplus of the City are:

	2022	2021
Property taxes	\$ 520	\$ 502
Interest on promissory note receivable	3,907	3,931
 \$ 4,427	 \$ 4,433	

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

5. Investment in Government Business Enterprises (continued):

c) Related Party Transactions (continued):

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

	2022	2021
Billing and collection services for water and wastewater	\$ 1,878	\$ 1,831
Streetlighting maintenance services	685	475
Streetlighting infrastructure	34	37
Electricity	5,174	5,535
Telecommunications	620	583
	<hr/> \$ 8,391	<hr/> \$ 8,461

Transactions with related parties are in the normal course of operations and are recorded at the exchange amount, which is the amount agreed to by the related parties. It is management's opinion that the exchange amount represents fair market value for these services.

6. Investments:

	2022 interest rates	2022		2021	
		Market	Cost	Market	Cost
Short-term investments	(1.07% to 6.12%)	\$ 526,682	\$ 521,400	\$ 414,564	\$ 412,567
Long-term investments	(0.00% to 5.04%)	145,248	149,999	146,226	137,951
		<hr/> \$ 671,930	<hr/> \$ 671,399	<hr/> \$ 560,790	<hr/> \$ 550,518

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 0.00% to 6.12% per annum and are recorded at cost adjusted for amortization of discounts and premiums. Maturity dates on long term investments range from 2022 to 2050 (2021 – 2022 to 2050).

By-Law 2013-179 adopted the Investment Policy which allows up to \$150,000 to be invested in long-term instruments (greater than one year). The remainder of the portfolio is restricted to short-term investments (one year and shorter). At December 31, 2022, the City is in compliance with the requirements of By-Law 2013-179.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

7. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2022	2021
Government of Canada	\$ 2,858	\$ 2,682
Province of Ontario	7,941	5,459
Other payables	122,299	103,320
Total accounts payable and accrued liabilities	\$ 133,098	\$ 111,461

8. Bank indebtedness:

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2021 - \$10,000) bearing interest at the bank's prime rate less 0.5% for Bankers' Acceptance and 0.9% on loans with an effective rate of 6.2% (2021 – 1.95%) per annum. No amounts were drawn against the facility as at December 31, 2022 and 2021.

9. Deferred revenue - obligatory reserve funds:

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2021	Externally restricted inflows	Revenue earned	December 31, 2022
Gasoline Tax - Federal	\$ 31,639	\$ 10,963	\$ (15,783)	\$ 26,819
Gasoline Tax - Provincial	2,409	2,897	(1,523)	3,783
Ontario Community Infrastructure Fund	4,491	10,169	(9,854)	4,806
Children's Services – Transition				
Mitigation Funding	6,296	–	–	6,296
Enabling Accessibility Fund	517	12	–	529
Development Charges Act	5,796	4,748	(4,085)	6,459
Recreational Land (Planning Act)	1,182	229	(211)	1,200
Sub-Divider Contributions	8,555	2,355	(1,805)	9,105
Building Permit Revenues (Bill 124)	5,571	114	(949)	4,736
Ontario Safe Restart Funding	2,095	48	(2,143)	–
Ontario's Main Street Revitalization Initiatives	12	–	–	12
Northern Ontario Resource Development Fund	–	813	(89)	724
	\$ 68,563	\$ 32,348	\$ (36,442)	\$ 64,469

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

10. Deferred revenue – other

Deferred revenue - other consist of the following:

	December 31,		Externally restricted inflows		Revenue earned	December 31, 2022
	2021					
Federal government	\$ 281		\$ 325	\$ (281)	\$ 325	
Provincial government	15,244		7,360	(9,713)		12,891
Other	748		1,026	(870)		904
Consolidated entities	417		364	(417)		364
	\$ 16,690		\$ 9,075	\$ (11,281)	\$ 14,484	

11. Employee benefit obligations:

Employee benefit obligations consist of the following:

	2022	2021
Future payments required for:		
WSIB obligations	\$ 19,904	\$ 14,189
Accumulated sick leave benefits	5,519	5,541
Other post-employment benefits	39,520	37,993
Liability for Stop Loss Insurance	867	992
Vacation pay	19,949	19,411
	\$ 85,759	\$ 78,126

The City has established reserve funds in the amount of \$10,183 (2021 - \$10,370) to mitigate the future impact of these obligations.

The City is a Schedule 2 employer under the provisions of the Workplace Safety and Insurance Board Act (WSIB), and as such, remits payments to the WSIB as required to fund disability payments.

Accumulated sick leave benefits accrue to certain employees of the City and are paid out either on approved retirement or upon termination or death.

Other post-employment benefits represent the City's share of the cost to provide certain employees with extended benefits upon early retirement.

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

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

11. Employee benefit obligations (continued):

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2022 for each of the plans.

	WSIB	Sick Leave	Other Post-Employment Benefits	2022 Total	2021 Total
Accrued benefit liability, beginning of year	\$ 14,189	\$ 5,541	\$ 37,993	\$ 57,723	\$ 53,445
Benefit cost	3,733	237	1,610	5,580	5,799
Interest cost	1,487	153	1,133	2,773	2,217
Benefit payments	(4,088)	(331)	(2,612)	(7,031)	(6,786)
Actuarial gain (loss)	21,573	(890)	(1,102)	19,581	26,737
Accrued benefit liability, end of year	36,894	4,710	37,022	78,626	81,412
Unamortized actuarial gain (loss)	(16,990)	809	2,498	(13,683)	(23,689)
	\$ 19,904	\$ 5,519	\$ 39,520	\$ 64,943	\$ 57,723

The total employee benefits expense include the following components:

	WSIB	Sick Leave	Other Post-Employment Benefits	2022 Total	2021 Total
Current period benefit cost	\$ 3,733	\$ 237	\$ 1,610	\$ 5,580	\$ 5,799
Amortization of actuarial gain (loss)	4,583	(81)	(187)	4,315	3,048
Interest expense	1,487	153	1,133	2,773	2,217
Total employee benefit expense	\$ 9,803	\$ 309	\$ 2,556	\$ 12,668	\$ 11,064

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

	WSIB	Sick Leave	Other Post-Employment Benefits
Expected inflation rate	2.0%	2.0%	2.0%
Expected level of salary increases	N/A	3.1%	3.1%
Discount rate	3.50%	3.50%	3.50%

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

11. Employee benefit obligations (continued):

For other post-employment benefits, as at December 31, 2022, the initial health care trend rate is 5.35% (2021 – 5.35 %) and the ultimate trend rate is 4.35% (2021 – 4.35%) which is expected to be reached in 2031 (2021 – 2031).

12. 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, which is prepared by an engineering firm, is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses; capacity used or total capacity, useful life and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The City has three active and three inactive landfill sites. Estimated total expenses for these six sites represent the sum of the discounted future cash flows for closure and post-closure care activities discounted using an average borrowing rate of 3.75% (2021 – 3.50%) minus an inflation rate of 2.12% (2021 – 1.70%) (10-year average of CPI from 2011 to 2021). The estimated total landfill closure and post-closure care expenses are calculated to be \$26,822 (2021 - \$29,880). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2022, an amount of \$17,731 (2021 - \$19,243) with respect to landfill closure and post-closure liabilities has been accrued.

Active sites

The estimated remaining capacity of the Sudbury landfill site is 41% (3,187,480 cubic meters) (2021 - 42%) of its total estimated capacity and its estimated remaining life is 36 years (2021 - 37 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 28% (464,897 cubic meters) (2021 - 30%) of its total estimated capacity and its estimated remaining life is 16 years (2021 - 15 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 40% (584,811 cubic meters) (2021 - 41%) of its total estimated capacity and its estimated remaining life is 25 years (2021 - 25 years), after which the period for post-closure care is estimated to be 25 years.

Inactive sites

The City has identified three (2021 – three) inactive landfill sites for which it retains responsibility for all costs relating to closure and post-closure care.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

12. Solid waste management facility liability (continued):

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

The estimated liability for the care of inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs discounted using the City's average long-term borrowing rate of 3.75% (2021 – 3.50%). The estimated present value of future expenditures for post-closure care is \$2,272 (2021 - \$2,044).

13. Long-term liabilities:

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

	2022	2021
Debentures (i)	\$ 33,019	\$ 37,148
Sinking fund debentures (ii)	303,000	200,000
Other loans (iii)	13,209	14,097
Capital lease obligations (iv)	445	718
Accrued financial obligations (v)	1,000	4,250
	350,673	256,213
Total value of sinking fund deposits	(12,192)	(7,675)
Net long-term liabilities	\$ 338,481	\$ 248,538

- i. The debentures bear interest at rates of 3.10% to 5.734%, repayable in aggregate blended monthly payments of \$441, maturing from March 2023 to March 2035.
- ii. The sinking fund debentures bear interest rates of 2.416% to 3.457%, payable semi annually. On an annual basis the City must contribute \$6.8 million to the sinking funds, with the City's sinking fund contributions and associated investment income used to repay the debenture at maturity from March 2047 to March 2050.
- iii. The other loans bear interest at rates of 5.47% to 6.162%, repayable in aggregate blended annual payments of \$354 and an aggregated blended monthly payment of \$116, maturing from March 2025 to May 2035.
- iv. The capital lease obligations bear interest at a rate of 0%, repayable in aggregate blended annual payments of \$274, maturing from Feb 2023 to Dec 2025.
- v. Accrued financial obligations consist of the following:

	Last Year of Obligation	2022	2021
Maison McCulloch Hospice	2022	\$ —	\$ 150
Place des Arts	2022	—	2,000
Northeastern Ontario Regional Cancer Centre	2023	211	511
Health Sciences North	2023	489	1,189
Health Sciences North (PET Scanner)	2025	300	400
		\$ 1,000	\$ 4,250

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

13. Long-term liabilities (continued):

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

2023	\$ 11,945
2024	11,039
2025	10,238
2026	10,074
2027	10,204
Thereafter	174,605
Interest to be earned on sinking funds	110,376
	<hr/>
	\$ 338,481

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

General municipal revenues	\$ 303,839
Water/wastewater user fees	34,642
	<hr/>
	\$ 338,481

- (d) The City expensed \$9,643 in 2022 (2021 - \$ 7,047) in interest on these borrowings.

CITY OF GREATER SUDBURY

(in thousands of dollars)

Notes to Consolidated Financial Statements

Year ended December 31, 2022

14. Tangible capital assets:

	Cost	Balance at December 31, 2021	Additions	Disposals / Transfers	Balance at December 31, 2022
General Capital:					
Land	\$ 88,187	\$ 999	\$ (5,417)	\$ 83,769	
Landfill and land improvements	51,742	2,367	-	54,109	
Buildings	372,924	9,133	(3,597)	378,460	
Machinery, furniture and equipment	128,136	7,320	(4,481)	130,975	
Vehicles	88,044	8,266	(5,122)	91,188	
Infrastructure:					
Land improvements	33,362	15,377	-	48,739	
Plants and facilities	450,103	4,185	(33)	454,255	
Roads infrastructure	1,455,462	51,786	(9,136)	1,498,112	
Water and sewer infrastructure	575,578	19,660	(3,326)	591,912	
Assets under construction	76,359	36,013	(52,220)	60,152	
Total	\$ 3,319,897	\$ 155,106	\$ (83,332)	\$ 3,391,671	
 Accumulated Amortization					
		Balance at December 31, 2021	Amortization Expense	Disposals / Transfers	Balance at December 31, 2022
General Capital:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	25,159	1,795	-	26,954	
Buildings	207,063	10,505	(3,354)	214,214	
Machinery, furniture and equipment	88,931	7,392	(4,203)	92,120	
Vehicles	47,683	6,002	(4,949)	48,736	
Infrastructure:					
Land improvements	6,092	790	-	6,882	
Plants and facilities	250,991	10,090	(29)	261,052	
Roads infrastructure	845,287	36,694	(8,083)	873,898	
Water and sewer infrastructure	199,031	8,048	(3,112)	203,967	
Total	\$ 1,670,237	\$ 81,316	\$ (23,730)	\$ 1,727,823	
 Net Book Value					
		Balance at December 31, 2021			Balance at December 31, 2022
General Capital:					
Land	\$ 88,187			\$ 83,769	
Landfill and land improvements	26,583			27,155	
Buildings	165,861			164,246	
Machinery, furniture and equipment	39,205			38,855	
Vehicles	40,361			42,452	
Infrastructure:					
Land improvements	27,270			41,857	
Plants and facilities	199,112			193,203	
Roads infrastructure	610,175			624,214	
Water and sewer infrastructure	376,547			387,945	
Assets under construction	76,359			60,152	
Total	\$ 1,649,660			\$ 1,663,848	

CITY OF GREATER SUDBURY

(in thousands of dollars)

Notes to Consolidated Financial Statements

Year ended December 31, 2021

14. Tangible capital assets (continued):

		Balance at December 31, 2020	Additions	Disposals / Transfers	Balance at December 31, 2021
Cost					
General Capital:					
Land	\$ 87,675	\$ 1,264	\$ (752)	\$ 88,187	
Landfill and land improvements	48,719	3,062	(39)	51,742	
Buildings	370,475	5,532	(3,083)	372,924	
Machinery, furniture and equipment	125,274	5,257	(2,395)	128,136	
Vehicles	84,731	10,742	(7,429)	88,044	
Infrastructure:					
Land improvements	31,929	1,445	(12)	33,362	
Plants and facilities	439,228	10,916	(41)	450,103	
Roads infrastructure	1,424,398	37,110	(6,046)	1,455,462	
Water and sewer infrastructure	556,736	20,248	(1,406)	575,578	
Assets under construction	49,672	51,084	(24,397)	76,359	
Total	\$ 3,218,837	\$ 146,660	\$ (45,600)	\$ 3,319,897	
<hr/>					
Accumulated Amortization		Balance at December 31, 2020	Amortization Expense	Disposals / Transfers	Balance at December 31, 2021
General Capital:					
Land	\$ -	\$ -	\$ -	\$ -	
Landfill and land improvements	23,471	1,727	(39)	25,159	
Buildings	199,129	10,718	(2,784)	207,063	
Machinery, furniture and equipment	83,756	7,523	(2,348)	88,931	
Vehicles	49,114	5,779	(7,210)	47,683	
Infrastructure:					
Land improvements	5,414	687	(9)	6,092	
Plants and facilities	241,010	10,016	(35)	250,991	
Roads infrastructure	814,991	35,926	(5,630)	845,287	
Water and sewer infrastructure	192,690	7,745	(1,404)	199,031	
Total	\$ 1,609,575	\$ 80,121	\$ (19,459)	\$ 1,670,237	
<hr/>					
Net Book Value		Balance at December 31, 2020			Balance at December 31, 2021
General Capital:					
Land	\$ 87,675			\$ 88,187	
Landfill and land improvements	25,248			26,583	
Buildings	171,346			165,861	
Machinery, furniture and equipment	41,518			39,205	
Vehicles	35,617			40,361	
Infrastructure:					
Land improvements	26,515			27,270	
Plants and facilities	198,218			199,112	
Roads infrastructure	609,407			610,175	
Water and sewer infrastructure	364,046			376,547	
Assets under construction	49,672			76,359	
Total	\$ 1,609,262			\$ 1,649,660	

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

14. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$60,152 (2021- \$76,359) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$36,013 (2021 - \$51,084) to assets under construction and transferred \$52,220 (2021 - \$24,397) from assets under construction to tangible capital assets.

b) Developer contributions of tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$3,330 (2021 - \$3,679) comprised of the following:

	2022	2021
General capital:		
Land	\$ 72	\$ 289
Machinery and equipment	324	302
Infrastructure:		
Land improvements	—	11
Roads network	1,175	1,716
Water and wastewater network	1,759	1,361
Total	<hr/> \$ 3,330	<hr/> \$ 3,679

15. Operations of school boards:

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

	2022	2021
Taxation	\$ 49,847	\$ 48,531
Payment in lieu of taxes	137	137
	<hr/> \$ 49,984	<hr/> \$ 48,668

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

16. Contractual rights and contingent assets:

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

2023	\$ 2,470
2024	631
2025	607
2026	607
2027 and onwards	533
	\$ 4,848

(b) Contingent assets:

As of December 31, 2022, certain legal actions are pending in favour to the City. An estimate of the contingency cannot be made since the outcome of these matters is interminable. Should any gain result from the resolution of these matters, such gain would be realized to operations in the year of disposition.

17. Contractual obligations and commitments:

(a) Contracts for capital projects:

The balance of capital works uncompleted under contracts in progress at December 31, 2022 amounts to approximately \$56,965 (2021 - \$55,608). The proposed financing of these obligations is \$39,788 (2021 - \$51,503) from surplus funds and \$17,177 (2021 - \$4,105) from external sources.

(b) Contracts for services:

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

2023	\$ 33,962
2024	31,192
2025	26,511
2026	23,684
2027 and onwards	47,779
	\$ 163,128

(c) Contingent liabilities:

As at December 31, 2022, 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.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

17. Contractual obligations and commitments (continued):

(d) Liability for contaminated sites:

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the City is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. As at December 31, 2022 there is no liability recorded in the consolidated financial statements. The City will continue to review contaminated sites on an annual basis and when the criteria for recognition have been met, a liability will be recorded.

18. Accumulated surplus:

Accumulated surplus consists of the following:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 1,326,247	\$ 1,405,231
Invested in government business enterprises	142,765	140,845
Other	665	699
Committed capital:		
Capital projects not completed	413,874	305,201
Unfinanced capital projects to be recovered through taxation or user charges	(10,296)	(24,003)
Unfunded:		
Landfill closure costs	(17,731)	(19,243)
Employee benefits	(84,801)	(77,043)
Accrued financial obligations	(3,900)	(5,500)
	<hr/> 1,766,823	<hr/> 1,726,187
Reserves	28,624	39,339
Reserve funds	166,286	146,429
	<hr/> \$ 1,961,733	<hr/> \$ 1,911,955

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

19. Budget data:

Budget data presented in these consolidated financial statements are based on the 2022 operating and capital budgets approved by Council and Local Boards. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

Revenues

Approved budget:

Operating	\$ 650,981
Capital	204,598
Consolidated Boards	21,650
	<hr/>
	877,229

Adjustments:

Transfer from reserves to operating	(10,671)
Recognize revenues from obligatory reserve funds	(32,506)
In year budget adjustments – operating	5,182
Operating transfer to capital and future years funding	(116,732)
Reclass between revenues and expenses	(543)
Reclassification of taxation bad debt expense	(2,340)
<hr/>	
Total revenues	\$ 719,620

Expenses

Approved budget:

Operating	\$ 650,981
Capital	204,598
Consolidated Boards (A)	19,798
	<hr/>
	875,377

Adjustments:

Amortization of tangible capital assets	81,114
Transfer to reserves and capital	(95,179)
Reduction due to tangible capital assets	(205,658)
Post-employment benefit expense	5,974
Landfill closure and post-closure expense	1,741
In year budget adjustments – operating	5,182
Reclassification of taxation bad debt expense	(2,340)
Debt principal repayments	(8,865)
Reclass between revenues and expenses	(543)
Operating expenses budgeted in capital expensed in current year	11,602
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Total revenues	\$ 668,405
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Annual surplus	\$ 51,215

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

19. Budget data (continued):

Budget figures have been reclassified for purposes of these consolidated financial statements to comply with Public Sector Accounting Board reporting requirements and are not audited.

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

20. Taxation:

Taxation consists of:

	2022 Budget	2022 Actual	2021 Actual
Municipal tax levy	\$ 314,792	\$ 314,819	\$ 302,733
Supplementary taxation	2,467	2,501	2,769
Assessment Appeal Revenue	—	1,696	—
Payment in lieu of property taxes	8,627	8,645	8,554
Local improvements	22	22	22
	325,908	327,683	314,078
Rebates and tax concessions	(2,340)	(1,531)	(2,309)
Net municipal taxation	\$ 323,568	\$ 326,152	\$ 311,769

21. Other revenues:

Other revenues consist of:

	2022 Budget	2022 Actual	2021 Actual
Gaming and casino revenues	\$ 2,175	\$ 1,770	\$ 880
Gain on sale of land and tangible capital assets	—	974	9,346
Donated tangible capital assets	—	3,330	3,679
Donations	134	101	56
Development charges earned	—	4,085	4,088
Sub-divider contributions	949	1,390	2,233
Miscellaneous recoveries/revenues	17,744	21,260	22,996
	\$ 21,002	\$ 32,910	\$ 43,278

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

22. Trust funds:

Trust funds amounting to \$18,927 (2021 - \$18,195) administered by the City are not included in the consolidated financial statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

23. Comparative figures:

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

24. Segmented disclosure:

The City is a diversified municipal government institution that provides a wide range of services to more than 166,000 citizens. Services include water, roads, fire, police, emergency medical services, waste management, public transit, recreation programs, economic development, land use planning and health and social services. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, and are as follows:

General Government

General Government consists of Office of the Mayor, Council expenses, Administrative Services (including Clerks, Elections, Communications, Legal and Information Technology Services), Human Resources, Auditor General and Finance Departments. Areas within the General Government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues, relating to governance, strategic planning and service delivery.

Transportation Services

This area is responsible for management of Roadways including traffic and winter control, Transit services, and the administration and operation of City-owned parking lots. This section also provides employee services to the SACDC.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

24. Segmented disclosure (continued):

Protection Services

This section consists of Fire, Police, contribution to the Nickel District Conservation Authority, Animal Control, Building Services, Emergency measures and management of Provincial Offences Act. Police Services ensures the safety of the lives and property of citizens; preserves peace and order; prevents crimes from occurring; detect offenders and enforce the law. Fire Services is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection and extinguishment of fires. The Building Services Division processes permit applications and ensure compliance with the Ontario Building Code and with By-Laws enacted by Council.

Environmental Services

In addition to the management of Waterworks, Sanitary and Storm Sewer systems, this area is responsible for Waste Collection, Waste Disposal and Recycling facilities and programs. This section is responsible for providing clean, potable water meeting all regulatory requirements and responsible for repairing breaks and leaks in the water and sewer system. This section produces quality effluents meeting regulatory requirements and minimizing environmental degradation.

Health and Social Services

This section consists of Ambulance Services, Social Services including Housing Services, Childcare, Assistance to Aged Persons, Cemetery Services as well as the City's contribution to the Health Unit and Hospital. The Social Services division is responsible for the administration and delivery of the Ontario Works Act. Ontario Works is an employment based, provincially mandated program, cost-shared with the Ministry of Community and Social Services. To enable low-income families to pursue employment and educational opportunities, Children Services deliver child care services and assist with costs of child care via the provision of subsidies. Pioneer Manor is a Long-Term Care facility providing 24-hour care and services to 433 residents. Housing Services reflects the cost of administering and delivering social housing programs downloaded from the Province.

Recreation and Cultural Services

This section provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs and provides management of arenas and leisure facilities. This section also contributes to the information needs of the City's citizens through the provision of library and cultural services and by preserving local history and managing archived data.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

24. Segmented disclosure (continued):

Planning and Development Services

The goal of this section is to offer coordinated development services in order to maximize economic development opportunities. The Planning and Development Division ensures that the City of Greater Sudbury is planned and developed in accordance with the Ontario Planning Act, Provincial policies and good planning principles so that Sudbury is an enjoyable and beautiful community to live, work, play and shop. This section also provides leadership in matters relating to landscape restoration, ecosystem health, biological integrity, energy conservation, air and lake water quality.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, certain government grants and other revenue are apportioned to services based on a percentage of operations.

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)

Year ended December 31, 2022

24. Segmented disclosure (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	2022 Total	2021 Total
Revenue:										
Transfer payments	\$ 24,173	\$ 4,706	\$ 32,450	\$ 859	\$ 133,106	\$ 2,103	\$ 3,246	\$ -	\$ 200,643	\$ 183,117
Taxation	29,671	102,578	71,483	18,964	59,273	31,856	12,327	-	326,152	311,769
User charges	5,998	5,673	8,359	96,994	21,134	8,268	794	-	147,220	133,614
Other	29,397	3,408	4,855	9,102	10,428	(1,684)	2,583	1,920	60,009	64,745
	89,239	116,365	117,147	125,919	223,941	40,543	18,950	1,920	734,024	693,245
Expenses:										
Salaries, wages and benefits	37,321	97,442	38,955	23,211	75,295	21,987	8,916	-	303,127	284,408
Materials	9,216	11,256	33,039	18,870	25,102	17,671	3,989	-	119,143	103,641
Contract services	5,402	1,894	16,921	35,808	51,336	1,841	1,043	-	114,245	96,355
Grants and transfer payments	1,535	1,132	7	56	47,957	1,875	1,393	-	53,955	48,896
Amortization of tangible capital assets	1,340	4,448	42,356	20,518	6,836	5,393	425	-	81,316	80,121
Other	691	804	2,609	1,847	1,882	4,516	111	-	12,460	9,436
Allocation of shared expenses	(24,390)	4,861	2,406	3,054	9,347	4,075	647	-	-	-
	31,115	121,837	136,293	103,364	217,755	57,358	16,524	-	684,246	622,857
Annual surplus (deficit)	\$ 58,124	\$ (5,472)	\$ (19,146)	\$ 22,555	\$ 6,186	\$ (16,815)	\$ 2,426	\$ 1,920	\$ 49,778	\$ 70,388

CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements
(in thousands of dollars)
Year ended December 31, 2022

25. Supplementary financial information:

Schedule of Revenues and Expenses – Library:

	2022	2021
Revenue:		
Government transfers (note 1)	\$ 403	\$ 403
Fines and fees	48	40
Other	30	22
	481	465
Expenses:		
Salaries, wages and benefits	5,340	5,018
Materials and contract services	3,568	3,795
	8,908	8,813
Deficiency of revenues over expenses	\$ (8,427)	\$ (8,348)

1. The government transfer are comprised of the following:

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