

Consolidated Financial Statements of

# **CITY OF GREATER SUDBURY**

And Independent Auditors' report thereon

Year ended December 31, 2021

## **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 AUDITORS' 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, 2021
- 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, 2021, 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 "***Auditors' 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.

## ***Auditors' 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 auditors' 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.



Page 3

- 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 auditors' 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 auditors' 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
May 24, 2022

# CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position

(in thousands of dollars)

December 31, 2021, with comparative information for 2020

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	2021	2020
<b>Financial assets</b>		
Cash	\$ 13,510	\$ 14,138
Taxes receivable (note 3)	11,125	11,074
Accounts receivable (note 4)	76,431	80,930
Investment in Government Business Enterprises (note 5 (a))	140,845	135,436
Investments (note 6)	550,518	514,370
	<hr/> 792,429	<hr/> 755,948
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 7)	111,461	117,525
Deferred revenue - obligatory reserve funds (note 9)	68,563	56,025
Deferred revenue - other (note 10)	16,690	10,891
Employee benefit obligations (note 11)	78,126	72,152
Solid waste management facility liability (note 12)	19,243	17,502
Long-term liabilities (note 13)	248,538	261,802
	<hr/> 542,621	<hr/> 535,897
<b>Net financial assets</b>	<hr/> 249,808	<hr/> 220,051
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	1,649,660	1,609,262
Inventory of supplies	6,848	6,838
Prepaid expenses	5,639	5,416
	<hr/> 1,662,147	<hr/> 1,621,516
Contractual rights and contingent assets (note 16)		
Contractual obligations and commitments (note 17)		
Effects of Covid-19 (note 26)		
<b>Accumulated Surplus</b> (note 18)	<hr/> \$ 1,911,955	<hr/> \$ 1,841,567

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)

December 31, 2021, with comparative information for 2020

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	2021 Budget	2021 Actual	2020 Actual
(note 19)			
<b>Revenues</b>			
Government transfers - Provincial	\$ 156,515	164,116	\$ 170,819
- Federal	18,660	19,001	12,862
Taxation (note 20)	311,326	311,769	298,381
User charges	141,195	133,614	131,791
Investment income	10,491	10,740	14,950
Fines and penalties	6,945	5,318	4,733
Other revenues (note 21)	20,585	43,278	18,319
Government Business Enterprises net earnings (note 5 (b))	484	5,409	18,303
	666,201	693,245	670,158
<b>Expenses</b>			
General government	38,782	38,193	33,749
Protection services	110,304	113,837	108,346
Transportation services	119,074	116,384	118,586
Environmental services	104,478	102,539	102,922
Health services	35,301	36,574	34,436
Social and family services	120,312	121,726	117,431
Social housing	34,917	39,696	38,365
Recreation and cultural services	43,512	40,284	39,736
Planning and development	14,944	13,624	11,857
	621,624	622,857	605,428
<b>Annual Surplus</b>	<b>44,577</b>	<b>70,388</b>	<b>64,730</b>
<b>Accumulated surplus, beginning of the year</b>	<b>1,841,567</b>	<b>1,841,567</b>	<b>1,776,837</b>
<b>Accumulated surplus, end of the year</b>	<b>\$ 1,886,144</b>	<b>1,911,955</b>	<b>\$ 1,841,567</b>

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)  
 December 31, 2021, with comparative information for 2020

	2021	2021	2020
	Budget	Actual	Actual
	(note 19)		
<b>Annual Surplus</b>	\$ 44,577	70,388	\$ 64,730
Acquisition of tangible capital assets	(175,267)	(122,509)	(135,484)
Amortization of tangible capital assets	75,406	80,121	78,484
Loss (gain) on sale of tangible capital assets	1,839	(9,346)	2,475
Proceeds on sale of tangible capital assets	-	11,336	372
	(53,445)	29,990	10,577
Use of inventory	-	(191)	(1,355)
Prepaid expenses	-	(42)	107
<b>Change in net financial assets</b>	(53,445)	29,757	9,329
<b>Net financial assets, beginning of the year</b>	220,051	220,051	210,722
<b>Net financial assets, end of the year</b>	\$ 166,606	249,808	\$ 220,051

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

# CITY OF GREATER SUDBURY

Consolidated Statement of Cash Flow

(in thousands of dollars)

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Cash flows from operating activities</b>		
Annual Surplus	\$ 70,388	\$ 64,730
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	80,121	78,484
Loss (gain) on sale of tangible capital assets	(9,346)	2,475
Developer contributions of tangible capital assets	(3,679)	(1,812)
Change in employee benefit obligations	5,974	3,292
Change in solid waste management facility liability	1,740	1,966
Equity income in Government Business Enterprises	(5,409)	(18,303)
	139,789	130,832
<b>Change in non-cash working capital:</b>		
Decrease (increase) in accounts and taxes receivable	4,098	(5,983)
Increase in inventory of supplies	(10)	(1,355)
Decrease (increase) in prepaid expenses	(223)	107
Increase (decrease) in accounts payable and accrued liabilities	(5,714)	17,699
Increase in deferred revenue - obligatory reserve funds	12,538	834
Increase in deferred revenue - other	5,799	6,222
Net change in cash from operating activities	156,277	148,356
<b>Cash flows from financing activities</b>		
Long-term debt issued	-	200,000
Debt principal repayments	(12,378)	(4,572)
Financial obligations payments	(1,250)	(3,750)
Capital lease issued	724	-
Capital lease payments	(274)	(139)
	(13,178)	191,539
<b>Cash flows from capital activities</b>		
Proceeds on sale of tangible capital assets	11,088	372
Cash used to acquire tangible capital assets	(118,582)	(133,671)
	(107,494)	(133,299)
<b>Cash flows from investing activities</b>		
Purchase of investments	(36,233)	(208,897)
<b>Net increase (decrease) in cash</b>	(628)	(2,301)
<b>Cash, beginning of the year</b>	14,138	16,439
<b>Cash, end of the year</b>	\$ 13,510	\$ 14,138

## Supplementary Information

Interest received	\$ 7,524	\$ 8,286
Interest paid	\$ 7,047	\$ 6,304

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, 2021

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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 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, 2021

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## 1. Significant accounting policies (continued)

### (a) Reporting entity (continued)

#### (ii) Related entities (continued)

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

	2021	2020
Nickel District Conservation Authority	\$ 1,089	\$ 1,018
Board of Health for the Sudbury & District Health Unit	7,297	6,950
The City of Greater Sudbury Community Development Corporation	1,576	1,565
	<hr/> \$ 9,962	<hr/> \$ 9,533

#### (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 Du District 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, 2021

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## 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 previous 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, 2021

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## 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, 2021

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## 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 2021 was \$17,524 (2020 - \$17,891). The amount of employee contributions to OMERS in 2021 was \$17,524 (2020 - \$17,891). As of December 31, 2021 the OMERS plan, with approximately 541,000 members, has a funding deficit of \$69,000 (2021 - deficit \$7,655,000).

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, 2021

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## 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.

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.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 1. Significant accounting policies (continued)

### (h) Non-financial assets (continued)

#### (i) Tangible capital assets (continued)

##### (i) 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, 2021

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## 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, 2021

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## 3. Taxes receivable

	2021	2020
Current taxes and grants in lieu of taxes	\$ 8,380	\$ 8,609
Taxes in arrears	7,395	7,815
	15,775	16,424
Less: allowance for doubtful accounts	(4,650)	(5,350)
Net taxes receivable	\$ 11,125	\$ 11,074

## 4. Accounts receivable

Accounts receivable consists of the following:

	2021	2020
Government of Canada	\$ 13,343	\$ 12,661
Province of Ontario	10,664	10,662
Other receivables	53,691	59,074
	77,698	82,397
Less: allowance for doubtful accounts	(1,267)	(1,467)
Net accounts receivable	\$ 76,431	\$ 80,930

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 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	2021 Total	2020 Total
Balance, beginning of year	\$ 12,725	122,711	135,436	\$ 117,133
City's share of operating income for the year	1,206	4,203	5,409	18,303
Balance, end of year	\$ 13,931	126,914	140,845	\$ 135,436

The investment of \$126,914 in GSU includes a promissory note receivable of \$52,340 (2020 - \$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, 2021:

### Financial Position

	SACDC	GSU	2021 Total	2020 Total
Current assets	\$ 2,808	28,317	31,125	\$ 27,150
Capital assets	25,521	134,425	159,946	153,943
Other assets	-	36,247	36,247	39,421
Total assets	28,329	198,989	227,318	220,514
Current liabilities	795	18,849	19,644	20,798
Note payable to the City of Greater Sudbury	4,658	52,340	56,998	57,610
Long term liabilities	8,945	53,226	62,171	59,010
Total liabilities	14,398	124,415	138,813	137,418
Net assets	\$ 13,931	74,574	88,505	\$ 83,096

The \$4,658 (2020 -\$5,270) 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, 2021

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## 5. Investment in Government Business Enterprises (continued)

### b) Supplementary Information (continued)

By-Law 2017-16 authorized an increased loan to the Sudbury Airport Community Development Corporation 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, 2021, the City is in compliance with the requirements of By-Law 2017-16.

	SACDC	GSU	2021 Total	2020 Total
Revenue	\$ 9,060	145,233	154,293	\$ 163,289
Expenses	(7,722)	(136,005)	(143,727)	(171,704)
Interest paid to the City of Greater Sudbury	(136)	(3,795)	(3,931)	(3,895)
Other	-	(1,353)	(1,353)	30,768
Other comprehensive income	4	123	127	(155)
Net income	\$ 1,206	4,203	5,409	\$ 18,303
Budgeted net income	\$ (2,951)	3,435	484	5,665

### c) Related Party Transactions

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

- (i) At December 31, 2021, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$991 (2020 - \$1,215) for water billings collected by GSU on behalf of the City.

A payable of \$11 (2020 - \$10) 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:

	2021	2020
Property taxes	\$ 502	\$ 494
Interest on promissory note receivable	3,930	3,896
	\$ 4,432	\$ 4,390

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 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:

	2021	2020
Billing and collection services for water and wastewater	\$ 1,831	\$ 1,638
Streetlighting maintenance services	475	527
Streetlighting infrastructure	37	236
Electricity	5,535	6,165
Telecommunications	583	572
	<hr/> \$ 8,461	<hr/> \$ 9,138

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

	2021 Interest Rates	2021		2020	
		Market	Cost	Market	Cost
Short term investments	(0.70% to 3.65%)	\$ 414,564	412,567	\$ 379,548	377,667
Long term investments	(0.00% to 3.97%)	146,226	137,951	147,732	136,703
		\$ 560,790	550,518	\$ 527,280	514,370

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 0.00% to 3.97% 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 (2020 - 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, 2021, 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, 2021

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## 7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	2021	2020
Government of Canada	\$ 2,682	\$ 2,173
Province of Ontario	5,459	8,091
Other payables	103,320	107,261
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 111,461</b>	<b>\$ 117,525</b>

## 8. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2020 - \$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 1.95% (2020 - 1.95%) per annum. No amounts were drawn against the facility as at December 31, 2021 and 2020.

## 9. Deferred revenue - obligatory reserve funds

Deferred revenue - obligatory reserve funds consist of the following:

	Externally			
	December 31, 2020	restricted inflows	Revenue earned	December 31, 2021
Gasoline Tax - Federal	\$ 22,542	20,462	(11,365)	\$ 31,639
Gasoline Tax - Provincial	1,401	2,873	(1,865)	2,409
Ontario Community Infrastructure Fund	3,636	9,349	(8,494)	4,491
Children's Services - Transition Mitigation Funding	6,296	-	-	6,296
Enabling Accessibility Fund	510	7	-	517
Development Charges Act	4,676	5,208	(4,088)	5,796
Recreational Land (Planning Act)	1,021	161	-	1,182
Sub-Divider Contributions	8,933	343	(721)	8,555
Building Permit Revenues (Bill 124)	6,999	84	(1,512)	5,571
Ontario Safe Restart Funding	-	3,459	(1,364)	2,095
Ontario's Main Street Revitalization Initiatives	11	1	-	12
	<b>\$ 56,025</b>	<b>41,947</b>	<b>(29,409)</b>	<b>\$ 68,563</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 10. Deferred revenue – other

Deferred revenue - other consist of the following:

	Externally		Revenue earned	December 31, 2021
	December 31, 2020	restricted inflows		
Federal government	\$ 742	471	(932)	\$ 281
Provincial government	9,117	18,319	(12,192)	15,244
Municipal government	2	-	(2)	-
Other	638	726	(616)	748
Consolidated entities	392	417	(392)	417
	\$ 10,891	19,933	(14,134)	\$ 16,690

## 11. Employee benefit obligations

Employee benefit obligations consist of the following:

	2021	2020
Future payments required for:		
WSIB obligations	\$ 14,189	\$ 11,367
Accumulated sick leave benefits	5,541	5,405
Other post-employment benefits	37,993	36,673
Liability for Stop Loss Insurance	992	732
Vacation pay	19,411	17,975
	\$ 78,126	\$ 72,152

The City has established reserve funds in the amount of \$10,370 (2020 - \$10,025) 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, 2021

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## 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, 2021 for each of the plans.

	WSIB	Sick leave	Other Post-Employment Benefits	2021 Total	2020 Total
Accrued benefit liability, beginning of year	\$ 11,367	5,405	36,673	53,445	\$ 52,845
Benefit cost	3,532	326	1,941	5,799	5,335
Interest cost	757	174	1,286	2,217	2,249
Benefit payments	(3,887)	(363)	(2,536)	(6,786)	(7,292)
Actuarial gain (loss)	29,020	(800)	(1,483)	26,737	13,829
Accrued benefit liability, end of year	40,789	4,742	35,881	81,412	66,966
Unamortized actuarial gain (loss)	(26,600)	799	2,112	(23,689)	(13,521)
	\$ 14,189	5,541	37,993	57,723	\$ 53,445

The total employee benefits expense include the following components:

	WSIB	Sick Leave	Other Post-Employment Benefits	2021 Total	2020 Total
Current period benefit cost	\$ 3,532	326	1,941	5,799	\$ 5,335
Amortization of actuarial gain (loss)	2,420	(1)	629	3,048	2,449
Interest expense	757	174	1,286	2,217	2,249
Total employee benefit expense	\$ 6,709	499	3,856	11,064	\$ 10,033

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	3.25%	3.25%	3.60%

For other post employment benefits, as at December 31, 2021, the initial health care trend rate is 5.35% (2020 - 7.6 %) and the ultimate trend rate is 4.35% (2020 - 4.5%) which is expected to be reached in 2031 (2020 - 2029).

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 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 3.50% (2020 - 3.50%) minus an inflation rate of 1.70% (2020 - 1.61%) (10-year average of CPI from 2010 to 2020). The estimated total landfill closure and post-closure care expenses are calculated to be \$29,880 (2020 - \$27,720). The estimated liability for the active sites is recognized as the landfill site's capacity is used. At December 31, 2021, an amount of \$19,243 (2020 - \$17,502) with respect to landfill closure and post-closure liabilities has been accrued.

### Active sites

The estimated remaining capacity of the Sudbury landfill site is 42% (3,291,523 cubic meters) (2020 - 43%) of its total estimated capacity and its estimated remaining life is 37 years (2020 - 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 30% (491,118 cubic meters) (2020 - 32%) of its total estimated capacity and its estimated remaining life is 15 years (2020 - 18 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 41% (608,363 cubic meters) (2020 - 43%) of its total estimated capacity and its estimated remaining life is 25 years (2020 - 28 years), after which the period for post-closure care is estimated to be 25 years.

### Inactive sites

The City has identified three (2020 - three) inactive landfill sites for which it retains responsibility for all costs relating to closure and post-closure care.

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 3.50% (2020 - 3.50%). The estimated present value of future expenditures for post-closure care is \$2,044 (2020 - \$2,070).

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 13. Long-term liabilities

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

	2021	2020
Debentures (i)	\$ 37,148	\$ 41,099
Sinking fund debentures (ii)	200,000	200,000
Other loans (iii)	14,097	14,934
Capital lease obligations (iv)	718	269
Accrued financial obligations (v)	4,250	5,500
	<hr/> <u>\$ 256,213</u>	<hr/> <u>\$ 261,802</u>
Total value of sinking fund deposits	(7,675)	-
<b>Net Long-term Liabilities</b>	<b>\$ 248,538</b>	<b>\$ 261,802</b>

- 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 debenture bears an interest rate of 2.416%, payable semi annually. On an annual basis the City, starting March 2021, must contribute \$4.2 million to a sinking fund, with the City's sinking fund contributions and associated investment income used to repay the debenture at maturity in 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	2021	2020
Place des Arts	2022	2,000	2,000
Maison McCulloch Hospice	2022	150	300
Northeastern Ontario Regional Cancer Centre	2023	511	812
Health Sciences North	2023	1,189	1,888
Health Sciences North (PET Scanner)	2025	400	500
		<hr/> <u>\$ 4,250</u>	<hr/> <u>\$ 5,500</u>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 13. Long-term liabilities (continued)

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

2022	\$ 12,744
2023	9,301
2024	8,394
2025	7,494
2026	7,530
Thereafter	129,276
Interest to be earned on sinking funds	73,799
	\$ 248,538

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

General municipal revenues	\$ 211,615
Water/wastewater user fees	36,923
	\$ 248,538

- (d) The City expensed \$7,047 in 2021 (2020 - \$ 6,304) in interest on these borrowings.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2021

## 14. Tangible capital assets

Cost	Balance December 31, 2020	Additions	Disposals / Transfers	Balance at December 31, 2021
<b>General Capital:</b>				
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
<b>Infrastructure:</b>				
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	(6,044)	1,455,464
Water and sewer infrastructure	556,736	20,248	(1,406)	575,578
Assets under construction	49,672	51,084	(24,397)	76,359
<b>Total</b>	<b>\$ 3,218,837</b>	<b>146,660</b>	<b>(45,598)</b>	<b>\$ 3,319,899</b>
 <b>Accumulated amortization</b>				
	Balance December 31, 2020	Amortization expense	Disposals / Transfers	Balance at December 31, 2021
<b>General Capital:</b>				
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
<b>Infrastructure:</b>				
Land improvements	5,414	687	(9)	6,092
Plants and facilities	241,010	10,016	(35)	250,991
Roads infrastructure	814,991	35,927	(5,630)	845,288
Water and sewer infrastructure	192,690	7,745	(1,404)	199,031
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,609,575</b>	<b>80,121</b>	<b>(19,459)</b>	<b>\$ 1,670,238</b>
 <b>Net book value</b>				
	December 31, 2020			Net book value December 31, 2021
<b>General Capital:</b>				
Land	\$ 87,675			\$ 88,187
Landfill and land improvements	25,248			26,583
Buildings	171,349			165,861
Machinery, furniture and equipment	41,518			39,205
Vehicles	35,617			40,361
<b>Infrastructure:</b>				
Land improvements	26,515			27,270
Plants and facilities	198,218			199,112
Roads infrastructure	609,403			610,176
Water and sewer infrastructure	364,047			376,547
Assets under construction	49,672			76,359
<b>Total</b>	<b>\$ 1,609,262</b>			<b>\$ 1,649,660</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2021

## 14. Tangible capital assets

Cost	Balance December 31, 2019	Additions	Disposals / Transfers	Balance at December 31, 2020
<b>General Capital:</b>				
Land	\$ 85,191	2,838	(354)	\$ 87,675
Landfill and land improvements	47,234	1,485	-	48,719
Buildings	365,028	6,228	(781)	370,475
Machinery, furniture and equipment	122,816	6,743	(4,285)	125,274
Vehicles	80,529	7,880	(3,678)	84,731
<b>Infrastructure:</b>				
Land improvements	31,879	50	-	31,929
Plants and facilities	436,018	3,330	(120)	439,228
Roads infrastructure	1,354,140	88,941	(18,683)	1,424,398
Water and sewer infrastructure	548,304	8,965	(533)	556,736
Assets under construction	40,527	36,806	(27,661)	49,672
<b>Total</b>	<b>\$ 3,111,666</b>	<b>163,266</b>	<b>(56,095)</b>	<b>\$ 3,218,837</b>
Accumulated amortization	Balance December 31, 2019	Amortization expense	Disposals / Transfers	Balance at December 31, 2020
<b>General Capital:</b>				
Land	\$ -	-	-	\$ -
Landfill and land improvements	21,734	1,737	-	23,471
Buildings	189,027	10,712	(610)	199,129
Machinery, furniture and equipment	80,081	7,855	(4,180)	83,756
Vehicles	47,306	5,461	(3,653)	49,114
<b>Infrastructure:</b>				
Land improvements	4,754	660	-	5,414
Plants and facilities	230,915	10,214	(119)	241,010
Roads infrastructure	797,098	34,300	(16,407)	814,991
Water and sewer infrastructure	185,642	7,546	(498)	192,690
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 1,556,556</b>	<b>78,484</b>	<b>(25,467)</b>	<b>\$ 1,609,575</b>
	Net book value December 31, 2019		Net book value December 31, 2020	
<b>General Capital:</b>				
Land	\$ 85,191		\$ 87,675	
Landfill and land improvements	25,500		25,248	
Buildings	176,001		171,346	
Machinery, furniture and equipment	42,735		41,518	
Vehicles	33,223		35,617	
<b>Infrastructure:</b>				
Land improvements	27,125		26,515	
Plants and facilities	205,103		198,218	
Roads infrastructure	557,042		609,407	
Water and sewer infrastructure	362,662		364,046	
Assets under construction	40,527		49,672	
<b>Total</b>	<b>\$ 1,555,109</b>		<b>\$ 1,609,262</b>	

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 14. Tangible capital assets (continued)

### a) Assets under construction

Assets under construction having a value of \$76,356 (2020- \$49,669) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$51,084 (2020 - \$336,806) to assets under construction and transferred \$24,149 (2020 - \$37,402) 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 \$3,679 (2020 - \$1,812) comprised of the following:

	2021	2020
General Capital		
Land	\$ 289	\$ 400
Machinery and equipment	302	230
Infrastructure		
Plant and Facilities	11	-
Roads network	1,716	577
Water and wastewater network	1,361	605
Total	<u>\$ 3,679</u>	<u>\$ 1,812</u>

## 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:

	2021	2020
Taxation	\$ 48,531	\$ 51,475
Payments in lieu of taxes	137	137
	<u>\$ 48,668</u>	<u>\$ 51,612</u>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 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:

2022	\$ 3,958
2023	4,491
2024	910
2024	98
2026 and onwards	74
	<hr/>
	\$ 9,531
	<hr/>

- (b) Contingent assets

As of December 31, 2021, 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, 2021 amounts to approximately \$55,608 (2020 - \$53,761). The proposed financing of these obligations is \$51,503 (2020 - \$49,176) from surplus funds and \$4,105 (2020 - \$4,585) 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:

2022	\$ 28,913
2023	23,048
2024	20,519
2025	14,318
2026 and onwards	64,052
	<hr/>
	\$ 150,850
	<hr/>

- (c) Contingent liabilities

As at December 31, 2021, 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, 2021

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## 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, 2021 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:

	2021	2020
<b>Surplus</b>		
Invested in tangible capital assets	\$ 1,405,231	\$ 1,356,184
Invested in government business enterprises	140,845	135,436
Other	699	787
Committed capital:		
Capital projects not completed	305,201	320,475
Unfinanced capital projects to be recovered		
through taxation or user charges	(24,003)	(32,010)
Unfunded:		
Landfill closure costs	(19,243)	(17,502)
Employee benefits	(77,043)	(71,330)
Accrued financial obligations	(5,500)	(7,100)
	<hr/> 1,726,187	<hr/> 1,684,940
<b>Reserves</b>	39,339	38,647
<b>Reserve funds</b>	146,429	117,980
	<hr/> \$ 1,911,955	<hr/> \$ 1,841,567

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

## 19. Budget data

Budget data presented in these consolidated financial statements are based on the 2021 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.

	2021
<b>Revenues</b>	
Approved budget:	
Operating	\$ 622,838
Capital	172,546
Consolidated Boards	20,938
	<u>816,322</u>
Adjustments:	
Transfer from reserves to operating	(13,964)
Recognize revenues from obligatory reserve funds	(18,516)
In year budget adjustments - operating	1,979
Operating transfer to capital and future years funding	(118,397)
Contributed tangible capital assets	1,839
Reclass between revenues and expenses	(702)
Reclassification of taxation bad debt expense	(2,360)
<b>Total revenues</b>	<u>\$ 666,201</u>
<b>Expenses</b>	
Approved budget:	
Operating	\$ 622,354
Capital	172,546
Consolidated Boards (A)	20,938
	<u>815,838</u>
Adjustments:	
Amortization of tangible capital assets	75,406
Transfer to reserves and capital	(92,200)
Reduction due to tangible capital assets	(175,268)
Post employment benefit expense	3,292
Landfill closure and post closure expense	1,967
In year budget adjustments - operating	1,979
Reclassification of taxation bad debt expense	(2,360)
Debt principal repayments	(15,440)
Reclass between revenues and expenses	(702)
Operating expenses budgeted in capital expensed in current year	9,112
<b>Total expenses</b>	<u>\$ 621,624</u>
<b>Annual surplus</b>	<u>\$ 44,577</u>

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.

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

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 20. Taxation

Taxation consists of:

	2021 Budget	2021 Actual	2020 Actual
Municipal tax levy	\$ 302,704	302,733	\$ 289,703
Supplementary taxation	2,467	2,769	1,757
Payment in lieu of property taxes	8,493	8,554	8,344
Local improvements	22	22	39
	313,686	314,078	299,843
Rebates and tax concessions	(2,360)	(2,309)	(1,462)
Net municipal taxation	\$ 311,326	311,769	\$ 298,381

## 21. Other revenues

Other revenues consist of:

	2021 Budget	2021 Actual	2020 Actual
Gaming and casino revenues	\$ 2,175	880	\$ 579
Loss (gain) on sale of land and tangible capital assets	-	3,567	(2,474)
Donated tangible capital assets	-	3,679	1,812
Donations	120	56	62
Development Charges earned	-	4,088	2,665
Sub-divider contributions	1,702	2,233	729
Miscellaneous recoveries/revenues	16,588	28,775	14,946
	\$ 20,585	43,278	\$ 18,319

## 22. Trust funds

Trust funds amounting to \$18,195 (2020 - \$17,811) 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 information

Certain comparative information 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.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 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.

### 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.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 24. 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 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.

### 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, 2020

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## 24. Segmented Disclosure (continued)

December 31, 2021	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
<b>Revenues</b>									
Transfer Payments	\$ 49,381	\$ 5,028	\$ 26,680	\$ 664	\$ 98,332	\$ 1,597	\$ 1,435	\$ -	\$ 183,117
Taxation	22,793	97,901	69,607	19,304	56,089	34,067	12,008	-	311,769
User Charges	5,517	5,211	5,961	93,000	19,560	3,624	742	-	133,614
Other	23,492	2,730	7,139	8,405	8,876	4,851	3,842	5,409	64,745
	101,183	110,870	109,387	121,373	182,857	44,139	18,027	5,409	693,245
<b>Expenses</b>									
Salaries, Wages and Benefits	35,574	91,538	37,629	22,547	72,020	17,369	7,731	-	284,408
Materials	9,617	10,407	23,424	21,826	25,007	10,516	2,844	-	103,641
Contract Services	4,378	1,368	11,453	33,893	43,043	1,483	738	-	96,355
Grants and Transfer Payments	968	1,090	2	64	43,556	1,977	1,239	-	48,896
Amortization	1,301	4,240	41,581	19,940	7,279	5,377	404	-	80,121
Other	2,771	749	1,539	1,857	217	2,202	102	-	9,436
Allocation of shared expenses	(19,073)	4,445	1,717	2,412	6,874	3,057	566	-	-
	35,536	113,837	117,345	102,539	197,996	41,981	13,624	-	622,857
<b>Annual Surplus (Deficit)</b>	<b>\$ 65,647</b>	<b>(2,967)</b>	<b>(7,958)</b>	<b>18,834</b>	<b>(15,139)</b>	<b>2,158</b>	<b>4,403</b>	<b>5,409</b>	<b>\$ 70,388</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
 (in thousands of dollars)  
 Year ended December 31, 2020

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## 24. Segmented Disclosure (continued)

December 31, 2020	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	Government Business Enterprises	Total
<b>Revenues</b>									
Transfer Payments	\$ 31,031	\$ 4,241	\$ 32,230	\$ 9	\$ 114,897	\$ 489	\$ 784	\$ -	\$ 183,681
Taxation	28,399	92,301	62,721	19,416	53,150	30,668	11,726	-	298,381
User Charges	5,325	5,527	6,125	88,770	20,337	5,141	566	-	131,791
Other	19,060	2,918	3,927	6,987	2,069	1,013	2,028	18,303	56,305
	83,815	104,987	105,003	115,182	190,453	37,311	15,104	18,303	670,158
<b>Expenses</b>									
Salaries, Wages and Benefits	31,427	87,545	36,280	21,570	70,647	17,144	7,195	-	271,808
Materials	8,647	9,062	27,134	23,731	24,720	10,929	1,926	-	106,149
Contract Services	5,700	1,433	13,355	33,325	35,096	1,259	503	-	90,671
Grants and Transfer Payments	719	1,024	3	65	45,408	1,721	1,350	-	50,290
Amortization	1,287	4,186	39,890	19,775	7,627	5,311	408	-	78,484
Other	4,548	619	483	1,839	249	234	54	-	8,026
Allocation of shared expenses	(18,579)	4,477	1,441	2,617	6,485	3,138	421	-	-
	33,749	108,346	118,586	102,922	190,232	39,736	11,857	-	605,428
<b>Annual Surplus (Deficit)</b>	<b>\$ 50,066</b>	<b>(3,359)</b>	<b>(13,583)</b>	<b>12,260</b>	<b>221</b>	<b>(2,425)</b>	<b>3,247</b>	<b>18,303</b>	<b>\$ 64,730</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements  
(in thousands of dollars)  
Year ended December 31, 2021

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## 25. Supplementary financial information

Schedule of Revenues and Expenses - Library

	2021	2020
<b>Revenues</b>		
Government transfers (note 1)	\$ 403	\$ 403
Fines and fees	40	40
Other	22	7
	<b>465</b>	<b>450</b>
<b>Expenses</b>		
Salaries, wages and benefits	\$ 5,018	\$ 4,383
Materials and contract services	3,795	4,123
	<b>8,813</b>	<b>8,506</b>
<b>Excess of expenses over revenues</b>	<b>\$ (8,348)</b>	<b>\$ (8,056)</b>

1. The government transfers are comprised of the following:

Provincial				
Ministry of Tourism and Culture - Operating	\$ 403	\$ 403		
	<b>\$ 403</b>	<b>\$ 403</b>		

## 26. Effects of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impacts. During the year ended December 31, 2021, the City experienced COVID-19 related declines in revenues (primarily user charges) and increased costs in select service areas. The Federal and Provincial governments provided funding, which included the Safe Restart Agreement, the Social Services Relief Fund, and funding from various provincial ministries including Health, Long Term Care, and Municipal Affairs and Housing.

Senior levels of government have shown some continued commitment to provide funding to offset the financial impacts that COVID-19 has had on municipalities. There continues to remain uncertainty in the upcoming year with respect to user charges revenue and additional pandemic-related costs. The ultimate duration and magnitude of the COVID-19 pandemic, including the occurrence of additional future waves, is unknown. Management continues to monitor the impact on financial results, operations, supply chain and workforce and there are no additional adjustments at this time.

## 27. Subsequent event:

Subsequent to year-end, City Council authorized the issuance of 25-year sinking fund debentures in the principal amount of \$103 million, the proceeds of which will be used to fund certain capital projects. The debentures bear interest at a rate of 3.457%, payable semi-annually. The principal amount of the debentures will be payable upon the maturity in March 2047. On an annual basis, the City will contribute \$2.6 million to a sinking fund, with the City's sinking fund contributions and associated investment income used to repay the debentures at maturity.