

Consolidated Financial Statements of

**CITY OF GREATER SADBURY**

And Independent Auditor's Report thereon

Year ended December 31, 2023

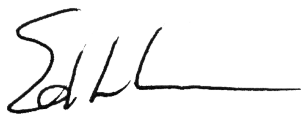
## Management's Responsibility for the Consolidated Financial Statements

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.



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Ed Archer  
Chief Administrative Officer



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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, 2023
- 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, 2023, 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 ethical 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.



***Emphasis of Matter – Comparative Information***

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

***Other Matter – Comparative Information***

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

***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.



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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 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 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' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

August 30, 2024

# CITY OF GREATER SUDBURY

Consolidated Statement of Financial Position  
(in thousands of dollars)

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
<b>Financial assets</b>		
Cash	\$ 72,179	\$ 22,480
Taxes receivable (note 4)	12,983	11,189
Accounts receivable (note 5)	115,912	89,604
Investment in Government Business Enterprises (note 6 (a))	145,231	142,765
Investments (note 7)	633,352	671,399
	<u>979,657</u>	<u>937,437</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 8)	133,094	133,098
Deferred revenue - obligatory reserve funds (note 10)	62,602	64,469
Deferred revenue - other (note 11)	27,483	14,484
Employment benefit obligations (note 12)	90,973	85,759
Asset retirement obligations (note 13)	124,020	124,407
Contaminated sites (note 18)	2,262	2,272
Long-term liabilities (note 14)	325,923	338,481
	<u>766,357</u>	<u>762,970</u>
Net financial assets	213,300	174,467
<b>Non-financial assets</b>		
Tangible capital assets (note 15)	1,714,607	1,668,292
Inventory of supplies	9,056	8,260
Prepaid expenses	7,120	6,210
	<u>1,730,783</u>	<u>1,682,762</u>
Contractual rights and contingent assets (note 17)		
Contractual obligations and commitments (note 18)		
Accumulated surplus (note 19)	\$ 1,944,083	\$ 1,857,229

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, 2023, with comparative information for 2022

	2023 Budget (note 20)	2023 Actual	2022 Actual (Restated - note 2)
Revenue:			
Government transfers			
Provincial	\$ 197,179	\$ 200,079	\$ 176,368
Federal	32,642	32,314	24,275
Taxation (note 21)	341,328	343,213	326,152
User charges	156,527	162,145	147,220
Investment income	22,746	39,646	19,676
Fines and penalties	7,199	6,747	5,503
Other revenues (note 22)	20,027	28,429	32,910
Government Business Enterprises net earnings (note 6 (b))	2,856	2,466	1,920
<b>Total revenue</b>	<b>780,504</b>	<b>815,039</b>	<b>734,024</b>
Expenses:			
General government	22,963	29,154	31,148
Protection services	124,623	127,274	121,842
Transportation services	131,737	137,340	136,405
Environmental services	108,941	110,992	106,058
Health services	38,829	39,819	38,808
Social and family services	161,278	159,322	136,868
Social housing	38,576	46,925	42,311
Recreational and cultural services	55,831	60,201	57,457
Planning and development	15,843	17,158	16,525
<b>Total expenses</b>	<b>698,621</b>	<b>728,185</b>	<b>687,422</b>
<b>Annual surplus</b>	<b>81,883</b>	<b>86,854</b>	<b>46,602</b>
Accumulated surplus, beginning of year	1,857,229	1,857,229	1,911,955
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(101,328)
<b>Accumulated surplus, end of year</b>	<b>\$ 1,939,112</b>	<b>\$ 1,944,083</b>	<b>\$ 1,857,229</b>

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

# CITY OF GREATER SADBURY

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

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 20)	2023 Actual	2022 Actual (Restated - note 2)
Annual surplus	\$ 81,883	\$ 86,854	\$ 46,602
Acquisition of tangible capital assets	(157,955)	(130,935)	(102,887)
Amortization of tangible capital assets	74,729	82,814	81,875
Gain on sale of tangible capital assets	-	1,441	(974)
Proceeds on sale of tangible capital assets	-	365	8,357
	(1,343)	40,539	32,973
Use of inventory	-	(796)	(1,412)
Prepaid expenses	-	(910)	(571)
Change in net financial assets	(1,343)	38,833	30,990
Net financial assets, beginning of year	174,467	174,467	249,808
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(106,331)
Net financial assets, end of year	\$ 173,124	\$ 213,300	\$ 174,467

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, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 86,854	\$ 46,602
Items not involving cash:		
Amortization of tangible capital assets	82,814	81,875
Gain on sale of tangible capital assets	1,441	(974)
Developer contributions of tangible capital assets	(2,143)	(3,330)
Change in employee benefit obligations	5,214	7,633
Change in contaminated sites liability	(10)	227
Change in asset retirement obligation	(639)	-
Accretion expense	911	877
Equity income in Government Business Enterprises	(2,466)	(1,920)
	171,976	130,990
Change in non-cash assets and liabilities:		
Increase in accounts and taxes receivable	(28,365)	(13,237)
Increase in inventory of supplies	(796)	(1,412)
Increase in prepaid expenses	(910)	(571)
Increase in accounts payable and accrued liabilities	259	21,637
Decrease in deferred revenue - obligatory reserve funds	(1,867)	(4,093)
Increase (decrease) in deferred revenue - other	12,999	(2,206)
Net change in cash from operating activities	153,296	131,108
Financing activities:		
Long-term debt issued	-	103,000
Debt principal repayments	(10,990)	(9,220)
Financial obligations payments	(800)	(3,250)
Capital lease payments	(155)	(274)
Net change in cash from financing activities	(11,945)	90,256
Capital activities:		
Proceeds on sale of tangible capital assets	365	8,357
Cash used to acquire tangible capital assets	(129,451)	(99,556)
Net change in cash from capital activities	(129,086)	(91,199)
Investing activities:		
Purchase of investments	37,434	(121,195)
Net change in cash from investing activities	37,434	(121,195)
Net change in cash	49,699	8,970
Cash, beginning of year	22,480	13,510
Cash, end of year	\$ 72,179	\$ 22,480
Supplementary information:		
Interest received	\$ 26,658	\$ 10,392
Interest paid	10,161	9,643

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, 2023

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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 (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 1. Significant accounting policies (continued)

(a) Reporting entity (continued):

(ii) Related entities (continued):

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

	2023	2022
Nickel District Conservation Authority	\$ 1,166	\$ 1,122
Board of Health Sudbury & Districts	8,056	7,808
The City of Greater Sudbury Community Development Corporation	1,587	1,576
	\$ 10,809	\$ 10,506

(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 (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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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 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 (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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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 (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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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 2023 was \$20,014 (2022 - \$19,042). The amount of employee contributions to OMERS in 2023 was \$20,014 (2022 - \$19,042). As of December 31, 2023 the OMERS plan, with approximately 613,000 members, has a funding deficit of \$7,571,000 (2022 – deficit \$6,100,000).

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 (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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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

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# CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

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

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

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.

#### (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.

#### (vii) Assets under construction:

Assets under construction are not amortized until construction is complete and the facilities come into use.



# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (i) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to insure retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care related to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the City has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outline in note 1(h).

### (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.

In addition, the City's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Actual results could differ from these estimates.

# CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 2. Change in accounting policies:

The City adopted the following standards concurrently beginning January 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 2. Change in accounting policies (continued):

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. There was no impact from the adoption of this standard.

### *PS 3280 Asset Retirement Obligations:*

On January 1, 2022, the City also adopted Canadian public sector accounting standard PS 3280 *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retroactive basis at the date of adoption.

The City removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022, using the modified retroactive method. The liability represents the required closure and post-closure care for the landfill sites owned by the City. The landfill sites were purchased at dates between 1950 - 1996, and the liability was measured as of the date of purchase of the sites, when the liability was assumed. As of the date of adoption of the standard, the relevant discount rate is 4% per annum.

On January 1, 2022, the City recognized an additional asset retirement obligation relating to several buildings owned by the City that contain asbestos. The buildings were originally purchased between 1896-2016, and the liability was measured as of the date of purchase of the buildings, when the liability was assumed. The buildings had an expected useful life of 20-50 years, and the estimate has not been changed since purchase.

# CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 2. Change in accounting policies (continued):

PS 3280 *Asset Retirement Obligations* (continued):

In accordance with the provisions of this new standard, the City reflected the following adjustments at January 1, 2022:

Landfill obligation:

- A decrease of \$17,198 to the landfill liability to remove the liability recognized to date under PS 3270, and an accompanying increase of \$17,198 to opening accumulated surplus.
- An asset retirement obligation in the amount of \$23,404, representing the original obligation discounted to the present value amount using a rate of 4%, with the following corresponding adjustments:
  - An increase of \$3,847 to the landfill tangible capital asset account, representing the original estimate of the obligation as of the date of purchase.
  - An accompanying increase of \$2,351 to accumulated amortization, representing the years of increased amortization had the liability originally been recognized.
  - A decrease to opening accumulated surplus of \$21,908, as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the years since purchase.

Asbestos obligation:

- An asset retirement obligation in the amount of \$100,125, representing the original obligation discounted to the present value amount using a rate of 4%.
- An increase of \$100,125 to the buildings tangible capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$96,618 to accumulated amortization, representing the years of increased amortization had the liability originally been recognized.
- A decrease to opening accumulated surplus of \$96,618, as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the years since purchase.

On a combined basis, the implementation of the new standard has resulted in a decrease in opening accumulated surplus of \$101,328, an increase in net tangible assets of \$5,003 and an increase in financial liabilities of \$106,331 effective January 1, 2022.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

### 3. Accounting standards issued but not yet adopted:

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.

### 4. Taxes receivable:

	2023	2022
Current taxes and grants in lieu of taxes	\$ 9,674	\$ 8,459
Taxes in arrears	7,499	6,865
	17,173	15,324
Less: allowance for doubtful accounts	(4,190)	(4,135)
Net taxes receivable	\$ 12,983	\$ 11,189

### 5. Accounts receivable:

Accounts receivable consists of the following:

	2023	2022
Government of Canada	\$ 27,919	\$ 18,932
Province of Ontario	12,972	13,040
Other receivables	78,692	60,725
	119,583	92,697
Less: allowance for doubtful accounts	(3,671)	(3,093)
Net accounts receivable	\$ 115,912	\$ 89,604

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 6. 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		2023 Total	2022 Total
Balance, beginning of year	\$	12,413	\$	130,352	\$ 142,765	\$ 140,845
City's share of operating income for the year		(1,809)		4,275	2,466	1,920
Balance, end of year	\$	10,604	\$	134,627	\$ 145,231	\$ 142,765

The investment of \$134,627 in GSU includes a promissory note receivable of \$52,340 (2022 - \$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, 2023:

### Financial Position

	SACDC		GSU		2023 Total	2022 Total
Current assets	\$	3,787	\$	30,381	\$ 34,168	\$ 30,284
Capital assets		27,303		144,841	172,144	163,656
Other assets		–		27,109	27,109	28,207
Total assets		31,090		202,331	233,421	222,147
Current liabilities		1,767		21,827	23,594	21,149
Note payable to the City of Greater Sudbury		7,839		52,341	60,180	56,034
Long-term liabilities		10,879		45,878	56,757	54,540
Total liabilities		20,485		120,046	140,531	131,723
Net assets	\$	10,605	\$	82,285	\$ 92,890	\$ 90,424

The \$7,839 (2022 \$3,694) 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 SADBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 6. Investment in Government Business Enterprises (continued):

### (b) Supplementary information (continued):

By-Law 2022-144 authorized an increased loan to the Sudbury Airport Community Development Corporation to \$12,500. The By-Law provides flexibility to temporarily exceed the \$12,500 limit for bridge financing in order to complete subsidized projects. As at December 31, 2023, the City is in compliance with the requirements of By-Law 2022-144.

	SACDC	GSU	2023 Total	2022 Total
Revenue	\$ 7,181	\$ 148,141	\$ 155,322	\$ 154,734
Expenses	(8,735)	(139,199)	(147,934)	(149,099)
Interest paid to the City of Greater Sudbury	(272)	(3,795)	(4,067)	(3,907)
Other	–	(800)	(800)	(373)
Other comprehensive income (loss)	17	(72)	(55)	565
<b>Net income</b>	<b>\$ (1,809)</b>	<b>\$ 4,275</b>	<b>\$ 2,466</b>	<b>\$ 1,920</b>
<b>Budgeted net income</b>	<b>\$ 92</b>	<b>\$ 2,764</b>	<b>\$ 2,856</b>	<b>\$ 1,852</b>

### (c) Related party transactions:

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

#### (i) At December 31, 2023, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$2,151 (2022 - \$2,094) for water billings collected by GSU on behalf of the City.

A payable of \$30 (2022 - \$15) 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:

	2023	2022
Property taxes	\$ 538	\$ 520
Interest on promissory note receivable	4,067	3,907
	<b>\$ 4,605</b>	<b>\$ 4,427</b>

# CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 6. 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:

	2023	2022
Billing and collection services for water and wastewater	\$ 1,910	\$ 1,878
Streetlighting maintenance services	598	685
Streetlighting infrastructure	1,538	34
Electricity	5,858	5,174
Telecommunications	617	620
	<b>\$ 10,521</b>	<b>\$ 8,391</b>

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.

## 7. Investments:

	2023 interest rates	2023		2022	
		Market	Cost	Market	Cost
Short-term investments	(1.00% to 6.81%)	\$ 488,608	\$ 483,401	\$ 526,682	\$ 521,400
Long-term investments	(0.00% to 6.43%)	151,534	149,951	145,248	149,999
		<b>\$ 640,142</b>	<b>\$ 633,352</b>	<b>\$ 671,930</b>	<b>\$ 671,399</b>

The investments consisting of term deposits, treasury bills, high interest savings accounts and bonds earn rates of return ranging from 0.00% to 6.81% per annum and are recorded at cost adjusted for amortization of discounts and premiums. Maturity dates on long term investments range from 2023 to 2050 (2022 – 2023 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, 2023, the City is in compliance with the requirements of By-Law 2013-179.



# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 8. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2023	2022
Government of Canada	\$ 2,981	\$ 2,858
Province of Ontario	5,476	7,941
Other payables	124,637	122,299
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 133,094</b>	<b>\$ 133,098</b>

## 9. Bank indebtedness:

The City has an unsecured demand revolving credit facility in the amount of \$10,000 (2022 - \$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 7.2% (2022 - 6.2%) per annum. No amounts were drawn against the facility as at December 31, 2023 and 2022.

## 10. Deferred revenue - obligatory reserve funds:

Deferred revenue - obligatory reserve funds consist of the following:

	December 31, 2022	Externally restricted inflows	Revenue earned	December 31, 2023
Gasoline Tax - Federal	\$ 26,819	\$ 12,016	\$ (18,840)	\$ 19,995
Gasoline Tax - Provincial	3,783	3,131	(1,592)	5,322
Ontario Community Infrastructure Fund	4,806	10,364	(9,657)	5,513
Children's Services – Transition Mitigation Funding	6,296	–	–	6,296
Enabling Accessibility Fund	529	13	–	542
Development Charges Act	6,459	5,216	(3,647)	8,028
Recreational Land (Planning Act)	1,200	303	(24)	1,479
Sub-Divider Contributions	9,105	1,179	(513)	9,771
Building Permit Revenues (Bill 124)	4,736	799	(730)	4,805
Ontario's Main Street Revitalization Initiatives	12	1	–	13
Northern Ontario Resource Development Fund	724	425	(311)	838
	<b>\$ 64,469</b>	<b>\$ 33,447</b>	<b>\$ (35,314)</b>	<b>\$ 62,602</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 11. Deferred revenue – other:

Deferred revenue - other consist of the following:

	December 31, 2022	Externally restricted inflows	Revenue earned	December 31, 2023
Federal government	\$ 325	\$ 345	\$ (327)	\$ 343
Provincial government	12,891	30,545	(17,738)	25,698
Other	904	1,045	(923)	1,026
Consolidated entities	364	416	(364)	416
	<u>\$ 14,484</u>	<u>\$ 32,351</u>	<u>\$ (19,352)</u>	<u>\$ 27,483</u>

## 12. Employee benefit obligations:

Employee benefit obligations consist of the following:

	2023	2022
Future payments required for:		
WSIB obligations	\$ 24,197	\$ 19,904
Accumulated sick leave benefits	5,634	5,519
Other post-employment benefits	39,537	39,520
Liability for Stop Loss Insurance	760	867
Vacation pay	20,845	19,949
	<u>\$ 90,973</u>	<u>\$ 85,759</u>

The City has established reserve funds in the amount of \$10,653 (2022 - \$10,183) 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 (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 12. Employee benefit obligations (continued):

The following table sets out the results as determined by the actuarial valuations completed for the year ended December 31, 2023 for each of the plans.

	WSIB	Sick Leave	Other Post-Employment Benefits	2023 Total	2022 Total
Accrued benefit liability, beginning of year	\$ 19,904	\$ 5,519	\$ 39,520	\$ 64,943	\$ 57,723
Benefit cost	4,332	239	1,609	6,180	5,580
Interest cost	1,361	165	1,319	2,845	2,773
Benefit payments	(4,688)	(199)	(2,773)	(7,660)	(7,031)
Actuarial gain (loss)	29,682	(893)	(2,869)	25,920	19,581
Accrued benefit liability, end of year	50,591	4,831	36,806	92,228	78,626
Unamortized actuarial gain (loss)	(26,394)	803	2,731	(22,860)	(13,683)
	\$ 24,197	\$ 5,634	\$ 39,537	\$ 69,368	\$ 64,943

The total employee benefits expense include the following components:

	WSIB	Sick Leave	Other Post-Employment Benefits	2023 Total	2022 Total
Current period benefit cost	\$ 4,332	\$ 239	\$ 1,609	\$ 6,180	\$ 5,580
Amortization of actuarial gain (loss)	3,288	(90)	(232)	2,966	4,315
Interest expense	1,361	165	1,319	2,845	2,773
	\$ 8,981	\$ 314	\$ 2,696	\$ 11,991	\$ 12,668

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 12. Employee benefit obligations (continued):

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	3.75%	3.75%	3.75%

For other post-employment benefits, as at December 31, 2023, the initial health care trend rate is 5.35% (2022 – 5.35 %) and the ultimate trend rate is 4.35% (2022 – 4.35%) which is expected to be reached in 2031 (2022 – 2031).

## 13. Asset retirement obligations:

The City's asset retirement obligations consist of several obligations as follows:

(a) Landfill obligation:

The City owns and operates a number of landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 *Asset Retirement Obligations*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date. Post-closure care is estimated to be required for 25 years from the date of site closure. These costs were discounted to December 31, 2023 using a discount rate of 4% per annum.

Post-closure care costs related to inactive landfills are included in the provision for contaminated sites (see note 18(d)).

(b) Asbestos obligation:

The City owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 *Asset Retirement Obligations*, the City recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022. Post-closure care is estimated to extend for up to a year following the closure of the building, while demolition and construction continues. Estimated costs have been discounted to the present value using a discount rate of 4% per annum.

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 13. Asset retirement obligations (continued):

(b) Asbestos obligation (continued):

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings and landfill tangible capital assets and the restatement of prior year balances (see note 2).

Changes to the asset retirement obligation in the year are as follows:

Asset retirement obligation	Landfill closure	Asbestos removal	Balance at December 31, 2023
Opening balance	\$ 24,282	\$ 100,125	\$ 124,407
Accretion expense	911	–	911
Change in estimate	(1,298)	–	(1,298)
Closing balance	\$ 23,895	\$ 100,125	\$ 124,020

Asset retirement obligation	Landfill closure	Asbestos removal	Balance at December 31, 2022
Opening balance	\$ –	\$ –	\$ –
Adjustment on adoption of the asset retirement obligation standard (note 2)	23,404	100,125	123,529
Opening balance as restated	23,404	100,125	123,529
Accretion expense	878	–	878
Closing balance	\$ 24,282	\$ 100,125	\$ 124,407

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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

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

	2023	2022
Debentures (i)	\$ 29,819	\$ 33,019
Sinking fund debentures (ii)	303,000	303,000
Other loans (iii)	12,268	13,209
Capital lease obligations (iv)	289	445
Accrued financial obligations (v)	200	1,000
	<u>345,576</u>	<u>350,673</u>
Total value of sinking fund deposits	(19,653)	(12,192)
Net long-term liabilities	<u>\$ 325,923</u>	<u>\$ 338,481</u>

- 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 semiannually. 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	2023	2022
Northeastern Ontario Regional Cancer Centre	2023	\$ –	\$ 211
Health Sciences North	2023	–	489
Health Sciences North (PET Scanner)	2025	200	300
		<u>\$ 200</u>	<u>\$ 1,000</u>

# CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 14. Long-term liabilities (continued)

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

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2024	\$	11,039
2025		10,238
2026		10,074
2027		10,204
2028		10,340
Thereafter		164,265
Interest to be earned on sinking funds		109,763
	\$	325,923

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

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General municipal revenues	\$	293,660
Water/wastewater user fees		32,263
	\$	325,923

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(d) The City expensed \$19,993 in 2023 (2022 - \$ 9,643) in interest on these borrowings.

# CITY OF GREATER SUDBURY

(in thousands of dollars)

Notes to Consolidated Financial Statements

Year ended December 31, 2023

## 15. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals / Transfers	Balance at December 31, 2023
<b>General Capital:</b>				
Land	\$ 83,769	\$ 7,472	\$ (120)	\$ 91,121
Landfill and land improvements	55,605	3,732	(659)	58,678
Buildings	381,967	11,505	(730)	392,742
Machinery, furniture and equipment	130,976	6,609	(7,404)	130,181
Vehicles	91,188	9,445	-	100,633
<b>Infrastructure:</b>				
Land improvements	48,739	103	-	48,842
Plants and facilities	454,255	8,625	(303)	462,577
Roads infrastructure	1,498,111	39,740	(3,466)	1,534,385
Water and sewer infrastructure	591,912	27,703	(3,187)	616,428
Assets under construction	60,152	54,783	(38,123)	76,812
<b>Total</b>	<b>\$ 3,396,674</b>	<b>\$ 169,717</b>	<b>\$ (53,992)</b>	<b>\$ 3,512,399</b>
<b>Accumulated Amortization</b>				
	Balance at December 31, 2022	Amortization Expense	Disposals / Transfers	Balance at December 31, 2023
<b>General Capital:</b>				
Landfill and land improvements	\$ 27,029	\$ 1,889	\$ -	\$ 28,918
Buildings	214,698	10,607	(726)	224,579
Machinery, furniture and equipment	92,120	7,283	(3,221)	96,182
Vehicles	48,736	6,219	(4,030)	50,925
<b>Infrastructure:</b>				
Land improvements	6,882	867	-	7,749
Plants and facilities	261,052	10,178	(218)	271,012
Roads infrastructure	873,898	37,205	(3,139)	907,964
Water and sewer infrastructure	203,967	8,566	(2,070)	210,463
<b>Total</b>	<b>\$ 1,728,382</b>	<b>\$ 82,814</b>	<b>\$ (13,404)</b>	<b>\$ 1,797,792</b>
<b>Net Book Value</b>				
	Balance at December 31, 2022			Balance at December 31, 2023
<b>General Capital:</b>				
Land	\$ 83,769			\$ 91,121
Landfill and land improvements	28,576			29,760
Buildings	167,269			168,163
Machinery, furniture and equipment	38,856			33,999
Vehicles	42,452			49,708
<b>Infrastructure:</b>				
Land improvements	41,857			41,093
Plants and facilities	193,203			191,565
Roads infrastructure	624,213			626,421
Water and sewer infrastructure	387,945			405,965
Assets under construction	60,152			76,812
<b>Total</b>	<b>\$ 1,668,292</b>			<b>\$ 1,714,607</b>



# CITY OF GREATER SUDBURY

(in thousands of dollars)

Notes to Consolidated Financial Statements

Year ended December 31, 2021

## 15. Tangible capital assets (continued):

Cost	Balance at December 31, 2021	Additions	Disposals / Transfers	Balance at December 31, 2022
				(Restated - Note 2)
General capital:				
Land	\$ 88,187	\$ 999	\$ (5,417)	\$ 83,769
Landfill and land improvements	51,742	3,863	-	55,605
Buildings	372,924	12,640	(3,597)	381,967
Machinery, furniture and equipment	128,136	7,321	(4,481)	130,976
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	51,785	(9,136)	1,498,111
Water and sewer infrastructure	575,578	19,660	(3,326)	591,912
Assets under construction	76,359	36,013	(52,220)	60,152
<b>Total</b>	<b>\$ 3,319,897</b>	<b>\$ 160,109</b>	<b>\$ (83,332)</b>	<b>\$ 3,396,674</b>
				(Restated - Note 2)
Accumulated Amortization	Balance at December 31, 2021	Amortization Expense	Disposals / Transfers	Balance at December 31, 2022
General Capital:				
Landfill and land improvements	\$ 25,159	\$ 1,870	\$ -	\$ 27,029
Buildings	207,063	10,989	(3,354)	214,698
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
<b>Total</b>	<b>\$ 1,670,237</b>	<b>\$ 81,875</b>	<b>\$ (23,730)</b>	<b>\$ 1,728,382</b>
				(Restated - Note 2)
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			28,576
Buildings	165,861			167,269
Machinery, furniture and equipment	39,205			38,856
Vehicles	40,361			42,452
Infrastructure:				
Land improvements	27,270			41,857
Plants and facilities	199,112			193,203
Roads infrastructure	610,175			624,213
Water and sewer infrastructure	376,547			387,945
Assets under construction	76,359			60,152
<b>Total</b>	<b>\$ 1,649,660</b>			<b>\$ 1,668,292</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 15. Tangible capital assets (continued):

### (a) Assets under construction:

Assets under construction having a value of \$76,817 (2022- \$60,152) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the City added \$54,783 (2022 - \$36,019) to assets under construction and transferred \$38,118 (2022 - \$52,220) 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 \$2,143 (2022 - \$3,330) comprised of the following:

	2023	2022
General capital:		
Land	\$ 41	\$ 72
Machinery and equipment	362	324
Infrastructure:		
Roads network	877	1,175
Water and wastewater network	863	1,759
<b>Total</b>	<b>\$ 2,143</b>	<b>\$ 3,330</b>

## 16. Operations of school boards:

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

	2023	2022
Taxation	\$ 50,017	\$ 49,847
Payment in lieu of taxes	137	137
	<b>\$ 50,154</b>	<b>\$ 49,984</b>

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 17. 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 from contracts entered into for lease agreements. The following table summarizes the contractual rights of the City:

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2024	\$	2,644
2025		2,618
2026		2,517
2027		2,439
2028 and onwards		2,436
	\$	12,654

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- (b) Contingent assets:

As of December 31, 2023, 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.

## 18. Contractual obligations and commitments:

- (a) Contracts for capital projects:

The balance of capital works uncompleted under contracts in progress at December 31, 2023 amounts to approximately \$142,766 (2022 - \$56,965). The proposed financing of these obligations is \$121,370 (2022 - \$39,788) from surplus funds and \$21,396 (2022 - \$17,177) 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:

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2024	\$	39,453
2025		36,270
2026		33,595
2027		19,382
2028 and onwards		31,736
	\$	160,436

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# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 18. Contractual obligations and commitments (continued):

### (c) Contingent liabilities:

As at December 31, 2023, 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.

### (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. The City has identified three (2022 – 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 4.0% (2022 – 3.75%). The estimated present value of future expenditures for post-closure care is \$2,262 (2022 - \$2,272).

# CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 19. Accumulated surplus:

Accumulated surplus consists of the following:

	2023	2022
		(Restated - note 2)
Surplus:		
Invested in tangible capital assets	\$ 1,388,785	\$ 1,330,691
Invested in government business enterprises	145,231	142,765
Other	507	665
Committed capital:		
Capital projects not completed	416,527	413,874
Unfinanced capital projects to be recovered through taxation or user charges	(9,045)	(10,296)
Unfunded:		
Contaminated sites obligation	(2,262)	(2,272)
Asset retirement obligations	(124,020)	(124,407)
Employee benefits	(90,122)	(84,801)
Accrued financial obligations	(2,750)	(3,900)
	1,722,851	1,662,319
Reserves	50,615	28,624
Reserve funds	170,617	166,286
	\$ 1,944,083	\$ 1,857,229

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 20. Budget data:

Budget data presented in these consolidated financial statements are based on the 2023 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	\$	697,632
Capital		157,929
Consolidated Boards		23,624
		<hr/>
		879,185
Adjustments:		
Transfer from reserves to operating		(12,497)
Recognize revenues from obligatory reserve funds		1,592
In year budget adjustments – operating		8,194
Operating transfer to capital and future years funding		(93,093)
Reclass between revenues and expenses		(432)
Reclassification of taxation bad debt expense		(2,445)
		<hr/>
Total revenues	\$	780,504

### Expenses

Approved budget:		
Operating	\$	697,631
Capital		157,939
Consolidated Boards		20,768
		<hr/>
		876,338
Adjustments:		
Amortization of tangible capital assets		74,729
Transfer to reserves and capital		(101,124)
Reduction due to tangible capital assets		(158,530)
Post-employment benefit expense		7,633
Landfill closure and post-closure expense		(1,512)
In year budget adjustments – operating		8,194
Reclassification of taxation bad debt expense		(2,445)
Debt principal repayments		(11,699)
Reclass between revenues and expenses		(432)
Operating expenses budgeted in capital expensed in current year		7,469
		<hr/>
Total expenses	\$	698,621
		<hr/>
Annual surplus	\$	81,883

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 20. Budget data (continued):

Budget figures have been reclassified for purposes of these consolidated financial statements to comply with Public Sector Accounting Board reporting requirements.

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

## 21. Taxation:

Taxation consists of:

	2023 Budget	2023 Actual	2022 Actual
Municipal tax levy	\$ 332,557	\$ 332,579	\$ 314,819
Supplementary taxation	2,467	3,166	2,501
Assessment appeal revenue	–	–	1,696
Payment in lieu of property taxes	8,727	9,178	8,645
Local improvements	22	–	22
	343,773	344,923	327,683
Rebates and tax concessions	(2,445)	(1,710)	(1,531)
Net municipal taxation	\$ 341,328	\$ 343,213	\$ 326,152

## 22. Other revenues:

Other revenues consist of:

	2023 Budget	2023 Actual	2022 Actual
Gaming and casino revenues	\$ 2,175	\$ 1,777	\$ 1,770
Gain (loss) on sale of land and tangible capital assets	–	(1,321)	974
Donated tangible capital assets	–	2,143	3,330
Donations	11	100	101
Development charges earned	–	3,647	4,085
Sub-divider contributions	730	1,092	1,390
Miscellaneous recoveries/revenues	17,276	20,991	21,260
	\$ 20,192	\$ 28,429	\$ 32,910

# CITY OF GREATER SADBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## **23. Trust funds:**

Trust funds amounting to \$19,300 (2022 - \$18,927) 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.

## **24. Comparative information:**

Certain comparative information has 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.

## **25. 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 (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## 25. 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 neighborhood 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 (continued)  
(in thousands of dollars)

Year ended December 31, 2023

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## **25. 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, 2023

## 25. 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	2023 Total	2022 Total
										(Restated - (note 2))
Revenue:										
Transfer payments	\$ 21,685	\$ 7,361	\$ 37,472	\$ 170	\$ 161,537	\$ 2,352	\$ 1,816	\$ -	\$ 232,393	\$ 200,643
Taxation	31,368	107,784	75,379	18,935	63,409	34,043	12,295	-	343,213	326,152
User charges	4,560	7,499	10,393	101,976	26,797	10,167	753	-	162,145	147,220
Other	44,438	4,856	6,487	8,234	6,536	1,530	2,741	2,466	77,288	60,009
	102,051	127,500	129,731	129,315	258,279	48,092	17,605	2,466	815,039	734,024
Expenses:										
Salaries, wages and benefits	35,279	101,459	39,989	24,436	82,700	23,750	9,485	-	317,098	303,128
Materials	9,505	12,785	29,010	23,226	27,836	18,844	2,896	-	124,102	121,760
Contract services	4,505	2,020	20,102	37,600	65,609	1,985	1,419	-	133,240	114,246
Grants and transfer payments	4,669	1,184	15	67	48,520	1,841	1,945	-	58,241	53,955
Amortization of tangible capital assets	1,393	4,574	43,038	21,265	6,601	5,499	444	-	82,814	81,875
Other	745	512	2,746	1,719	2,291	4,512	165	-	12,690	12,458
Allocation of shared expenses	(26,942)	4,740	2,440	2,679	12,509	3,770	804	-	-	-
	29,154	127,274	137,340	110,992	246,066	60,201	17,158	-	728,185	687,422
Annual surplus (deficit)	\$ 72,897	\$ 226	\$ (7,609)	\$ 18,323	\$ 12,213	\$ (12,109)	\$ 447	\$ 2,466	\$ 86,854	\$ 46,602

# CITY OF GREATER SUDBURY

Notes to Consolidated Financial Statements (continued)  
(in thousands of dollars)

Year ended December 31, 2023

## 26. Supplementary financial information:

Schedule of Revenues and Expenses – Library:

	2023	2022
Revenue:		
Government transfers (note 1)	\$ 403	\$ 403
Fines and fees	62	48
Other	44	30
	<u>509</u>	<u>481</u>
Expenses:		
Salaries, wages and benefits	5,784	5,340
Materials and contract services	3,812	3,568
	<u>9,596</u>	<u>8,908</u>
Deficiency of revenues over expenses	<u>\$ (9,087)</u>	<u>\$ (8,427)</u>

1. The government transfer are comprised of the following:

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