

# SECTION 1

Consolidated Financial Statements of

## **CITY OF GREATER SADBURY**

Year ended December 31, 2003

# CITY OF GREATER SUDBURY

## Financial Statements Index

(in thousands of dollars)  
Year ended December 31, 2003

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## AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the **City of Greater Sudbury** as at December 31, 2003 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**COLLINS BARROW-MAHEU NOISEUX LLP**  
Chartered Accountants



**FREELANDT CALDWELL REILLY LLP**  
Chartered Accountants



**KPMG LLP**  
Chartered Accountants

Sudbury, Canada  
April 30, 2004

# CITY OF GREATER SUDBURY

## Consolidated Statement of Financial Position

(in thousands of dollars)

December 31, 2003, with comparative figures for 2002

	2003	2002
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and short-term investments (note 2)	\$ 74,955	\$ 83,612
Taxes receivable	12,556	13,209
Accounts receivable	30,708	26,515
Long-term investments (note 2)	24,001	24,051
Other current assets	2,366	2,212
	<u>144,586</u>	<u>149,599</u>
<b>Non-Financial Assets</b>		
Inventory	922	1,440
Investment in government business enterprises (note 17(b))	77,110	76,286
	<u>78,032</u>	<u>77,726</u>
	<u>\$ 222,618</u>	<u>\$ 227,325</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 41,397	\$ 40,833
Employee benefit obligations (note 3)	36,347	33,492
Accrued interest on liabilities	116	46
Deferred revenue (note 4)	8,295	7,990
Solid waste management facility liability (note 5)	3,644	7,229
Long-term liabilities (note 6)	26,267	10,961
	<u>116,066</u>	<u>100,551</u>
<b>Municipal Position</b>		
<b>Fund Balances:</b>		
Current (note 7)	89	38
Capital (note 7)	35,102	39,147
Reserves and reserve funds (note 7)	60,625	63,031
Equity in government business enterprises (note 17(b))	77,110	76,286
	<u>172,926</u>	<u>178,502</u>
<b>Amounts to be recovered (note 8):</b>		
From reserves and reserve funds on hand	(5,102)	(3,239)
From future revenues	(61,272)	(48,489)
	<u>(66,374)</u>	<u>(51,728)</u>
Municipal Position	106,552	126,774
Contractual obligations and commitments (note 10)		
	<u>\$ 222,618</u>	<u>\$ 227,325</u>

The accompanying notes are an integral part of this financial statement.

# CITY OF GREATER SADBURY

## Consolidated Statement of Financial Activities

(in thousands of dollars)

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
<b>Revenues:</b>		
Transfer payments	\$ 178,492	\$ 163,830
Taxation	132,826	125,107
User charges	74,333	69,465
Investment income	8,551	7,323
Fines and penalties	4,832	4,453
Other	9,835	7,471
Share in government business enterprises loss (note 17(b))	(571)	(2,755)
	<u>408,298</u>	<u>374,894</u>
<b>Expenditures:</b>		
<b>Current:</b>		
General government	14,753	13,636
Protection to persons and property	49,270	44,963
Transportation services	37,121	39,321
Environmental services	37,231	34,157
Health services	17,585	16,804
Social and family services	130,651	121,576
Social housing	25,692	22,401
Recreation and cultural services	25,151	23,497
Planning and development	7,097	7,574
	<u>344,551</u>	<u>323,929</u>
<b>Capital:</b>		
General government	24,428	5,803
Protection to persons and property	1,636	5,191
Transportation services	19,623	10,689
Environmental services	23,196	13,470
Health services	1,698	748
Social and family services	8,493	3,264
Social housing	2,182	2,243
Recreation and cultural services	1,579	4,227
Planning and development	1,063	653
	<u>83,898</u>	<u>46,288</u>
	<u>428,449</u>	<u>370,217</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(20,151)</b>	<b>4,677</b>
Debentures issued	17,300	-
Debt principal repayments	(2,155)	(1,728)
Employee benefits and other liabilities	2,855	806
Solid waste management facility liability	(3,585)	391
Capital leases obligations	160	1,055
	<u>14,575</u>	<u>524</u>
<b>Increase (decrease) in fund balances</b>	<b>(5,576)</b>	<b>5,201</b>
Fund balances, beginning of year	178,502	173,301
<b>Fund balances, end of year</b>	<b>\$ 172,926</b>	<b>\$ 178,502</b>

The accompanying notes are an integral part of this financial statement.

# CITY OF GREATER SUDBURY

## Consolidated Statement of Cash Flows

(in thousands of dollars)

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
<b>Cash flows from operating activities:</b>		
Excess (deficiency) of revenues over expenditures	\$ (20,151)	\$ 4,677
Change in non-cash working capital:		
Inventory	518	118
Deferred revenue	305	(1,018)
Accounts and taxes receivable	(3,540)	(2,963)
Employee benefit obligations	2,855	806
Other current assets	(154)	(215)
Accounts payable and accrued liabilities	564	364
Solid waste management facility liability	(3,585)	391
	<u>(23,188)</u>	<u>2,160</u>
<b>Cash flows from financing activities:</b>		
Debt principal repayments	(2,155)	(1,728)
Debt acquired	17,300	-
Capital lease obligations	160	1,055
	<u>15,305</u>	<u>(673)</u>
<b>Cash flows from investing activities:</b>		
Long-term investments	50	(7,976)
Investment in government business enterprises	(824)	1,360
	<u>(774)</u>	<u>(6,616)</u>
<b>Net decrease in cash</b>	<b>(8,657)</b>	<b>(5,129)</b>
Cash and short-term investments, beginning of year	83,612	88,741
<b>Cash and short-term investments, end of year</b>	<b>\$ 74,955</b>	<b>\$ 83,612</b>

The accompanying notes are an integral part of this financial statement.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

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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 such as the Municipal Act 2001, Provincial Offences Act and other related 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 for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adjusted by the City are as follows:

#### (a) Reporting entity:

##### (i) Consolidated Entities:

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances 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 and entities include:

Greater Sudbury Housing Corporation  
City of Greater Sudbury Community Development Corporation  
Greater Sudbury Police Services Board  
Metro Centre Management Board  
Flour Mill Business Improvement Area  
Greater Sudbury Public Library Board  
Greater Sudbury Heritage Museum Advisory Board  
Various Cemetery Boards

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 1. Significant accounting policies (continued):

#### (a) Reporting entity (continued):

##### (ii) Related Entities:

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

Nickel District Conservation Authority  
Sudbury & District Health Unit

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

	2003	2002
Nickel District Conservation Authority	\$ 606	475
Sudbury & District Health Unit	5,710	5,536
	\$ 6,316	6,011

##### (iii) Equity Accounting:

Government business enterprises comprised of the Greater Sudbury Utilities Inc./Services Publics du Grand Sudbury Inc. ("GSU") and the Sudbury Airport Community Development Corporation ("SACDC"), are accounted for by the modified equity method.

Under the modified equity basis, 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, expenditures, assets and liabilities of Le Conseil Scolaire Du District Catholique De Nouvel-Ontario, Sudbury Catholic District School Board, Rainbow District School Board, Conseil Scolaire Du District Du Grand Nord De L'Ontario, are not reflected in these financial statements.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

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### 1. Significant accounting policies (continued):

#### (b) Fund Accounting:

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers among funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the City are not included in these financial statements but are reported on separately on the Trust Funds financial statements.

#### (c) Basis of Accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### (d) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

#### (e) Capital Assets:

The historical cost and accumulated depreciation of fixed assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of operations and fund balances in the year of acquisition.

#### (f) Inventory:

Inventory is valued at the lower of cost and replacement cost.

#### (g) Pensions and Employee Benefits:

The City accounts for its participation in the Ontario Municipal Employee Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned.

Sick leave benefits are accrued where they are vested and subject to pay out when an 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 by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

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### 1. Significant accounting policies (continued):

#### (h) Deferred Revenue - Obligatory Reserve Funds:

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

#### (i) Amounts to be recovered:

Amounts to be recovered makes up part of the Municipal position, which includes balances for accrued interest on long-term debt, outstanding long-term liabilities, liability for solid waste management facility liability and liabilities for employee benefits.

#### (j) Taxation and Related Revenues:

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established annually by City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes.

The legislation limits assessment-related increases in property tax bills to five per cent annually for commercial, industrial and multi-residential classes of property until the affected properties are taxed at a level equivalent to the tax otherwise calculated based on their current value assessment.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

#### (k) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from these estimates.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 2. Short-term and long-term investments:

The short and long-term investments consist of term deposits, bonds and treasury bills. The rates of return range from 2.6% to 8% per annum.

Short-term investments amount to \$61,558 (2002 - \$74,277) which are recorded at cost adjusted for amortization of discount or premium, have a market value of \$62,444 (2002 - \$74,618) at the end of the year. Cash other than short-term investments earn a competitive rate of return while on deposit.

Long-term investments amount to \$24,001 (2002 - \$24,051) which are recorded at cost adjusted for amortization of discount or premium, have a market value of \$25,126 (2002 - \$26,149).

### 3. Employee benefit obligations:

Details of the obligations are as follows:

	2003	2002
Future payments required to WSIB	\$ 1,253	1,239
Accumulated sick leave benefit	7,545	7,279
Other post-employment benefits	18,538	15,777
Vacation pay	9,011	9,197
	\$ 36,347	33,492

The City has established reserve funds in the amount of \$5,101 to mitigate the future impact of these obligations.

- (i) The City has elected to be a Schedule 2 employer under the provisions of the Workplace Safety and Insurance Board Act, and as such, remits payments to the WSIB only as required to fund disability payments.
- (ii) Accumulated sick leave benefits accrue to certain employees of the City and are paid out either on approved retirement, or upon termination or death.
- (iii) Other post employment benefits represent the City's share of the cost to provide certain employees with extended benefits upon early retirement.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 3. Employee benefit obligations (continued):

(iv) The following table sets out the results as determined by the actuarial valuation completed in April 2004 for each of the plans, as at December 31, 2003.

	WSIB	Sick Leave	Other Post Employment Benefits	2003 Total	2002 Total
Accrued benefit liability, beginning of year (as restated for actuarial adjustments)	\$ 622	5,686	21,243	27,551	24,053
Benefit cost	395	341	2,665	3,401	592
Interest cost	50	343	1,248	1,641	1,396
Benefit payments	(369)	(295)	(1,516)	(2,180)	(1,746)
Accrued benefit liability, end of year	698	6,075	23,640	30,413	24,295
Unamortized gain (loss)	555	1,470	(5,102)	(3,077)	-
	\$ 1,253	7,545	18,538	27,336	24,295

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	2.5%	3%	3%
Expected level of salary increases	N/A	3%	N/A
Interest discount rate	6%	6%	6%

### 4. Deferred revenue:

Deferred revenue consist of:

	2003	2002
Deferred revenue - other	\$ 4,860	4,685
Deferred revenue - obligatory reserve funds	3,435	3,305
	\$ 8,295	7,990

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

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### 5. Solid waste landfill closure and post-closure 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.

Landfill 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 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 expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Province of Ontario's average long-term borrowing rate of 6.03% (2002 - 6.35%) minus an inflation rate of 1.85% (2002 - 1.75%) (10-year average of CPI from 1994 to 2003). The estimated total landfill closure and post-closure care expenditures are calculated to be \$5,697 (2002 - \$8,485). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. At December 31, 2003 an amount of \$3,644 (2002 - \$7,229) with respect to landfill closure and post-closure liabilities has been accrued.

The estimated remaining capacity of the Sudbury landfill site is 55% (4,275,000 cubic meters) of its total estimated capacity and its estimated remaining life is 50 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Walden landfill site is 13% (58,000 cubic meters) of its total estimated capacity and its estimated remaining life is 13 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 50% (1,005,000 cubic meters) of its total estimated capacity and its estimated remaining life is 32 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 65% (1,108,000 cubic meters) of its total estimated capacity and its estimated remaining life is 49 years, after which the period for post-closure care is estimated to be 25 years.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 6. Long-term liabilities:

Long-term liabilities reported on the consolidated statement of financial position consist of the following:

	2003	2002
Debentures	\$ 16,945	-
Capital lease obligations	1,215	1,055
Other bank loans	8,107	9,906
	\$ 26,267	10,961

The principal payments are due as follows:

	2004 to 2008	2009 to 2013	2014 and thereafter	2003 Total	2002 Total
From general municipal revenues	\$ 9,456	3,982	10,431	23,869	9,066
From benefitting landowners	2,398	-	-	2,398	1,895
	\$ 11,854	3,982	10,431	26,267	10,961

### 7. Fund balances:

#### (a) Current fund:

The current fund balances are comprised of the following:

	2003	2002
- to be applied to the operations of the current fund (excluding local boards)	\$ -	-
- to be applied to operations of local boards and entities	89	38
	\$ 89	38

#### (b) Capital fund:

The capital fund balance is comprised of the following:

	2003	2002
Funds available for capital projects not fully complete on December 31	\$ 43,453	41,308
Unfinanced capital outlay to be recovered through taxation or user charges	(8,351)	(2,161)
	\$ 35,102	39,147

# CITY OF GREATER SUBBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 7. Fund balances (continued):

#### (b) Capital fund (continued):

The unfinanced capital outlay will be funded through general municipal revenues recovered within the term of Council in the amount of \$6,902 with the remainder, \$1,449, raised through taxation and user charges beyond the current term of Council over a five-year period 2007 to 2012.

#### (c) Reserves and reserve funds:

The reserves and reserve funds consists of:

	2003	2002
Reserves set aside for specific purposes by Council for:		
Tax rate stabilization	\$ 816	2,714
Other purposes	3,981	4,234
Sanitary sewer and waterworks	308	303
Recreation and cultural services	355	313
Social housing	-	1,549
Planning and development	70	50
Ontario works	2,107	2,491
	<u>7,637</u>	<u>11,654</u>
Reserve funds set aside for specific purposes by Council for:		
WSIB claims	3,669	3,516
Insurance	2,310	2,153
Capital expenditures	28,832	29,280
Social and family services	428	223
Equipment replacement	4,384	4,261
Sick leave	2,333	2,000
Other purposes	3,160	2,260
Transportation services	5,972	5,798
Economic development	1,900	1,886
	<u>52,988</u>	<u>51,377</u>
	<u>\$ 60,625</u>	<u>63,031</u>

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 8. Amounts to be recovered:

Amounts to be recovered represent liabilities established for accrual accounting purposes. In some cases, reserves and reserve funds have been established to fund these amounts. In other cases, the liabilities are to be funded from future years' budgetary allocations. Net increase in amounts to be recovered is \$14,645 (2002 - \$524).

	2003	2002
Capital lease obligations	\$ 1,215	1,055
Long-term liabilities	25,052	9,906
Employee benefit obligations	36,347	33,492
Accrued interest payable on long-term liabilities	116	46
Solid waste management facility liability	3,644	7,229
	\$ 66,374	51,728

Reserves and reserve funds in the amount of \$5,102 (2002 - \$3,239) have been established to mitigate the impact of these future obligations.

### 9. Operations of school boards:

Further to note 1(a) (iv), the taxation, other revenues and expenditures of the school boards are comprised of the following:

	2003	2002
Taxation	\$ 49,945	51,827
Payments in lieu of taxes	171	188
	\$ 50,116	52,015

### 10. Contractual obligations and commitments:

#### (a) Work in progress:

The balance of work uncompleted under contracts in progress at December 31, 2003 amounts to approximately \$21,513 (2002 - \$29,616). The proposed financing of these obligations is \$10,639 from contributions from own funds, \$3,758 from provincial grants and \$7,116 through proceeds from debentures.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

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

(b) Contracts for services:

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

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2004	\$	7,744
2005		4,851
2006		2,651
2007		1,136
2008		513
	\$	16,895

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(c) Contingent liabilities:

As at December 31, 2003, certain legal actions are pending against the City. An estimate of the contingency cannot be made since the outcome of these matters is indeterminate. Should any loss result from the resolution of these matters, such loss would be charged to operations in the year of disposition.

(d) Sudbury Regional Hospital:

The City has committed to provide a contribution of \$1,000 per annum to the Sudbury Regional Hospital until 2023.

### 11. Pension agreement:

The Municipality matches contributions made by the employees to OMERS, which is a multi-employer plan. This plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Effective August 1, 1998, OMERS declared a contribution holiday for both employees and employers, which temporarily suspended payment to the plan, until December 31, 2002. The resumption of contribution rates are being phased in over a two-year period beginning in 2003 at 33% and then 100% in 2004. The amount contributed to OMERS in 2003 was \$1,900 (2002 - \$Nil).

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars, except for note 12)  
Year ended December 31, 2003

### 12. Public sector salary disclosure:

In accordance with the Public Sector Salary Disclosure Act, 1996, annual salaries of \$100,000 or more were paid to the following personnel during calendar year 2003:

Name	Position	Salary	Taxable Benefits
Baiden, S.	Director of Administration Police Services	\$ 104,673	\$ 9,909
Beadman, T.	Acting General Manager of Emergency Services	108,446	9,703
Belisle, D.	General Manager of Public Works	133,527	10,000
Cunningham, J.	Deputy Chief of Police	123,073	1,835
Davidson, I.	Chief of Police	135,112	13,991
Hallsworth, C.	General Manager of Citizens / Leisure Services	128,970	10,000
Jonasson, S.	Director of Finance / Treasurer	108,569	844
Lautenbach, W.	Director of Planning	109,655	1,277
Matheson, C.	General Manager Health / Social Services	118,518	7,774
Mieto, M. I.	Chief Administrative Officer	139,746	11,255
Nadorozny, D.	General Manger of Economic Dev/Planning	132,782	9,998
Swiddle, R. M.	City Solicitor / Director of Legal Services	115,433	2,093
Thomson, P.	Director of Human Resources	101,316	3,094
Wuksinic, D.	General Manager of Corporate Services	133,476	10,000

### 13. Budget figures:

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over several years. Current revenue fund budgets are affected on an ongoing basis, depending on when various government programs become available to the City. Accordingly, the budgets are not directly comparable with current year actual amounts and therefore, budgets have not been reflected on the consolidated statement of financial activities.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 14. Provincial offences administration (POA):

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 Licence 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 financial statements.

### 15. Expenditures by object:

As required by Section 1700 of the Public Sector Accounting Board reporting requirements, these financial statements report on expenditures by functions. The City's expenditures by object are as follows:

	2003	2002
Current operations:		
Salaries, wages and benefits	\$ 134,485	123,858
Long-term debt charges	1,266	661
Materials, services, rents and financial items	110,935	106,962
Transfers to other governments and the public	97,865	92,448
	<u>344,551</u>	<u>323,929</u>
Capital:		
Materials, services, rents and financial items	83,898	46,288
	<u>\$ 428,449</u>	<u>370,217</u>

### 16. Trust funds:

Trust funds amounting to \$7,329 (2002 - \$9,225) and their related operations administered by the City are not consolidated, but are reported separately on the Trust Funds balance sheet and Trust Funds statement of continuity.

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 17. Investment in government business enterprises:

The Sudbury Airport Community Development Corporation ("SACDC") and Greater Sudbury Utilities Inc. ("GSU") are owned and controlled by the City of Greater Sudbury. As these corporations are business enterprises of the City, they are accounted for on a modified equity basis in these consolidated financial statements. During the year the City of Greater Sudbury sold its 50% interest in the Sudbury District Energy Corporation (SDEC) for proceeds of \$100,000 (note 17(b)).

(a) The following table provides condensed supplementary financial information for the year ending December 31, 2003:

	SACDC	GSU	2003 Total	2002 Total
<b>Financial Position</b>				
Current assets	\$ 1,190	20,648	21,838	24,108
Capital assets	7,699	67,536	75,235	95,521
Other assets	23	4,376	4,399	4,431
<b>Total assets</b>	<b>8,912</b>	<b>92,560</b>	<b>101,472</b>	<b>124,060</b>
Current liabilities	1,079	10,484	11,563	14,297
Note payable to the City of Greater Sudbury	490	52,341	52,831	53,465
Other long-term liabilities	3,363	11,735	15,098	33,118
<b>Total liabilities</b>	<b>4,932</b>	<b>74,560</b>	<b>79,492</b>	<b>100,880</b>
<b>Net assets</b>	<b>\$ 3,980</b>	<b>18,000</b>	<b>21,980</b>	<b>23,180</b>
<b>Results of operations:</b>				
Revenue	\$ 2,472	76,644	79,116	93,172
Operating expenses	(2,874)	(72,629)	(75,503)	(93,804)
Interest paid to the City of Sudbury	-	(3,795)	(3,795)	(3,795)
<b>Net income (loss)</b>	<b>\$ (402)</b>	<b>220</b>	<b>(182)</b>	<b>(4,427)</b>

# CITY OF GREATER SUDBURY

## Notes to Consolidated Financial Statements

(in thousands of dollars)  
Year ended December 31, 2003

### 17. Investment in government business enterprises (continued):

(b) The investment at December 31, 2003 consists of the following:

	SACDC	GSU	SDEC	2003 Total	2002 Total
Balance, beginning of year	\$ 4,382	71,515	389	76,286	77,646
Less: City's share of prior period adjustment	-	-	-	-	(232)
City's share of operating income (loss) for the year	(402)	220	-	(182)	(2,523)
Proceeds from sale transferred to operations	-	-	(100)	(100)	-
Loss on sale of investment	-	-	(289)	(289)	-
	(402)	220	(389)	(571)	(2,755)
Investment	-	1,395	-	1,395	1,395
	(402)	1,615	(389)	824	(1,360)
Balance, end of year	\$ 3,980	73,130	-	77,110	76,286

### 18. Comparative figures:

Certain 2002 comparative figures have been reclassified to conform with the presentation adopted in 2003.

# CITY OF GREATER SUDBURY

## Schedule of Current Fund Operations and Net Equity in Government Business Enterprises

(in thousands of dollars)

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
<b>Revenues:</b>		
Taxation	\$ 132,826	\$ 125,107
Fines and penalties	4,832	4,453
User charges	74,333	69,364
Transfer payments	164,702	162,749
Investment income	6,786	6,093
Other	8,780	7,126
Government business enterprises loss (note 17(b))	(571)	(2,755)
	<u>391,688</u>	<u>372,137</u>
<b>Expenditures:</b>		
General government	14,753	13,636
Protection to persons and property	49,270	44,963
Transportation services	37,121	39,321
Environmental services	37,231	34,157
Health services	17,585	16,804
Social and family services	130,651	121,576
Social housing	25,692	22,401
Recreation and cultural services	25,151	23,497
Planning and development	7,097	7,574
	<u>344,551</u>	<u>323,929</u>
<b>Net revenues</b>	<u>47,137</u>	<u>48,208</u>
<b>Transfers to other funds:</b>		
Transfer to capital fund	(35,630)	(33,386)
Transfer to reserves and reserve funds	(7,747)	(15,761)
	<u>(43,377)</u>	<u>(49,147)</u>
Solid waste management facility liability	(3,585)	391
Employee benefits and other liabilities	2,855	806
Debt principal repayments	(2,155)	(1,728)
	<u>(46,262)</u>	<u>(49,678)</u>
<b>Increase (decrease) in fund balance</b>	<u>\$ 875</u>	<u>\$ (1,470)</u>

The accompanying notes are an integral part of this financial statement.

# CITY OF GREATER SUDBURY

## Schedule of Capital Fund

(in thousands of dollars)

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
<b>Revenues:</b>		
Transfer payments	\$ 13,790	\$ 1,081
Other	1,037	150
User charges	-	101
	<u>14,827</u>	<u>1,332</u>
<b>Expenditures:</b>		
General government	24,428	5,803
Protection to persons and property	1,636	5,191
Transportation services	19,623	10,689
Environmental services	23,196	13,470
Health services	1,698	748
Social and family services	8,493	3,264
Social housing	2,182	2,243
Recreation and cultural services	1,579	4,227
Planning and development	1,063	653
	<u>83,898</u>	<u>46,288</u>
<b>Net expenditures</b>	<b>(69,071)</b>	<b>(44,956)</b>
<b>Transfers from other funds:</b>		
Transfer from current fund	35,630	33,386
Transfer from reserves and reserve funds	11,936	1,083
	<u>47,566</u>	<u>34,469</u>
Capital lease obligations	160	1,055
Debentures issued	17,300	-
	<u>65,026</u>	<u>35,524</u>
<b>Decrease in fund balance</b>	<b>\$ (4,045)</b>	<b>\$ (9,432)</b>

The accompanying notes are an integral part of this financial statement.

# CITY OF GREATER SUDBURY

## Schedule of Reserves and Reserve Funds

(in thousands of dollars)

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
<b>Revenues:</b>		
Investment income	\$ 1,765	\$ 1,230
Other	18	195
	<u>1,783</u>	<u>1,425</u>
<b>Transfers (to) from other funds:</b>		
Transfers from current fund	7,747	15,761
Transfers to capital fund	(11,936)	(1,083)
	<u>(4,189)</u>	<u>14,678</u>
<b>Increase (decrease) in fund balance</b>	<b>\$ (2,406)</b>	<b>\$ 16,103</b>

The accompanying notes are an integral part of this financial statement.