



City of Hamilton

AUDIT, FINANCE AND ADMINISTRATION COMMITTEE

Meeting #: 19-010
Date: July 11, 2019
Time: 9:30 a.m.
Location: Council Chambers, Hamilton City Hall
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

1. CEREMONIAL ACTIVITIES

2. APPROVAL OF AGENDA

(Added Items, if applicable, will be noted with *)

3. DECLARATIONS OF INTEREST

4. APPROVAL OF MINUTES OF PREVIOUS MEETING

4.1 June 6, 2019

5. COMMUNICATIONS

6. DELEGATION REQUESTS

6.1 Karin Dearness, Andy Stone, Philip Toms, and John Ariens respecting reimbursement of rezoning and development charges related to a laneway house at 390.5 Aberdeen Avenue, Hamilton (Ward 1) (For a future meeting)

6.2 Mark R McKenzie, Hamilton District Heavy Construction Association (HAND), respecting opposition to proposed Social Procurement initiative (For a future meeting)

6.3 Manuel Bastos, LIUNA 837, respecting a presentation on Social Procurement (For a future meeting)

- 6.4 Sean Ferris, Habitat for Humanity Hamilton, respecting reimbursement of specific fees paid to the City related to building permits for the construction of these homes (For a future meeting)

7. CONSENT ITEMS

- 7.1 Professional and Consultant Services Roster 2017-2018 (PW19048 / PED19130 / FCS19052) (City Wide)
- 7.2 2019 First Quarter Request for Tenders and Proposals Report (FCS19041) (City Wide)
- 7.3 2019 First Quarter Emergency and Non-competitive Procurements Report (FCS19042) (City Wide)
- 7.4 First Quarter Non-compliance with the Procurement Policy Report (FCS19043) (City Wide)

8. PUBLIC HEARINGS / DELEGATIONS

- 8.1 Terry MacDougall, respecting an appeal to a water bill amount (Approved June 6, 2019)
 - 8.1.a Staff Supporting Documentation

9. STAFF PRESENTATIONS

- 9.1 Tax and Rate Operating Budget Variance Report as at April 30, 2019 - Budget Control Policy Transfers (FCS19055) (City Wide)
- 9.2 Fraud and Waste Hotline Launch (AUD19011) (City Wide)
- 9.3 Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017) (City Wide)

10. DISCUSSION ITEMS

- 10.1 Diversity and Inclusion Strategic Plan Annual Report (HUR19016) (City Wide)
- 10.2 2018 City of Hamilton Financial Report and Audited Financial Statements (FCS19048) (City Wide)

Due to bulk, Appendix "B" is only available online.
- 10.3 Audit Report - Housing Services Division: Capital (AUD19004) (City Wide)

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

- 14.1 IBI Group Project Management Assignments (PW19066) (Ward 8) (Distributed under separate cover)

Pursuant to Sub-sections (d) and (e) of the City's Procedural By-law 18-270, and Section 239(2), Sub-sections (d) and (e) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to labour relations or employee negotiations; litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board.

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES

19-009

June 6, 2019

9:30 a.m.

Council Chambers, Hamilton City Hall
71 Main Street West

Present Councillors C. Collins (Chair), M. Wilson (Vice-Chair), A. VanderBeek, B. Johnson, M. Pearson, L. Ferguson, B. Clark, and J. Partridge

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. **2018 Provincial Offences Administration Annual Report (FCS19011) (City Wide) (Item 7.2)**

(Clark/Ferguson)

That Report FCS19011, respecting the 2018 Provincial Offences Administration Annual Report, be received.

CARRIED

(Ferguson/Partridge)

That Report FCS19011, respecting 2018 Provincial Offences Administration Annual Report be referred to the Hamilton Police Services Board and Municipal Law Enforcement for review.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- YES - Councillor Brad Clark

2. Proposed Write-Off for Provincial Offences (FCS19012) (City Wide) (Item 7.3)**(Wilson/Johnson)**

That staff be authorized to write-off the following outstanding Provincial Offences fines deemed uncollectible, in the total amount of \$1,173,573.29:

- (a) \$1,171,221.41 in uncollectible fines with a sentence date of December 31, 2011 and prior; and,
- (b) \$2,351.88 in underpayments from April 1, 2018 through March 31, 2019.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- YES - Councillor Brad Clark

3. 2018 Annual Energy Report on Commodity Price Hedging (FCS19026 / PW19044) (City Wide) (Item 7.4)**(Ferguson/VanderBeek)**

That Report FCS19026 / PW19044, respecting the 2018 Annual Energy Report on Commodity Price Hedging, be received.

CARRIED**4. Tania Amaral, respecting a burst pipe resulting in an exorbitant water bill (Approved May 16, 2019) (Item 8.1)****(Clark/Ferguson)**

That staff be directed to write off 50% of Tania Amaral's exorbitant water bill at 185 Weir Street North.

Result: Motion CARRIED by a vote of 5 to 2, as follows:

- NO - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- NOT PRESENT - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- NO - Councillor Maria Pearson
- YES - Councillor Brad Clark

5. Grant Ranalli, respecting advocating for CBC Radio service in Hamilton (Approved May 16, 2019) (Item 8.2)**(Clark/Wilson)**

- (a) That the request from Grant Ranalli to support a CBC Radio Station in Hamilton be endorsed; and,
- (b) That a letter of endorsement be sent to the President of CBC and circulated to all leaders of the Federal Parties.

Result: Motion CARRIED by a vote of 5 to 0, as follows:

YES - Councillor Maureen Wilson
 YES - Chair Chad Collins
 NOT PRESENT - Councillor Judi Partridge
 YES - Councillor Arlene VanderBeek
 NOT PRESENT - Councillor Lloyd Ferguson
 NOT PRESENT - Councillor Brenda Johnson
 YES - Councillor Maria Pearson
 YES - Councillor Brad Clark

6. Proposed Amendments to Fair Wage Policy and Fair Wage Schedule (FCS19035 / HUR19008) (City Wide) (Item 10.1)**(Clark/Pearson)**

That the Fair Wage Policy and Fair Wage Schedule, attached as Appendix "A" to Report FCS19035 / HUR19008, be approved.

Result: Motion CARRIED by a vote of 5 to 0, as follows:

YES - Councillor Maureen Wilson
 YES - Chair Chad Collins
 NOT PRESENT - Councillor Judi Partridge
 YES - Councillor Arlene VanderBeek
 NOT PRESENT - Councillor Lloyd Ferguson
 NOT PRESENT - Councillor Brenda Johnson
 YES - Councillor Maria Pearson
 YES - Councillor Brad Clark

7. 2019 Property and Liability Insurance Renewal Report (FCS19032) (City Wide) (Item 10.2)**(Clark/Wilson)**

- (a) That the Liability and Property Insurance coverage for the term January 1, 2019, to January 1, 2020, be renewed through Jardine Lloyd Thompson Canada Inc. (JLT) at a cost of \$6,627,835 (net of taxes) and be funded through the 2019 Risk Management Services (RMS) Budget, in accordance with Appendix "A", attached to Report FCS19032;

- (b) That the General Manager, Finance and Corporate Services, be authorized and directed to execute all associated documents related to the renewal of the Liability and Property Insurance coverage for the term January 1, 2019, to January 1, 2020, through Jardine Lloyd Thompson Canada Inc. (JLT), on behalf of the City of Hamilton; and,
- (c) That the 2019 unfavourable budget variance in insurance premiums of \$2,027,835 (net of taxes) resulting from the Liability and Property Insurance coverage for the term January 1, 2019, to January 1, 2020, be addressed in the year end operating budget variance report.

Result: Motion CARRIED by a vote of 5 to 0, as follows:

YES - Councillor Maureen Wilson
 YES - Chair Chad Collins
 NOT PRESENT - Councillor Judi Partridge
 YES - Councillor Arlene VanderBeek
 NOT PRESENT - Councillor Lloyd Ferguson
 NOT PRESENT - Councillor Brenda Johnson
 YES - Councillor Maria Pearson
 YES - Councillor Brad Clark

8. 2019 Development Charges Public Meeting Written Submissions - Staff Response (FCS19051) (City Wide) (Item 10.3)

(Clark/Johnson)

That Report FCS19051, respecting 2019 Development Charges Public Meeting Written Submissions - Staff Response, be received.

CARRIED

9. 2019 Development Charges By-law and Background Study (FCS19050) (City Wide) (Item 10.4)

(Pearson/Partridge)

- (a) That the 2019 City of Hamilton Development Charges Study, as amended, prepared by Watson & Associates Economists Ltd. and dated March 13, 2019, amended May 15, 2019, be approved;
- (b) That, whenever appropriate, the City requests that grants, subsidies and other contributions be clearly designated by the provider as being to the benefit of existing development (or new development, as applicable);
- (c) That all of the growth capital projects listed in the City of Hamilton Development Charges Background Study, as amended, prepared by Watson & Associates Economists Ltd. and dated March 13, 2019, amended May 15, 2019, be approved, in principle, subject to annual capital budget approvals;

- (d) That, having considered the matters in Report FCS19050 including the changes incorporated into the 2019 Development Charges By-law, attached hereto as Appendix "A" of Report FCS19050, no further meeting under s.12 of the Development Charges Act, 1997 is required;
- (e) That Appendix "A" attached to Report FCS19050 respecting the 2019 Development Charges By-law, prepared in a form satisfactory to the City Solicitor, be passed and enacted;
- (f) That the "Local Service Policy" as included in the 2019 City of Hamilton Development Charges Study, as amended, be implemented effective July 6, 2019 and that the Planning and Economic Development Department be directed to make any updates required to co-ordinate the City's financial policies for new development with the "Local Service Policy";
- (g) That, where public stormwater management facilities have been provided at the cost of a developer, as a condition of development approval and the said facilities are deemed to be permanent and part of an ultimate solution, "credits for services in-lieu" for the related stormwater component of the Development Charge will be applied for any unbuilt units upon the said facilities being included in the Development Charge Background Study and any applicable addendum(s). Should external future development lands take benefit of said stormwater management facilities and where a best efforts provision has been included within the development agreement under which the facility was built, the City will collect the full Development Charge from the external developer and reimburse the original developer (constructor of storm pond) only the original value of the proportionate share of the best effort;
- (h) That the General Manager of Finance and Corporate Services be delegated authority to authorize Development Charge deferral agreements as outlined in Section 34 of the DC By-law, attached hereto as Appendix "A" of Report FCS19050;
- (i) That Development Charge Reserves be set up for the following type of Development Charge collections;
 - (i) Waste Diversion Residential Reserve;
 - (ii) Waste Diversion Non-Residential Reserve;
 - (iii) Stormwater Combined Residential Reserve;
 - (iv) Stormwater Combined Non-Residential Reserve;
 - (v) Stormwater Separated Residential Reserve;
 - (vi) Stormwater Separated Non-Residential Reserve;
 - (vii) Administrative Studies – Community Based Studies Residential Reserve;
 - (viii) Administrative Studied – Community Based Studies Non-Residential Reserve;

- (j) That, having considered the matters in Report FCS19050 including the changes incorporated into the amending GO Transit By-law attached hereto as Appendix "B" to Report FCS19050, no further meeting under s.12 of the Development Charges Act, 1997 is required;
- (k) That Appendix "B" attached to Report FCS19050 being a By-law to amend By-law 11-174 – "City of Hamilton GO Transit Development Charge By-law, 2011", prepared in a form satisfactory to the City Solicitor, be passed and enacted; and,
- (l) That staff be directed to report back to the Audit, Finance & Administration Committee regarding the anticipated impact of Bill 108: More Homes, More Choice Act 2019 on the 2019 Development Charges By-law once the regulations are released and the Bill has received Royal Assent.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
YES - Councillor Judi Partridge
NOT PRESENT - Councillor Arlene VanderBeek
NOT PRESENT - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(Clark/Pearson)

That staff be directed to report back to Council on June 12, 2019 with Transitional Language for the Development Charges By-law.

Result: Motion CARRIED by a vote of 5 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
NOT PRESENT - Councillor Arlene VanderBeek
NOT PRESENT - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

10. Governance Review Sub-Committee Report 19-004 - May 28, 2019 (Added Item 10.5)**(Partridge/Pearson)****(a) Pregnancy and Parental Leave for Members of Council Policy (CL19007) (City Wide) (Item 10.1)**

That Council approve the "Pregnancy and Parental Leave for Members of Council Policy" attached as Appendix 'A' to Governance Review Sub-Committee Report 19-004.

(b) Additional Administrative Support for Councillors' Offices (Item 11.1)

WHEREAS, the current allotment for vacation and sick leave is insufficient for Councillor administrative staff whose accumulated vacation entitlement exceeds the amount of coverage currently provided in the ward office budgets (2 weeks);

WHEREAS, our social media and engagement policies and practices at the city have been successful in engaging more residents than ever before with their ward Councillors' offices subsequently requiring closer monitoring by staff and Councillor's to these outlets to efficiently respond to constituent concerns;

WHEREAS, a 0.5 FTE administrative support person would provide greater continuity in the office by facilitating coverage of the FTE person resulting in a more seamless exchange between the constituent and the ward office staff on a given issue or concern;

WHEREAS, a single staff person often deals with complex issues or projects to support their Councillor's initiatives requiring them to exercise greater responsibilities beyond basic constituency matters;

WHEREAS, the amount of work in each ward office is substantial and can be clearly demonstrated through activity levels there is a need to ensure we have the resources to protect the health and wellbeing of our admins who may incur negative impacts due to increased stress or burnout;

THEREFORE, BE IT RESOLVED:

That the administrative support previously allocated to old wards 7 & 8 of \$177,000 to be equally allocated across all new wards (or \$11,800 per ward), be approved.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
 YES - Chair Chad Collins
 YES - Councillor Judi Partridge
 NOT PRESENT - Councillor Arlene VanderBeek
 NOT PRESENT - Councillor Lloyd Ferguson
 YES - Councillor Brenda Johnson
 YES - Councillor Maria Pearson
 YES - Councillor Brad Clark

11. Bill 108 "More Homes, More Choice Act, 2019" - Schedule 3 Comment Submission (FCS19057 / LS19023) (City Wide) (Added Item 10.6)**(Partridge/Pearson)**

- (a) That Council endorse the draft comments, recommendations and requests submitted to the Province on May 29, 2019 in response to Schedule 3 (Development Charges Act, 1997) of Bill 108, More Homes More Choice Act, 2019 attached as Appendix "A" to Report FCS19057 / LS19023, as the City's official comments;
- (b) That the General Manager of Finance and Corporate Services be authorized and directed to confirm the submissions made to the Province attached as Appendix "A" to Report FCS19057 / FCS19023, as the City's official comments;
- (c) That the General Manager of Finance and Corporate Services, in consultation with the City Solicitor, be authorized to make submissions on Bill 108, More Homes, More Choice Act, 2019 and any associated regulations consistent with the concerns raised in Report FCS19057 / LS19023 and Appendix "A" to Report FCS19057 / LS19023; and,
- (d) That the Clerk forward this report to the Ministry of Municipal Affairs and Housing; and the Ministry of Environment, Conservation and Parks; Hamilton's Members' of Provincial Parliament (Donna Skelly - Flamborough—Glanbrook, Andrea Horwath - Hamilton Centre, Paul Miller - Hamilton East—Stoney Creek, Monique Taylor - Hamilton Mountain and Sandy Shaw - Hamilton West—Ancaster—Dundas) and the Association for Municipalities Ontario.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
 YES - Chair Chad Collins
 YES - Councillor Judi Partridge
 NOT PRESENT - Councillor Arlene VanderBeek
 NOT PRESENT - Councillor Lloyd Ferguson
 YES - Councillor Brenda Johnson

YES - Councillor Maria Pearson
YES - Councillor Brad Clark

12. Access by Design Policy (Item 11.1)

(Clark/Pearson)

That the Manager of Corporate Records and Freedom of Information be directed to report back to the Audit, Finance and Administration Committee on the development of a corporate wide Access by Design policy for the City of Hamilton to support the proactive disclosure of information/documents.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
YES - Councillor Judi Partridge
NOT PRESENT - Councillor Arlene VanderBeek
NOT PRESENT - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

13. Community Room at 120 Strathcona Avenue North (Added Item 11.2)

(Wilson/Clark)

WHEREAS, residents of CityHousing Hamilton properties deserve dignified and safe, affordable housing; and,

WHEREAS, improvements to the interiors of CityHousing Hamilton community room helps prevent the negative impact of social isolation and promotes a healthy and engaged community;

THEREFORE, BE IT RESOLVED:

That \$5,000 be provided to CityHousing to help furnish the Community Room at 120 Strathcona Avenue North from the Ward 1 Discretionary Account No. 3301909100.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
YES - Councillor Judi Partridge
NOT PRESENT - Councillor Arlene VanderBeek
NOT PRESENT - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

FOR INFORMATION:**(a) APPROVAL OF AGENDA (Item 2)**

The Committee Clerk advised of the following changes to the agenda:

1. COMMUNICATIONS (Item 5)

- 5.1 Correspondence from Andrew Smith, A.J. Clarke and Associates Ltd., respecting the 2019 Development Charges Background Study, Projects Review

Recommendation: Be received and referred to the consideration of Item 10.4.

- 5.2 Correspondence from Aldo De Santis, Multi-Area Developments Inc., respecting the 2019 Development Charge Review, Summit Park Phase 11 and Phase 9

Recommendation: Be received and referred to the consideration of Item 10.4

- 5.3 Correspondence from Watson & Associates Economists Ltd., respecting their submission to John Ballantine, Ministry of Municipal Affairs and Housing, respecting Bill 108: Potential Changes to the Development Charges Act

Recommendation: Be received and referred to the consideration of Item 10.4

- 5.4 Correspondence from Joel Farber, Fogler, Rubinoff LLP, respecting the 2019 Development Charges and Background Study

Recommendation: Be received and referred to the consideration of Item 10.4

2. DELEGATION REQUESTS (Item 6)

- 6.1 Terry MacDougall, respecting an appeal to a water bill amount (For a future meeting)

3. DISCUSSION ITEMS (Item 10)

- 10.5 Governance Review Sub-Committee Report 19-004 - May 28, 2019

- 10.6 Bill 108 "More Homes, More Choice Act, 2019" - Schedule 3
Comment Submission (FCS19057 / LS19023) (City Wide)

4. NOTICES OF MOTION (Item 12)

- 12.1 Community Room at 120 Strathcona Avenue North

(Pearson/Partridge)

That the agenda for the June 6, 2019 Audit, Finance and Administration Committee meeting be approved, as amended.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- YES - Councillor Brad Clark

(b) DECLARATIONS OF INTEREST (Item 3)

Councillor Wilson declared an interest to Item 10.4, respecting the Development Charges By-law as a family member does not provide affordable housing but due to the sphere of activity in relation to affordable housing financing it is a conflict as deemed by the Integrity Commissioner.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)

(i) May 16, 2019 (Item 4.1)

(Johnson/Wilson)

That the Minutes of the May 16, 2019 meeting be approved, as presented.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- YES - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- YES - Councillor Brad Clark

(d) COMMUNICATIONS (Item 5)**(Johnson/Pearson)**

That the following Communications items be received and referred to the consideration of Item 10.4, respecting the 2019 Development Charges By-law and Background Study (FCS19050):

- (i) Correspondence from Andrew Smith, A.J. Clarke and Associates Ltd., respecting the 2019 Development Charges Background Study, Projects Review (Added Item 5.1)
- (ii) Correspondence from Aldo De Santis, Multi-Area Developments Inc., respecting the 2019 Development Charge Review, Summit Park Phase 11 and Phase 9 (Added Item 5.2)
- (iii) Correspondence from Watson & Associates Economists Ltd., respecting their submission to John Ballantine, Ministry of Municipal Affairs and Housing, respecting Bill 108: Potential Changes to the Development Charges Act (Added Item 5.3)
- (iv) Correspondence from Joel Farber, Fogler, Rubinoff LLP, respecting the 2019 Development Charges and Background Study (Added Item 5.4)

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Councillor Maureen Wilson
 YES - Chair Chad Collins
 YES - Councillor Judi Partridge
 YES - Councillor Arlene VanderBeek
 YES - Councillor Lloyd Ferguson
 YES - Councillor Brenda Johnson
 YES - Councillor Maria Pearson
 YES - Councillor Brad Clark

(e) DELEGATION REQUESTS (Item 6)

- (i) **Terry MacDougall, respecting an appeal to a water bill amount (For a future meeting) (Added Item 6.1)**

(Ferguson/Clark)

That the delegation request from Terry MacDougall, respecting an appeal to a water bill amount, be approved for a future meeting.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Councillor Maureen Wilson
 YES - Chair Chad Collins
 YES - Councillor Judi Partridge
 YES - Councillor Arlene VanderBeek

YES - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(f) CONSENT ITEMS (Item 7)

(i) Various Advisory Committee Minutes:

(VanderBeek/Pearson)

That the following minutes from Various Advisory Committee meetings, be received:

- (1) Hamilton Aboriginal Advisory Committee – December 6, 2018
(Item 7.1(a))
- (2) Hamilton Aboriginal Advisory Committee – March 7, 2019
(Item 7.1(b))
- (3) Hamilton Aboriginal Advisory Committee – April 4, 2019
(Item 7.1(c))
- (4) Lesbian, Gay, Bisexual, Transgender and Queer Advisory Committee
– January 17, 2019 (Item 7.1(d))

CARRIED

(g) PUBLIC HEARINGS / DELEGATIONS (Item 8)

(i) Tania Amaral, respecting a burst pipe resulting in an exorbitant water bill (Approved May 16, 2019) (Item 8.1)

Tania Amaral, addressed the Committee respecting a burst pipe resulting in an exorbitant water bill, with the aid of a presentation.

A copy of the presentation is available on the City's website at www.hamilton.ca or through the office of the City Clerk.

(Pearson/Ferguson)

That the delegation from Tania Amaral, respecting a burst pipe resulting in an exorbitant water bill, be received.

CARRIED

For disposition of this matter, refer to Item 4.

(ii) Supporting Documentation Provided by Staff respecting Tania Amaral's water bill (Item 8.1(a))

(Clark/Pearson)

That the supporting documentation provided by staff respecting Tania Amaral's water bill, be received.

CARRIED

(iii) Grant Ranalli, respecting advocating for CBC Radio service in Hamilton (Approved May 16, 2019) (Item 8.2)

Grant Ranalli addressed the Committee respecting advocating for CBC Radio service in Hamilton, with the aid of a presentation.

A copy of the presentation is available on the City's website at www.hamilton.ca or through the office of the City Clerk.

(Clark/Wilson)

That the delegation from Grant Ranalli, respecting advocating for CBC Radio service in Hamilton, be received.

CARRIED

For disposition of this matter, refer to Item 5.

(h) DISCUSSION ITEMS (Item 10)

(i) 2019 Development Charges By-law and Background Study (FCS19050) (City Wide) (Item 10.4(a))

Gary Scandlan, from Watson & Associates, addressed the Committee respecting the 2019 Development Charges By-law and Background Study, with the aid of a presentation.

(Pearson/Johnson)

That the presentation from Gary Scandlan, Watson & Associates respecting the 2019 Development Charges By-law and Background Study, be received.

CARRIED

A copy of the presentation is available on the City's website at www.hamilton.ca or through the office of the City clerk.

For disposition of this matter, refer to Item 9.

(i) NOTICES OF MOTION (Item 12)**(i) Community Room at 120 Strathcona Avenue North (Added Item 12.1)**

Councillor Wilson introduced her notice of motion respecting the Community Room at 120 Strathcona Avenue North.

(Wilson/Johnson)

That the rules of order be waived to allow for the introduction of a Motion respecting the Community Room at 120 Strathcona Avenue North.

Result: Motion CARRIED by a 2/3 Majority vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson

YES - Chair Chad Collins

YES - Councillor Judi Partridge

NOT PRESENT - Councillor Arlene VanderBeek

NOT PRESENT - Councillor Lloyd Ferguson

YES - Councillor Brenda Johnson

YES - Councillor Maria Pearson

YES - Councillor Brad Clark

For disposition of this mater, refer to Item 13.

(j) ADJOURNMENT (Item 15)**(Clark/Johnson)**

That there being no further business, the Audit, Finance & Administration Committee be adjourned at 11:43 a.m.

CARRIED

Councillor C. Collins, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk

6.1

Form: Request to Speak to Committee of Council

Submitted on Monday, June 24, 2019 - 12:46 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Karin Dearness, Andy Stone, Philip Toms, John Ariens

Name of Organization:

Contact Number:

Email Address:

Mailing Address:

Reason(s) for delegation request: Requesting reimbursement of rezoning and development charges related to laneway house at 390.5 Aberdeen Avenue, Hamilton (Ward 1).

Will you be requesting funds from the City? Yes

Will you be submitting a formal presentation? Yes

6.2

Form: Request to Speak to Committee of Council

Submitted on Monday, June 24, 2019 - 12:03 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Mark R McKenzie

Name of Organization: Hamilton District Heavy Construction Association (HAND)

Contact Number: 905-524-3762 HAND Office

Email Address:

Mailing Address:

Reason(s) for delegation request: Opposition to proposed Social Procurement initiative.

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? Yes

6.3

Form: Request to Speak to Committee of Council

Submitted on Tuesday, June 25, 2019 - 11:04 am

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Manuel Bastos

Name of Organization: LIUNA 837

Contact Number:

Email Address:

Mailing Address:

Reason(s) for delegation request: Presentation on Social Procurement

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? No

Form: Request to Speak to Committee of Council

Submitted on Wednesday, June 26, 2019 - 4:18 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Sean Ferris

Name of Organization: Habitat for Humanity Hamilton

Contact Number: 9055606707 x108

Email Address: sean@habitathamilton.ca

Mailing Address:

285 Nash Road North

Unit 1

Reason(s) for delegation request: As a charitable organization, Habitat Hamilton is building five homes this year to help build strength, stability and self-reliance for five local families in need of affordable housing. This delegation request is to petition Committee for reimbursement of specific fees paid to the City related to building permits for the construction of these homes.

Will you be requesting funds from the City? Yes

Will you be submitting a formal presentation? Yes



INFORMATION REPORT

TO:	Chair and Members Audit, Finance & Administration Committee
COMMITTEE DATE:	June 20, 2019
SUBJECT/REPORT NO:	Professional and Consultant Services Roster 2017-2018 (PW19048/PED19130/FCS19052) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Stuart Leitch (905) 546-2424 Ext. 7808 Anne McArthur (905) 546-2424 Ext. 1223
SUBMITTED BY: SIGNATURE:	Dan McKinnon General Manager Public Works Department
SUBMITTED BY: SIGNATURE:	Jason Thorne General Manager Planning and Economic Development Department
SUBMITTED BY: SIGNATURE:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department

COUNCIL DIRECTION

Not Applicable.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Professional and Consultant Services Roster 2017 - 2018
(PW19048/PED19130/FCS19052) (City Wide) - Page 2 of 4**

INFORMATION

2017-2018 Roster Use

This report summarizes the use of the Professional and Consultant Services Roster (Roster) for the 2017-2018 roster period, as required under Policy #9 Consulting and Professional Services of the currently approved Procurement Policy. The roster process for the acquisition of consulting services is currently used by Planning and Economic Development, Corporate Services and Public Works Departments. A listing of Roster Firms, Successful Consultants by Roster category and the Roster Dashboard Summary are attached to Report PW19048/PED19130/FCS19052 as Appendices "A", "B" and "C".

As part of the on-going continuous improvement of the roster process, the Roster Committee has arranged, developed and implemented an improved training methodology for both new and existing Roster Captains. Additionally, any other Roster users (non-Captains) are also required to complete formal roster use training prior to using the Roster. It is expected this training will continue to evolve and expand to ensure that roster users involved in the implementation and administration of roster assignments are fully trained in all aspects of procurement and financial reporting requirements pertaining to the Roster.

During the 2016 Roster year, Council approved a staff recommendation to amend Procurement Policy #9 Consulting and Professional Services to increase the threshold for roster assignments from \$100,000 to \$150,000, which reflected the impact of inflation on the roster rates since its original inception in 2001. Of the 333 Roster assignments issued in 2018, 66 assignments were issued between \$100,000 and \$150,000 (utilized by up to 15 categories), which represents 20% of the total assignments completed. The average value of the assignments above \$100,000 is \$136,133.

Council Report FCS18056/PED18121/PW18036 dated May 17, 2018, contained a recommendation that Procurement Policy #4.9 Consulting and Professional Services be amended to prolong the trial period to extend the value of Roster assignments. Specifically, the trial is to allow for work assignments with an estimated procurement value between \$150,000 and \$249,999 during the 2019 – 2020 Roster period. The results of the trial for the 2017 – 2018 Roster period are included as part of Table 1.

The 2017 – 2018 Roster period, a total of forty (40) of forty-two (42) Roster categories issued assignments.

In order to continue providing valuable consulting services through the Roster, a review was completed ahead of the issuance of the 2019 - 2020 Request for Roster Consultant

**SUBJECT: Professional and Consultant Services Roster 2017 - 2018
(PW19048/PED19130/FCS19052) (City Wide) - Page 3 of 4**

procurement process. In order to maintain an efficient process and enhance the Roster program moving forward, adjustments were made to the 2019 – 2020 Roster categories as follows:

- Consolidation of categories with similar scope: 2017 - 2018 Roster Category 22 Interior Design Services and Category 23 Accessibility Compliance Support were combined with Category 11 Architectural Services. Category 33 Structural Engineering Services – Facilities was combined with Category 30 Mechanical and Electrical Engineering.
- Category 40 Information Services – Security: this category did not receive any assignments and was therefore not continued.
- Addition of new categories: Category 22 Street Light and Electrical Engineering Services and Category 23 Public Engagement and Facilitation to fulfil a need not previously addressed.

An overall summary of the total dollar value and number of assignments allocated during this Roster (2017 - 2018) is summarized in Table 1 below.

	2017 Roster Year	2018 Roster Year	2017 - 2018 Roster Trial Period ¹
Total Dollar Value	\$17,477,125	\$18,149,168	\$444,295
Total Number of Assignments	347	333	2
Average Value of Each Assignment	\$47,008	\$53,013	\$222,148
Number of Roster Firms in Program	100		

Note 1: Represents the trial period to extend the use of the Roster and consider roster candidates for work assignments with an estimated procurement cost between \$150,000 and \$249,999.

Note that the 2017 Roster year information was submitted to the Audit, Finance & Administration Committee on May 17, 2018 (Report No. PW18037/ PED18122/ FCS18057) and is shown in the table above for comparison purposes.

The first year (2019) term of assignments for the 2019 - 2020 Roster (C12-06-18) period will be reported to Council in 2020.

**SUBJECT: Professional and Consultant Services Roster 2017 - 2018
(PW19048/PED19130/FCS19052) (City Wide) - Page 4 of 4**

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PW19048/PED19130/FCS19052 - 2017 - 2018 Roster Information

Appendix "B" to Report PW19048/PED19130/FCS19052 - 2017 - 2018 Successful Roster Consultants (C12-07-16)

Appendix "C" to Report PW19048/PED19130/FCS19052 - Roster Dashboard 2017 - 2018 Summary

APPENDIX "A"
REPORT PW19048/PED19130/FCS19052
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2017 - 2018 Roster Information (C12-07-16)

Cat. No.	Roster Category	Successful Candidates	2018 Number of Assignments	2018 \$ Value of Assignments
1	Municipal Engineering Services	<ul style="list-style-type: none"> • Amec Foster Wheeler Americas Limited • Dillon Consulting Limited • Stantec Consulting Ltd. • Morrison Hershfield Limited • CIMA Canada Inc. Scope <ul style="list-style-type: none"> • Moon-Matz Ltd. • T2 Utility Engineers Inc. • S. Llewellyn & Associates Limited 	15	\$1,061,244
			Min Value Max Value Avg Value	\$6,000 \$149,900 \$67,657
2	Construction Management and Inspection Services	<ul style="list-style-type: none"> • Amec Foster Wheeler Americas Limited • CIMA Canada Inc. • WSP Canada Inc. • Dillon Consulting Limited • SNC-Lavalin Inc. 	15	\$1,291,025
			Min Value Max Value Avg Value	\$20,914 \$149,400 \$60,628
3	Transportation Traffic Engineering Planning	<ul style="list-style-type: none"> • Parsons Inc. • Dillon Consulting Limited • IBI Group Professional Services (Canada) Inc. • CIMA Canada Inc. • AECOM Canada Ltd. • Amec Foster Wheeler Americas Limited 	14	\$1,232,743
			Min Value Max Value Avg Value	\$15,037 \$148,478 \$82,874
4	Structural Engineering Services / Transportation	<ul style="list-style-type: none"> • Dillon Consulting Limited • AECOM Canada Ltd. • MMM Group Limited • Amec Foster Wheeler Americas Limited • Stantec Consulting Ltd. • SNC-Lavalin Inc. Scope <ul style="list-style-type: none"> • Jan Hudoba o/a J&M Structural • Ellis Engineering Inc 	28	\$1,720,588
			Min Value Max Value Avg Value	\$8,000 \$149,460 \$78,300
5	Wastewater Treatment	<ul style="list-style-type: none"> • GHD Limited • AECOM Canada Ltd. 	6	\$317,650

APPENDIX "A"
REPORT PW19048/PED19130/FCS19052
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Cat. No.	Roster Category	Successful Candidates	2018 Number of Assignments	2018 \$ Value of Assignments
	Engineering and Construction Management	<ul style="list-style-type: none"> • CH2M Hill Canada Limited • R.V. Anderson Associates Limited Scope <ul style="list-style-type: none"> • GM BluePlan Engineering Limited • Jemma Consultants Limited 	Min Value Max Value Avg Value	\$12,090 \$127,600 \$45,246
6	Water Treatment Engineering and Construction Management	<ul style="list-style-type: none"> • CH2M Hill Canada Limited • AECOM Canada Ltd. • Associated Engineering (Ont.) Ltd. • R.V. Anderson Associates Limited Scope <ul style="list-style-type: none"> • GM BluePlan Engineering Limited 	8	\$439,510
			Min Value Max Value Avg Value	\$7,935 \$149,940 \$59,268
7	Environmental Planning Process	<ul style="list-style-type: none"> • Dillon Consulting Limited • Amec Foster Wheeler Americas Limited • CIMA Canada Inc. 	3	\$310,557
			Min Value Max Value Avg Value	\$17,490 \$149,674 \$77,639
8	Solid Waste Management	<ul style="list-style-type: none"> • SNC-Lavalin Inc. • WSP Canada Inc. 	6	\$277,440
			Min Value Max Value Avg Value	\$15,460 \$85,690 \$32,509
9	Stormwater Management / Water Resources Engineering	<ul style="list-style-type: none"> • AECOM Canada Ltd. • Aquafor Beech Limited • Amec Foster Wheeler Americas Limited • Cole Engineering Group Ltd. • WSP Canada Inc. • Matrix Solutions Inc. • Dillon Consulting Limited Scope <ul style="list-style-type: none"> • GM BluePlan Engineering Limited • DHI Water and Environment, Inc. 	13	\$1,010,504
			Min Value Max Value Avg Value	\$16,385 \$149,500 \$70,493
10	Landscape Architecture	<ul style="list-style-type: none"> • Alexander Budrevics and Associates Ltd. 	11	\$734,341

APPENDIX "A"
REPORT PW19048/PED19130/FCS19052
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Cat. No.	Roster Category	Successful Candidates	2018 Number of Assignments	2018 \$ Value of Assignments
		<ul style="list-style-type: none"> • The MBTW Group • IBI Group Professional Services (Canada) Inc. • DTAH • Dillon Consulting Limited • Landscape Planning Limited • OMC Landscape Architecture • Scott Torrence Landscape Architect Scope <ul style="list-style-type: none"> • 918676 Ontario Inc. o/a Dougan & Associates 	Min Value Max Value Avg Value	\$4,334 \$149,655 \$62,665
11	Architectural Services	<ul style="list-style-type: none"> • Workshop Architecture Inc. • Grguric Architects Incorporated • Strasman Architects Inc. • McCallum Sather Architects Inc. Scope <ul style="list-style-type: none"> • MMMC Inc. • Toms+ McNally Design Inc. • Invizij Architects Inc. 	19	\$861,562
			Min Value Max Value Avg Value	\$4,880 \$149,999 \$45,555
12	Geotechnical Investigation and Inspection Services	<ul style="list-style-type: none"> • Peto MacCallum Ltd. • Amec Foster Wheeler Americas Limited • exp Services Inc. • Terraprobe Inc. • Englobe Corp. • Soil-Mat Engineers & Consultants Ltd. • Landtek Limited Scope <ul style="list-style-type: none"> • Golder Associates Ltd. 	35	\$1,852,730
			Min Value Max Value Avg Value	\$4,200 \$149,700 \$51,252
13	Wastewater Collection Systems Engineering Services	<ul style="list-style-type: none"> • Aquafor Beech Limited • Hatch Corporation • Stantec Consulting Ltd. • Cole Engineering Group Ltd. Scope <ul style="list-style-type: none"> • GM BluePlan Engineering Limited • Calder Engineering Ltd. • Thompson Flow Investigations Inc. • DHI Water and Environment, Inc 	9	\$608,253
			Min Value Max Value Avg Value	\$2,700 \$148,365 \$68,666

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REPORT PW19048/PED19130/FCS19052
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Cat. No.	Roster Category	Successful Candidates	2018 Number of Assignments	2018 \$ Value of Assignments
14	Water Distribution Systems Engineering Services	<ul style="list-style-type: none"> • CH2M Hill Canada Limited • Cole Engineering Group Ltd. • AECOM Canada Ltd. Scope <ul style="list-style-type: none"> • FP&P HydraTek Inc. o/a HydraTek & Associates 	3	\$273,910
			Min Value	\$24,260
			Max Value	\$134,700
			Avg Value	\$91,303
15	Professional Land Survey and Geomatics Services	<ul style="list-style-type: none"> • J.D. Barnes Ltd. • A.J.Clarke and Associates Ltd. • WSP Canada Inc. Scope <ul style="list-style-type: none"> • MacKay MacKay and Peters Limited • Matthews, Cameron, Heywood-Kerry T. Howe Surveying Ltd. • A.T. McLaren Limited 	6	\$108,328
			Min Value	\$9,744
			Max Value	\$29,882
			Avg Value	\$17,591
16	Facility Management	<ul style="list-style-type: none"> • V2PM Inc. • Evans Consulting and Management Services 	2	\$159,500
			Min Value	\$58,000
			Max Value	\$101,500
			Avg Value	\$39,875
17	Environmental Site Assessment / Remediation Services	<ul style="list-style-type: none"> • Amec Foster Wheeler Americas Limited • Englobe Corp. • Peto MacCallum Ltd. 	7	\$70,089
			Min Value	\$3,520
			Max Value	\$16,815
			Avg Value	\$10,863
18	Archaeology	<ul style="list-style-type: none"> • Historic Horizons Inc. • Amec Foster Wheeler Americas Limited • Archaeological Services Inc. 	12	\$214,836
			Min Value	\$4,500
			Max Value	\$75,800
			Avg Value	\$17,421
19	Hydrogeology	<ul style="list-style-type: none"> • WSP Canada Inc. • Amec Foster Wheeler Americas Limited • SNC-Lavalin Inc. Scope <ul style="list-style-type: none"> • Earthfx Incorporated • Cambium Inc. 	5	\$342,090
			Min Value	\$17,380
			Max Value	\$105,480
			Avg Value	\$48,984
20	Legislative Compliance	<ul style="list-style-type: none"> • WSP Canada Inc. • Pinchin Ltd. • Amec Foster Wheeler Americas Limited Scope • MTE Consultants Inc. 	16	\$510,422
			Min Value	\$2,761
			Max Value	\$139,800
			Avg Value	\$27,122

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REPORT PW19048/PED19130/FCS19052
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Cat. No.	Roster Category	Successful Candidates	2018 Number of Assignments	2018 \$ Value of Assignments
21	Terrestrial and Aquatic Ecology	<ul style="list-style-type: none"> • WSP Canada Inc. • Aquafor Beech Limited • Stantec Consulting Ltd. • Dillon Consulting Limited • 918676 Ontario Inc. o/a Dougan & Associates • Amec Foster Wheeler Americas Limited 	7	\$267,814
			Min Value Max Value Avg Value	\$4,245 \$149,670 \$49,597
22	Interior Design Services	<ul style="list-style-type: none"> • Strasman Architects Inc. • McCallum Sather Architects Inc. • Dpai Architecture Inc. 	1	\$55,000
			Min Value Max Value Avg Value	\$55,000 \$55,000 \$55,000
23	Accessibility Compliance Services	<ul style="list-style-type: none"> • Designable Environments Inc. • Pretium Anderson Toronto Inc 	0	\$0
24	Roof Consulting	<ul style="list-style-type: none"> • MTE Consultants Inc. • WSP Canada Inc. • exp Services Inc. Scope <ul style="list-style-type: none"> • • Aegis Building Sciences Inc 	8	\$232,402
			Min Value Max Value Avg Value	\$8,000 \$56,735 \$20,172
25	Land Use Planning Services- Policy, Zoning & Urban Design	<ul style="list-style-type: none"> • Dillon Consulting Limited • MMM Group Limited • GSP Group Inc. Scope <ul style="list-style-type: none"> • The MBTW Group 	1	\$22,710
			Min Value Max Value Avg Value	\$22,710 \$22,710 \$22,710
26	Subsurface Infrastructure Assessment and Trenchless Rehabilitation	<ul style="list-style-type: none"> • Stantec Consulting Ltd. • Robinson Consultants Inc. • R.V. Anderson Associates Limited 	9	\$923,950
			Min Value Max Value Avg Value	\$43,550 \$149,490 \$106,614
27	Built Heritage and Cultural Heritage Landscape	<ul style="list-style-type: none"> • Archaeological Research Associates Ltd. • Stantec Consulting Ltd. • Archaeological Services Inc. • MHBC (MacNaughton Hermsen Britton Clarkson Planning Ltd.) Scope <ul style="list-style-type: none"> • Golder Associates Ltd. 	4	\$114,072
			Min Value Max Value Avg Value	\$6,325 \$67,874 \$14,259

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REPORT PW19048/PED19130/FCS19052
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Cat. No.	Roster Category	Successful Candidates	2018 Number of Assignments	2018 \$ Value of Assignments
28	Project Management - Facilities	<ul style="list-style-type: none"> • WSP Canada Inc. • Colliers Project Leaders Inc. • CIMA Canada Inc. 	1	\$5,495
			Min Value	\$5,495
			Max Value	\$5,495
			Avg Value	\$5,495
29	Quantity Surveying & Cost Consulting	<ul style="list-style-type: none"> • AECOM Canada Ltd • Rider Levett Bucknall (Canada) Ltd. Scope <ul style="list-style-type: none"> • Hanscomb Limited 	6	\$65,706
			Min Value	\$5,050
			Max Value	\$18,320
			Avg Value	\$7,686
30	Mechanical and Electrical Engineering	<ul style="list-style-type: none"> • Cole Engineering Group Ltd. • Filer Engineering Ltd. • WSP Canada Inc. Scope <ul style="list-style-type: none"> • Building Innovation Inc. 	6	\$182,881
			Min Value	\$15,220
			Max Value	\$60,530
			Avg Value	\$22,005
31	Water and Wastewater Facility Assessment	<ul style="list-style-type: none"> • R.V. Anderson Associates Limited • WSP Canada Inc. • GHD Limited • Amec Foster Wheeler Americas Limited Scope <ul style="list-style-type: none"> • FP&P HydraTek Inc. o/a HydraTek & Associates 	4	\$295,365
			Min Value	\$27,090
			Max Value	\$121,235
			Avg Value	\$44,820
32	Sustainable Infrastructure Planning	<ul style="list-style-type: none"> • GM BluePlan Engineering Limited • Stantec Consulting Ltd. • AECOM Canada Ltd. Scope <ul style="list-style-type: none"> • Vanderwesten Rutherford Mantecon Inc. 	7	\$705,920
			Min Value	\$18,378
			Max Value	\$145,520
			Avg Value	\$110,384
33	Structural Engineering Services - Facilities	<ul style="list-style-type: none"> • Amec Foster Wheeler Americas Limited • W.F.M.H. Engineering Limited and Horton & Ball Inc. • Kalos Engineering Inc. • Milman & Associates Limited Scope <ul style="list-style-type: none"> • S.P. Design Inc. 	15	\$439,017
			Min Value	\$1,900
			Max Value	\$108,640
			Avg Value	\$21,951

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REPORT PW19048/PED19130/FCS19052
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Cat. No.	Roster Category	Successful Candidates	2018 Number of Assignments	2018 \$ Value of Assignments
34	Energy Services	<ul style="list-style-type: none"> • Building Innovation Inc. • Cole Engineering Group Ltd. • GHD Limited • W.F.M.H. Engineering Limited and Horton & Ball Inc. Scope <ul style="list-style-type: none"> • Dynamic Energy Services Inc. 	3	\$91,366
			Min Value Max Value Avg Value	\$10,560 \$33,396 \$14,219
35	Development Engineering Consulting Support Services	<ul style="list-style-type: none"> • Amec Foster Wheeler Americas Limited • MTE Consultants Inc. Scope <ul style="list-style-type: none"> • Jade Acoustics Inc. 	3	\$38,021
			Min Value Max Value Avg Value	\$7,261 \$16,825 \$6,856
36	Heritage Architectural and Engineering: Section A - Architectural Services Section B - Engineering Services	Section A <ul style="list-style-type: none"> • Stevens Burgess Architects Ltd. • George Robb Architect • Spencer R. Higgins Architect Incorporated • The Ventin Group Ltd. Scope <ul style="list-style-type: none"> • ATA Architects Inc. Section B <ul style="list-style-type: none"> • WSP Canada Inc. • Ojdrovic Engineering Inc. 	3	\$175,307
			Min Value Max Value Avg Value	\$15,334 \$84,447 \$43,827
37	Commissioning Services - Facilities	<ul style="list-style-type: none"> • CFMS-West Consulting Inc. • C.E.S. Engineering Ltd. • WSP Canada Inc. 	3	\$37,082
			Min Value Max Value Avg Value	\$9,250 \$14,000 \$6,364
38	Information Services - Enterprise Resource Planning (ERP)	<ul style="list-style-type: none"> • Spyre Solutions Inc. • Katalogic Inc. 	4	\$299,170
			Min Value Max Value Avg Value	\$20,000 \$130,410 \$63,073
39	Information Services - Voice & Network Infrastructure Services	<ul style="list-style-type: none"> • Softchoice LP • CIMA Canada Inc. 	2	\$37,070
			Min Value Max Value Avg Value	\$6,750 \$30,320 \$9,268
40	Information Services - Security Services	<ul style="list-style-type: none"> • Netrus Inc. 	0	\$0

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REPORT PW19048/PED19130/FCS19052
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Cat. No.	Roster Category	Successful Candidates	2018 Number of Assignments	2018 \$ Value of Assignments
41	Information Services – Business Application & Geographic Information Systems Services: Section A - Business Application Section B – GIS Section C - Business Intelligence	Section A • CIMA Canada Inc. Scope • IT Architecture Management Institute Inc. • Wardnet Inc Section B • WSP Canada Inc. Section C • Dimensional Strategies Inc.	11	\$737,322
			Min Value Max Value Avg Value	\$2,500 \$149,999 \$72,938
42	SCADA Services for Water and Wastewater	• Hatch Corporation • AECOM Canada Ltd. • Eramosa Engineering Inc.	1	\$26,177
			Min Value Max Value Avg Value	\$26,177 \$26,177 \$26,177

“Scope” is defined as a firm recognized for its unique expertise.

2017 - 2018 Successful Roster Consultants (C12-07-16)

- . 918676 Ontario Inc. o/a Dougan & Associates
- . A.J.Clarke and Associates Ltd.
- . A.T. McLaren Limited
- . AECOM Canada Ltd
- . Aegis Building Sciences Inc.
- . Alexander Budrevics and Associates Ltd.
- . Amec Foster Wheeler Americas Limited
- . Aquafor Beech Limited
- . Archaeological Research Associates Ltd.
- . Archaeological Services Inc.
- . Associated Engineering (Ont.) Ltd.
- . ATA Architects Inc.
- . Building Innovation Inc.
- . C.E.S. Engineering Ltd.
- . Calder Engineering Ltd.
- . Cambium Inc.
- . CFMS-West Consulting Inc.
- . CH2M Hill Canada Limited
- . CIMA Canada Inc.
- . Cole Engineering Group Ltd.
- . Colliers Project Leaders Inc.
- . Designable Environments Inc.
- . DHI Water and Environment, Inc
- . Dillon Consulting Limited
- . Dimensional Strategies Inc.
- . Dpai Architecture Inc.
- . DTAH
- . Dynamic Energy Services Inc.
- . Earthfx Incorporated
- . Ellis Engineering Inc.
- . Englobe Corp.
- . Eramosa Engineering Inc.
- . Evans Consulting and Management Services
exp Services Inc.
- . Filer Engineering Ltd.
- . FP&P HydraTek Inc. o/a HydraTek & Associates
- . George Robb Architect
- . GHD Limited
- . GM BluePlan Engineering Limited

APPENDIX "B"
REPORT PW19048/PED19130/FCS19052
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- . Golder Associates Ltd.
- . Grguric Architects Incorporated
- . GSP Group Inc. Scope
- . Hanscomb Limited
- . Hatch Corporation
- . Historic Horizons Inc.
- . IBI Group Professional Services (Canada) Inc.
- . Invizij Architects Inc.
- . IT Architecture Management Institute Inc.
- . J.D. Barnes Ltd.
- . Jade Acoustics Inc.
- . Jan Hudoba o/a J&M Structural
- . Jemma Consultants Limited
- . Kalos Engineering Inc.
- . Katalogic Inc.
- . Landscape Planning Limited
- . Landtek Limited Scope
- . MacKay MacKay and Peters Limited
- . Matrix Solutions Inc.
- . Matthews, Cameron, Heywood-Kerry T. Howe Surveying Ltd.
- . McCallum Sather Architects Inc.
- . MHBC (MacNaughton Hermsen Britton Clarkson Planning Ltd.)
- . Milman & Associates Limited Scope
- . MMM Group Limited
- . MMMC Inc.
- . Moon-Matz Ltd.
- . Morrison Hershfield Limited
- . MTE Consultants Inc.
- . Netrus Inc.
- . Ojdrovic Engineering Inc.
- . OMC Landscape Architecture
- . Parsons Inc.
- . Peto MacCallum Ltd.
- . Pinchin Ltd.
- . Pretium Anderson Toronto Inc.
- . R.V. Anderson Associates Limited
- . Rider Levett Bucknall (Canada) Ltd. Scope
- . Robinson Consultants Inc.
- . S. Llewellyn & Associates Limited
- . S.P. Design Inc.
- . Scott Torrence Landscape Architect Scope
- . SNC-Lavalin Inc.

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REPORT PW19048/PED19130/FCS19052
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- . Softchoice LP
- . Soil-Mat Engineers & Consultants Ltd.
- . Spencer R. Higgins Architect Incorporated
- . Spyre Solutions Inc.
- . Stantec Consulting Ltd.
- . Stevens Burgess Architects Ltd.
- . Strasman Architects Inc.
- . T2 Utility Engineers Inc.
- . Terraprobe Inc.
- . The MBTW Group
- . The Ventin Group Ltd. Scope
- . Thompson Flow Investigations Inc.
- . Toms+ McNally Design Inc.
- . V2PM Inc.
- . Vanderwesten Rutherford Mantecon Inc.
- . W.F.M.H. Engineering Limited and Horton & Ball Inc.
- . Wardnet Inc
- . Workshop Architecture Inc.
- . WSP Canada Inc.

2017/2018 ROSTER PROGRAM DASHBOARD

APPENDIX "C"
REPORT PW19048/PED19130/FCS19052
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ISSUE DATE: MAY 2019

2017 SUMMARY

TOTAL \$ VALUE IN 2017
\$17,477,125

AVERAGE \$ VALUE OF ASSIGNMENTS
\$47,008

OF CATEGORIES UTILIZED
39 of 42

OF ASSIGNMENTS
347

2018 SUMMARY

TOTAL \$ VALUE IN 2018
\$18,149,168

AVERAGE \$ VALUE OF ASSIGNMENTS
\$53,013

OF CATEGORIES UTILIZED
40 of 42

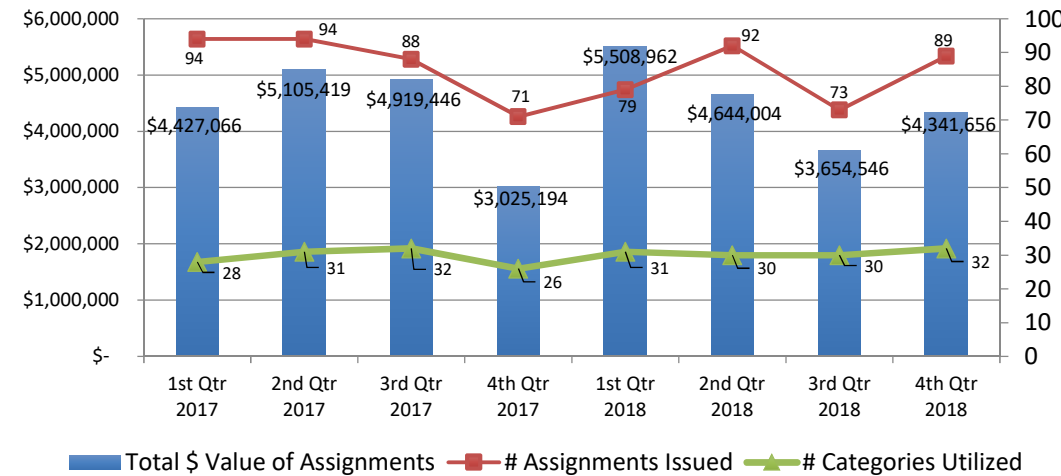
OF ASSIGNMENTS
333

OF ROSTER FIRMS

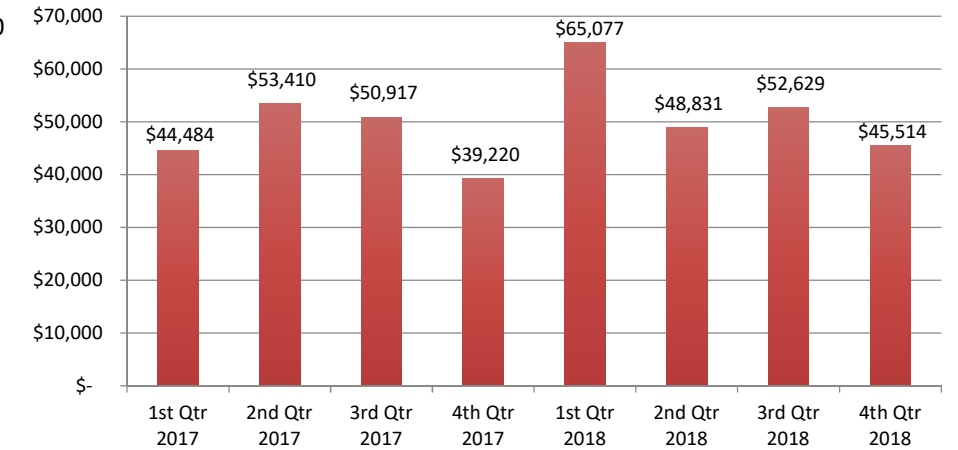
100

SUMMARY OF ALL ASSIGNMENTS ISSUED

TOTAL \$ VALUE OF ASSIGNMENTS



AVERAGE \$ VALUE OF ASSIGNMENTS

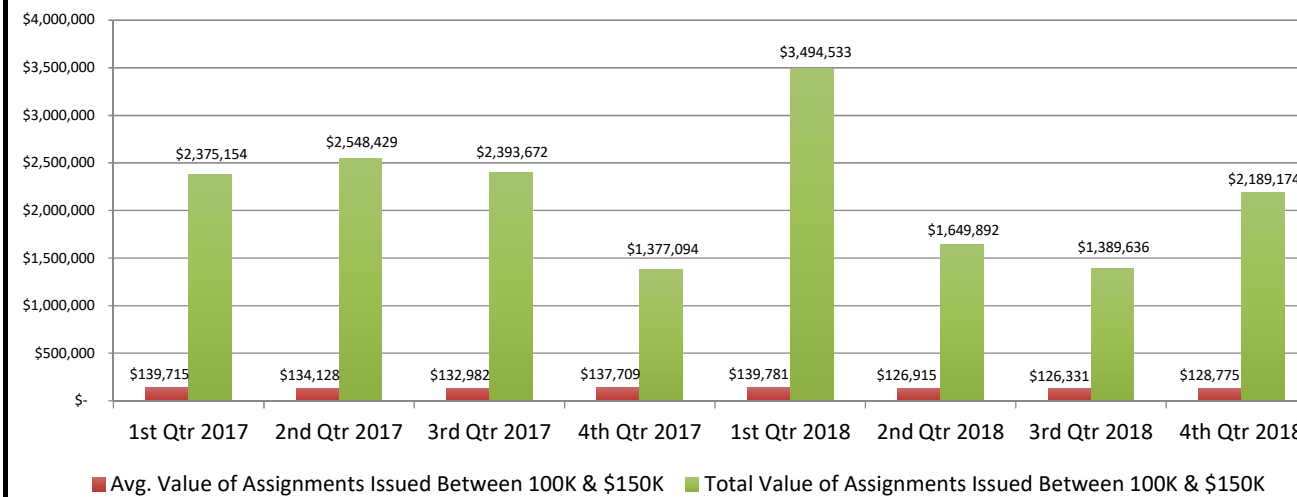


RRFQ PILOT SUMMARY (ASSIGNMENTS BTW \$150K & \$250K)

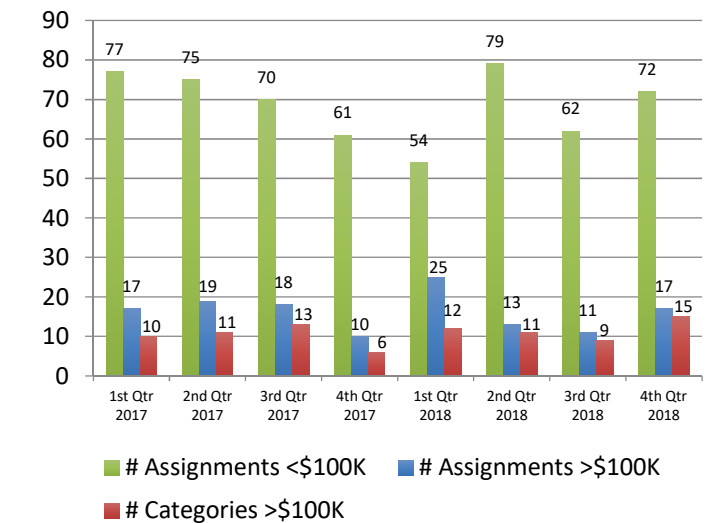
	# OF ASSIGNMENTS ISSUED	AVERAGE \$ VALUE OF ASSIGNMENTS	TOTAL \$ VALUE OF ASSIGNMENTS
2017	2	\$222,148	\$444,295
2018	0	\$0	\$0

SUMMARY OF ASSIGNMENTS ISSUED BETWEEN \$100K & \$150K

\$ VALUE OF ASSIGNMENTS



ASSIGNMENTS & CATEGORIES





INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	2019 First Quarter Request for Tenders and Proposals Report (FCS19041) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Rick Male Director, Financial Services and Taxation & Corporate Controller Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Procurement Policy, Section 4.2 – Approval Authority, Item (6) requires a quarterly status report for Request for Tenders and Request for Proposals be prepared and presented to Council.

INFORMATION

This Report provides an update on the status of active Request for Tenders and Request for Proposals and Co-operative Contracts for the first quarter of 2019.

Request for Tenders and Request for Proposals have been issued and awarded in accordance with the City of Hamilton Procurement Policy. Those items with a status of “Under Review” will remain on the Report until such time an award is made. Request for Tenders and Request for Proposals listed under the “Co-operative Contracts” section was entered into by the City of Hamilton (City) via a co-operative procurement in accordance with the City’s Procurement Policy, Section 4.12 – Co-operative Procurements.

Appendix “A” to Report FCS19041 details all Request for Tenders and Request for Proposals documents issued by the City or entered into by the City through a co-operative procurement. Award information is current as of April 12, 2019.

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**SUBJECT: 2019 First Quarter Request for Tenders and Proposals Report
(FCS19041) (City Wide) - Page 2 of 2**

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS19041 – 2019 First Quarter Request for Tenders and Proposals Report

PV/dw

CITY OF HAMILTON
 Summary of Tenders and Proposals Issued – January 1, 2019 to March 31, 2019

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C3-06-18	Proposal for Dickenson Road (Upper James Street to Glancaster Road) Municipal Class Environmental Assessment Phases 3 & 4	09/26/2018	R.V. Anderson Associates Limited	\$428,330.00
C11-46-18	Proposal for Prime Consultant Services for Dickenson Road Sanitary Trunk Sewer	10/10/2018	Cole Engineering Group Ltd.	\$2,299,723.60
C13-65-18	Tender for Mount Hamilton Cemetery Building Renovations in the City of Hamilton	10/29/2018	Bestco Construction (2005) Ltd.	\$383,133.00
C15-37-18 (HSW)	Tender for Arvin Avenue Extension and Water Course 7 Creek Realignment	11/01/2018	Network Sewer and Watermain Ltd.	\$3,766,311.92
C13-66-18	Tender for Exterior Cladding Replacement at Wentworth Lodge Oak and Rose Building	11/08/2018	Brook Restoration Ltd.	\$507,400.00
C3-10-18	Proposal for Design, Rebuild and Launch of the New "Invest in Hamilton" Website	11/09/2018	Aubs & Mugg Inc.	\$46,000.00
C11-56-18	Tender for Rental and Installation of Automated Queue Warning Signs	11/13/2018	Stinson Equipment Limited O/A Stinson Owl-Lite	\$91,800.00
C11-53-18	Proposal for Professional Engineering Consultant Services Required for the Kenilworth (HDR01) and Dewitt (HDR1C) Reservoir Upgrades	11/20/2018	R.V. Anderson Associates Limited	\$499,120.00

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C11-51-18	Tender for Supply and Delivery of Phosphoric Acid to the Water Treatment Facilities	11/29/2018	FloChem Ltd.	\$3,921,840.00
C11-57-18	Tender for Carpentry Services Required at Various Energy, Fleet and Facilities Managed (EFFM) Facilities in the City of Hamilton	12/04/2018	Triple Crown Enterprises Ltd. STF Construction Ltd.	\$1,521,500.00 \$1,510,883.00
C15-13-18 (HW)	Tender for Parkdale Avenue North Reconstruction	12/04/2018	Deso Construction Limited	\$4,773,280.66
C11-49-18	Proposal for Coastal Engineer to Complete a Shoreline Inventory and Assessment of City of Hamilton Owned Assets	12/13/2018	SNC Lavalin Inc.	\$133,939.00
C13-74-18	Tender for Slot Cutting Roadways for the Installation of Traffic Vehicle Detection Wire	12/20/2018	Ducon Utilities Limited	\$175,600.00
C11-03-19	Tender for the Supply and Delivery of Out Front and Zero Turn Mowers	01/02/2019	Galer Farm Equipment Ltd.	\$342,307.57
C5-12-18	Tender for Supply and Delivery of Panasonic CF-20 Toughbook Computers	01/08/2019	Interdev Technologies Inc.	\$610,900.00
C15-52-18 (HW)	Tender for Locke Street Reconstruction	01/09/2019	Coco Paving Inc.	\$5,463,000.00
C11-69-18	Tender for Rental and Installation of Portable Variable Message Signs	01/10/2019	2323543 Ontario Inc (O/A Ontario Barrier Wall & OBW Equipment)	\$89,420.00

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C13-64-18	Tender for Prequalified General Contractors Required for the Kenilworth Access (HD005) Pumping Station Upgrades – Phase 2	01/10/2019	Bestco Construction (2005) Ltd.	\$1,981,276.00
C15-36-18 (HW)	Tender for Brampton Street Reconstruction	01/11/2019	Dufferin Construction Company	\$2,367,378.30
C11-52-18	Proposal for Security Guard Services for Various Facilities	01/15/2019	Neptune Security Services Inc.	\$11,471,972.35
C13-16-18	Tender for Prequalified General Contractors Required for the New Lynden (HD05B) Water System	01/15/2019	Bennett Mechanical Installations (2001) Ltd	\$5,877,000.00
C13-31-18	Tender for Bridge 458 York Blvd - Bridge Abutment Rehabilitation Works	01/15/2019	Coco Paving Inc.	\$825,525.00
C18-02-18	Proposal for Construction Manager for the 500 Macnab North - Ken Soble Tower Passive House Renewal Project	01/15/2019	PCL Constructors Canada Inc.	\$611,500.00
C12-10-18	Tender for Supply and Delivery of Topsoil, Seed and Sod	01/16/2019		
	Section A: Soil		458174 Ontario Limited	\$436,320.00
	Section B: Seed		Quality Seeds Ltd.	\$628,743.60
	Section C: Sod		Greentrail Landscaping	\$88,635.00
C13-17-18	Tender for Mathers Drive Stream and Valley Erosion Remediation Works	01/23/2019	560789 Ontario Limited o/a R&M Construction	\$451,106.40

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C13-72-18	Tender for Prequalified General Contractors Required for the Primary Digester Number 4 Refurbishment at the Woodward Avenue Wastewater Treatment Plant	01/29/2019	Maple Reinders Constructors Ltd. with Ball Construction Ltd.	\$2,997,000.00
C15-22-19 (M)	Tender for Reconstruction of Driveway Entrances	01/31/2019	Decew Construction Inc.	\$279,875.00
C13-01-19	Tender for Emergency Guiderail Repairs along the Lincoln Alexander Parkway and Redhill Valley Parkway	02/04/2019	2219452 Ontario Inc., o/a Imperial Fence and Landscaping (2009)	\$240,525.00

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C11-05-19	Tender for the Supply and Delivery of Light Duty Vehicles with Options As and When Required	02/14/2019		
	Section 1: Sport Utility Vehicle		Mohawk Ford Sales Ltd.	\$75,447.40
	Section 2: Two (2WD) and All(AWD)/Four (4WD) Wheel Drive Compact Sport Utility Vehicle		2079653 Ontario Inc. O/A Woodbine Nissan	\$1,239,989.00
	Section 3: Pick-Up Truck Compact		Addison Chevrolet Buick GMC Ltd.	\$221,419.00
	Section 4: Pick-Up Truck 150/1500 Series Regular Cab		Mohawk Ford Sales Ltd.	\$1,042,019.40
	Section 5: Pick-Up Truck 250/2500 Series Regular Cab		Mohawk Ford Sales Ltd.	\$197,672.00
	Section 6: Van Compact		Sherway Nissan (2000) Ltd.	\$281,633.80
	Section 7: Van 150/1500 Series Standard Roof		Mohawk Ford Sales Ltd.	\$198,814.00
	Section 8: Van 250/2500 Series Standard Roof		Addison Chevrolet Buick GMC Ltd.	\$109,760.00
Section 11: Van 150/1500 Series Regular Cab	Sherway Nissan (2000) Ltd.	\$109,197.00		

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C11-11-19	Tender for the Supply and Delivery of Tractors with Attachments Section 1: Compact Tractors with Attachments Section 2: Utility Tractors with Attachments	02/25/2019	Galer Farm Equipment Ltd. Connect Equipment Corp.	\$94,337.20 \$92,914.00
C11-06-19	Tender for Weather Forecasting Services	02/27/2019	Wood Environment and Infrastructure Solutions	\$48,943.95
C13-71-18	Tender for Prequalified General Contractor Required for Secondary Plant Upgrades, New Tertiary Treatment Facility, New Chlorine Contact Tank and Modifications to Red Hill Creek Located at the Woodward Avenue Wastewater Treatment Plant	02/28/2019	North America Construction (1993) Ltd. with Reimar Construction Corporation	\$165,278,000.00
C15-34-19 (P)	Tender for Ancaster Meadowlands Neighbourhood Park	02/28/2019	Oakridge Group Inc.	\$515,813.00
C15-08-19 (H)	Tender for Mountview Neighbourhood Road Resurfacing	03/04/2019	Rankin Construction Inc.	\$2,062,299.00
C5-04-19	Tender for Interpretation and Translation Services	03/05/2019	Interpretation and Translation Services - Hamilton	\$272,529.00

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Award Amount
C15-31-19 (M)	Tender for Annual Concrete and Asphalt Repairs a Various Locations	03/06/2019		
	Section A: Wards 1, 2, 3, 13, 15		Associated Paving & Materials Ltd.	\$668,400.00
	Section B: Wards 4, 5, 6, 9, 10		A. Cosmos Concrete & Paving Ltd.	\$865,975.00
	Section C: Wards 7, 8, 11 ,12 14		Ontario Concrete Paving Ltd.	\$854,025.00
C18-09-19	Tender for Supply and Install of a New Gazebo and Concrete Sidewalks at 30 Sanford Avenue South	03/07/2019	B.Dillane Construction Inc.	\$96,000.00

Contracts Cancelled

Contract Number	Contract Title	Closing Date (mm/dd/yyyy)	Reason for Cancellation
C11-41-18	Tender for Supply and Delivery of Energy Efficient Theatrical LED Lighting at First Ontario Concert Hall	09/19/2018	All bids received were over budget. A new Tender will not be issued.
C13-61-18	Tender for Supply and Install of Energy Efficient LED Lighting at the City of Hamilton's Mountain Transfer Station	11/12/2018	Funds budgeted for the project was spent elsewhere.
C13-10-19	Tender for Ancaster Seniors Achievements Centre Roof Replacement	03/05/2019	Two lowest bids received were over budget and not bound by the Carpenters' ICI Collective Agreement. A new Request for Tender will be issued in the third quarter of 2019.

Contracts Pending Award

Contract Number	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status
C3-02-18	Proposal for the Supply and Delivery of Parking Payment Machines to the City of Hamilton	12/06/2018	Closed & Under Review
C11-08-19	Proposal for the Supply and Delivery of Uniforms for Transit Operations	02/28/2019	Closed & Under Review
C13-08-19	Tender for Prequalified General Contractors Required for the Demolition of the Waterdown Wastewater Treatment Plant (DC018) and Overflow Management	02/28/2019	Closed & Under Review
C13-09-19	Prequalified General Contractors Required for the Greenhill (HD05A) Pumping Station Immediate Need to Provide Electrical Upgrades for Temporary Power	03/06/2019	Closed & Under Review
C11-04-19	Proposal for Pavement Inspection Survey	03/07/2019	Closed & Under Review
C12-05-19	Proposal for Chemical Water Treatment Service Program for Cooling Towers, Chilled and Hot Water Systems	03/07/2019	Closed & Under Review
C11-02-19	Tender for Rural Roadside Mowing Services - District West	03/11/2019	Closed & Under Review
C12-06-19	Proposal for Supply and Delivery of Medical Grade Gloves	03/15/2019	Closed & Under Review
C13-03-19	Tender for City of Hamilton Police Services Division 30 HVAC Replacement	03/15/2019	Closed & Under Review
C2-01-19	Proposal for Fraud and Waste Hotline Services for the City of Hamilton	03/19/2019	Closed & Under Review

Contracts Pending Award

Contract Number	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status
C11-14-19	Proposal for Provision of Upfitting Services for Light Duty Vehicles As and When Required	03/21/2019	Closed & Under Review
C11-22-19	Tender for Supply and Delivery or Pickup of Cold Patch Asphalt Mix	03/21/2019	Closed & Under Review
C13-07-19	Tender for Prequalified General Contractor for New Municipal Wastewater Pumping Station (HC062) on Pier 8 - Hamilton	03/25/2019	Closed & Under Review
C3-01-19	Proposal for Provision of Cashiering and Security Services for the Hamilton Convention Centre Parking Garage and York Boulevard Parkade	03/26/2019	Closed & Under Review
C18-01-19 ST 19-02	Proposal for Waste Management Services Required for CityHousing Hamilton Properties	03/27/2019	Closed & Under Review
C13-04-19	Tender for Stormwater Management Facility (Pond) Dredging and Associated Works at Various Locations within the City of Hamilton	03/28/2019	Closed & Under Review
C3-02-19	Proposal for Consultant Services Required to Undertake a Sports, Entertainment and Convention Venues Review for the City of Hamilton	03/29/2019	Closed & Under Review
C15-24-19 (HSW)	Tender for Pier 7 & 8 Water, Sewer, Road Installation	04/01/2019	Not closed as of Apr 1, 2019
C15-11-19 (HW)	Tender for Ferguson Avenue North Reconstruction	04/03/2019	Not closed as of Apr 1, 2019
C11-15-19	Proposal for Prime Consultant Services for Sir Wilfred Laurier New Gymnasium Replacement	04/05/2019	Not closed as of Apr 1, 2019
C15-20-19 (H)	Tender for Red Hill Valley Parkway Resurfacing	04/08/2019	Not closed as of Apr 1, 2019
C5-08-19	Proposal for Advertising Sales for Recreation Guide and 55+ Program Guide	04/09/2019	Not closed as of Apr 1, 2019

Contracts Pending Award

Contract Number	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status
C5-05-19	Tender for HVAC Demand and Routine Services at Lodges	04/10/2019	Not closed as of Apr 1, 2019
C11-26-19	Tender For Installation of Large Caliper Trees in Soft Surface Areas	04/10/2019	Not closed as of Apr 1, 2019
C18-05-19 (ST 19-04)	Tender for Site Maintenance Services Required at Various CityHousing Hamilton Properties	04/10/2019	Not closed as of Apr 1, 2019

CITY OF HAMILTON
Summary of Tenders and Proposals Issued – January 1, 2019 to March 31, 2019

Co-operative Contracts

City Contract Reference	Contract Title	Cooperative Group	Effective Date (mm/dd/yyyy)	Vendor	Estimated City Spend
No co-operative contracts were engaged in the first quarter of 2019.					



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	2019 First Quarter Emergency and Non-competitive Procurements Report (FCS19042) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Rick Male Director, Financial Services and Taxation & Corporate Controller Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Council has directed Procurement to report on the use of Sections 4.10 and 4.11 of the Procurement Policy on a quarterly basis.

INFORMATION

This Report is issued quarterly in accordance with the Procurement Policy. The report details the procurement of goods and/or services during emergency situations and those detailed in Section 4.11 – Non-Competitive Procurements for the first quarter of 2019.

The Policy for Non-Competitive Procurements is used in narrowly defined circumstances where it is justified that the policies for the general acquisition process could not be followed. The “Emergency Procurement/Non-Competitive Procurement Form” is completed by the Client Department and approved by the General Manager.

During the first quarter of 2019, there were 106 purchases totalling \$7,402,845.10 and 2 totalling \$284,267.75 in revenue, which were processed through the use of an approved Policy 10 or 11. These are summarized in Appendix “A” to Report FCS19042.

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SUBJECT: 2019 First Quarter Emergency and Non-competitive Procurements Report (FCS19042) (City Wide) - Page 2 of 4

The breakdown are as follows:

- 7 purchases totalling \$928,410.16 were issued under Policy 10, as “Emergency” purchases, whereby goods and services were acquired by the most expedient and economical means. The following purchases represent the largest dollar amounts in this category:
 - Purchase Order 87670 for \$390,000.00 was issued to Force 1 Security for continued mobilization and provision of additional interim security guard services for the City facilities managed by the Energy, Fleet and Facilities Management Division of Public Works (C11-08-15). Force 1 Security was hired to maintain security guard services without disruption and allow staff sufficient time to issue a new procurement process and award a new contract.
 - Purchase Order 88330 for \$280,000.00 was issued to Star Security Inc. for Cashiering and Security Services Contract C3-10-16 to allow for the continuation of services to the Hamilton Convention Centre and York Boulevard Parkade. The vendor finished the contract on December 31, 2017 completing Term One. The Policy 10 was issued to further engage the vendor to allow staff sufficient time to complete the procurement process and award the new contract without disruption of services.
 - Purchase Order 90826 for \$215,605.00 was issued to ENV Treatment Systems Inc. for the removal and replacement of the existing Chlorine Scrubber Media which was tested and was identified the required immediate need of replacement as the remaining life had fallen below the manufacturer’s recommendation potentially causing health and safety concerns.
- 18 purchases totalling \$2,621,803.44 represent short-term “Extensions” of current contracts which have expired and unforeseeable circumstances have caused a delay in awarding a new contract. The following purchases represent the largest dollar amounts in this category:
 - Purchase Order 87757 for \$1,430,000.00 was issued to Neptune Technology Group (Canada) Ltd. for the extension of services for the supply and installation of new water meters. This extension is required to provide sufficient time to complete the procurement process and award a new contract. Currently there are two separate contracts related to water meter services (one for the supply and install of water meters, the other for the maintenance, testing, repair and replacement of water meters) with different expiry dates.

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SUBJECT: 2019 First Quarter Emergency and Non-competitive Procurements Report (FCS19042) (City Wide) - Page 3 of 4

- Purchase Order 78030, issued to Long View Systems Inc., was increased by \$500,000.00 for the provision of Cisco Hardware required for the operation of the corporate phone system. Staff's original intent was to piggyback on a Request for Proposal that McMaster issued and awarded, however, due to the rules imposed by the Comprehensive Economic and Trade Agreement (CETA), it did not allow for the City to partner with McMaster. This extension is required to provide sufficient time to complete the procurement process and award a new contract.
- Purchase Order 68116, issued to Bridgestone Canada Inc., was increased by \$225,000.00 for the supply and delivery of Leased Tires. This extension is required to allow for ordering of tires until a new contract is awarded. Staff are required to submit a report to Council on which procurement option to proceed with; either to lease or buy tires. Council's approval of the report is required prior to the Request for Tender being issued.
- Purchase Order 91000 for \$155,000.00 was issued to Plan B Organic Farms for farming services for the McQuesten Urban Farm. The contract has been completed. As a result, this extension is to provide one additional year of farming services to allow for consistency in staffing and site operations before the farm is transitioned to a different stand-alone operation outside of the City.
- 81 purchases totalling \$3,677,631.50 were identified as "Single Source" purchases whereby a particular vendor was recommended because it was more cost-effective or beneficial to the City. The following purchases represent the largest dollar amounts in this category:
 - Purchase Order 90058 for \$242,991.00 was issued to Compass Minerals Canada Corp. for the supply of bulk sodium chloride – road salt (without delivery). The City has a contract with the vendor for the supply and delivery of salt, however, due to delivery issues, the City ordered salt and had their own contracted equipment pick up the salt directly from the vendor's facility in order to fulfill the backlogged orders.
 - Purchase Order 86638, issued to McCallum Sather Architects Inc., was increased by \$187,000.00 to provide the additional services required to accommodate the expanded deliverables for the Valley Park Library Expansion Project.
 - Purchase Order 90878 for \$140,032.00 was issued to Fisher Heating Inc. to perform necessary repairs required to bring the emergency diesel generators at Fire Stations 10, 12, 25, 27 & 28 into compliance with TSSA regulations and to be allowed refuelling.

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SUBJECT: 2019 First Quarter Emergency and Non-competitive Procurements Report (FCS19042) (City Wide) - Page 4 of 4

- \$130,000.00 was issued to Urban Strategies Inc. for the following work:
 - Purchase Order 91091 for \$70,000.00 was issued to assist Planning and Legal staff with planning expertise testimony at the Local Planning Appeal Tribunal hearing for 163 Jackson Street West.
 - Purchase Order 91090 for \$60,000.00 was issued to assist Planning and Legal staff with urban design expertise testimony at the Local Planning Appeal Tribunal Hearing for 163 Jackson Street West.
- Purchase Order 90836 for \$120,000.00 was issued to Premier Truck Group, the new local authorized dealer of Original Equipment Manufacturer for Ford/Sterling heavy truck parts, until a Council report is submitted to add Premier Truck to the standardization list.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS19042 – First Quarter Emergency and Non-Competitive Procurements Report

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2019 First Quarter Emergency and Non-Competitive Procurements Report

PO No.	Type	Amount	Name	Department/Division
Corporate Wide				
No PO	EXTN	\$175,000.00	Brinks Canada Limited	Corporate Services
No PO	SGLE	\$250,000.00 (revenue)	Burlington Metal Recycling	Corporate Services
City Manager's Office				
91218	SGLE	\$4,000.00	Onix Networking Corp.	Finance Corporate Mgmt Service
90942	SGLE	\$12,500.00	Meltwater News Canada Inc.	Finance Corporate Mgmt Service
90554	SGLE	\$54,000.00	Parklane Systems	Finance Corporate Mgmt Service
Corporate Services				
83565	SGLE	\$39,985.00	Aquafor Beech Limited	Accounts Payable Online Entry
86201	SGLE	\$59,595.00	R. V. Anderson Associates Limited	Accounts Payable Online Entry
78030	EXTN	\$500,000.00	Long View Systems Inc.	Corporate Services
Healthy and Safe Communities				
91214	EXTN	\$53.64	Gerrie Electric Wholesale Limited	Recreation
88337				
91267	SGLE	\$590.00	Iron Mountain Canada Corporation	Ontario Works Program
91066				
91115	EXTN	\$5,678.40	Maxill Inc.	Macassa Lodge
91216				Wentworth Lodge
91217				
88258	EXTN	\$6,500.00	Canadian Corps Of Commissionaires (Hamilton)	Ontario Works Program
90764				Macassa Lodge
90789	EXTN	\$7,360.00	E-Safe Pest Control	Wentworth Lodge
84638	EXTN	\$10,000.00	ITS Hamilton Inc.	Employment And Income Support
90864	SGLE	\$15,000.00	Quality Classrooms	Child Care
91149	SGLE	\$15,000.00	Vallen Canada Inc.	Emergency Services
91295	SGLE	\$18,000.00	Motion Specialties Hamilton	Recreation
91237	SGLE	\$18,410.00	Concept Controls Inc.	Emergency Services
91073	SGLE	\$20,000.00	A.J. Stone Company Ltd.	Emergency Services
90770	SGLE	\$27,300.00	Motorola Solutions Canada Inc.	Emergency Services
90963	SGLE	\$28,600.00	Centre for Addiction and Mental Health	Public Health
91242	SGLE	\$33,900.00	Orgcode Consulting, Inc.	Housing Services Division

2019 First Quarter Emergency and Non-Competitive Procurements Report

PO No.	Type	Amount	Name	Department/Division
91225	SGLE	\$41,000.00	Turner Research & Strategy Inc.	Housing Services Division
89434	SGLE	\$41,130.00	ACRE Consulting	Housing Services Division
91312	SGLE	\$45,000.00	Motorola Solutions Canada Inc.	Emergency Services
90536	SGLE	\$48,000.00	Turner Research & Strategy Inc.	Housing Services Division
90866	SGLE	\$50,000.00	Louise Kool & Galt Limited	Child Care
90912	SGLE	\$50,000.00	Darch Fire Inc.	Emergency Services
90867	SGLE	\$56,000.00	Mission Systems Development Corp.	Child Care
90601	SGLE	\$62,904.00	Best Boys Landscaping Ltd.	Child Care
91061	SGLE	\$67,655.94	York University	Public Health
90593	SGLE	\$100,000.00	Sunil Angrish	Child Care
91000	EXTN	\$155,000.00	Plan B Organic Farms	Child Care
Library				
90639	SGLE	\$11,265.00	ABCorp CA Ltd.	Hamilton Public Library
91303	SGLE	\$30,550.00	Archmill House Inc.	Hamilton Public Library
91297	SGLE	\$44,180.00	Colliers Project Leaders Inc.	Hamilton Public Library
Planning and Economic Development				
No PO	EXTN	\$34,267.75 (revenue)	Pattison Outdoor Advertising LP	Parking Services
91294	SGLE	\$12,000.00	Acceo Solutions Inc.	Parking Services
90964	SGLE	\$15,000.00	Alphinat Inc.	GM Office
90961	SGLE	\$18,000.00	The Generator Inc.	Culture
80351	SGLE	\$22,000.00	WSP Canada Inc.	Strategic Planning
80653	EXTN	\$80,000.00	WorleyParsons Canada Services Ltd.	Strategic Planning
91090				
91091	SGLE	\$130,000.00	Urban Strategies Inc.	Planning Division
88330	EMER	\$280,000.00	Star Security Inc.	Parking Services
Police				
91171	EXTN	\$1,798.00	Maxill Inc.	Police
90784	SGLE	\$6,500.00	McCallum Sather Architects Inc.	Police
90919	SGLE	\$7,000.00	Chemise Empire Shirt Limited	Police
90862	SGLE	\$7,295.00	Canada Computers	Police
90745	EMER	\$8,026.20	Permanent Waves Inc.	Police
91095	SGLE	\$10,000.00	Panasonic Canada Inc.	Police

2019 First Quarter Emergency and Non-Competitive Procurements Report

PO No.	Type	Amount	Name	Department/Division
90962	SGLE	\$25,000.00	Intergraph Canada Ltd.	Police
91275	SGLE	\$27,300.00	Motorola Solutions Canada Inc.	Police
91272	SGLE	\$27,840.00	JSI Telecom Inc.	Police
90781	SGLE	\$30,000.00	MTE Consultants Inc.	Police
90727	SGLE	\$31,005.50	Rampart International Corp.	Police
90742	SGLE	\$33,336.00	Draeger Safety Canada Ltd.	Police
91058	SGLE	\$41,500.00	Ultra-Line (operated by Benjamin Ramsay)	Police
Public Works				
91172	EXTN	\$412.80	Maxill Inc.	Landfills
77058	SGLE	\$1,019.05	Wood Canada Ltd.	Environment and Sustain Infrastructure
86495	EMER	\$2,824.42	Ground Force Environmental Inc.	Fleet
89223	SGLE	\$3,000.00	Mettanoia	Operations and Waste Management
90705	SGLE	\$6,679.00	Patrick Cassidy & Associates	Facilities
89224	SGLE	\$7,000.00	Wishart Advertising & Graphic Design Inc.	Operations and Waste Management
91201	EMER	\$7,140.00	EXP Services Inc.	Operations and Waste Management
91150	SGLE	\$7,296.00	Da-Lee Pavement Products LP	Operations and Waste Management
90807	SGLE	\$8,000.00	Landscape Planning Limited	Fleet and Facilities
91212	SGLE	\$9,925.00	2578139 Ontario Inc.	Transit
78064	EXTN	\$10,000.00	Flochem Ltd.	Water and Wastewater
89131	SGLE	\$10,000.00	S. Llewellyn & Associates Ltd.	Fleet and Facilities
83930	SGLE	\$13,000.00	Kathryn Vogel Architect Inc.	Facilities
88065	SGLE	\$13,500.00	Metropolitan Consulting Inc.	Operations and Waste Management
88729	EXTN	\$15,000.00	1984080 Ont Inc/Carstar On Ferguson	Fleet
90657	SGLE	\$15,000.00	Metro Freightliner Hamilton Inc.	Fleet and Facilities
90695	SGLE	\$15,000.00	A Action Towing And Recovery Inc.	Fleet and Facilities
90858	SGLE	\$15,000.00	Siemens Canada Limited	Facilities
91318	EMER	\$24,814.54	Coco Paving Inc.	Operations and Waste Management
85291	EXTN	\$25,000.00	Mancuso Chemicals Ltd.	Fleet
73638	SGLE	\$29,940.75	The Municipal Infrastructure Group Ltd.	Water and Wastewater
90959	SGLE	\$30,000.00	Gerrie Electric Wholesale Limited	Facilities
91229	SGLE	\$30,000.00	Pure Technologies Ltd.	Environment and Sustain Infrastruc
87703	EXTN	\$40,000.00	E-Safe Pest Control	Facilities
90340	SGLE	\$45,000.00	De Berardis Associates Inc.	Parks

2019 First Quarter Emergency and Non-Competitive Procurements Report

PO No.	Type	Amount	Name	Department/Division
87947	EXTN	\$50,000.00	Royal Fence Limited	Operations and Waste Management
90934	SGLE	\$50,000.00	Work Authority	Water and Wastewater
90948	SGLE	\$50,000.00	Research Now SSI	Transit
90576	SGLE	\$55,000.00	Salvatore Di Bella	Public Works Finance and Admin
88019	EXTN	\$60,000.60	Anchem Sales	Water and Wastewater
91046	SGLE	\$62,000.00	Hedgerow Software Ltd.	Healthy Environments Division
89672	SGLE	\$64,175.00	Recyclable Materials Marketing	Operations and Waste Management
90604	SGLE	\$65,000.00	Deso Construction Limited	Fleet and Facilities
91117	SGLE	\$65,000.00	Green Venture	Public Works Finance And Admin
90746	SGLE	\$70,440.00	CH2M Hill Canada Limited	Water and Wastewater
68173	SGLE	\$73,366.67	WSP Canada Inc.	Water and Wastewater
91154	SGLE	\$75,000.00	AECOM Canada Ltd.	Parks
91219	SGLE	\$75,000.00	Acapulco Pools Ltd.	Facilities
90773	SGLE	\$90,000.00	Associated Paving & Materials Ltd.	Environment and Sustain Infrastruc
90102	SGLE	\$94,960.00	GM Blueplan Engineering Ltd.	Water and Wastewater
91120	SGLE	\$94,975.59	Drive Products Inc.	Fleet and Facilities
90690	SGLE	\$98,500.00	Action Car & Truck Accessories Inc.	Fleet and Facilities
79376	SGLE	\$101,490.00	Wood Canada Ltd.	Operations and Waste Management
89540	SGLE	\$105,000.00	Lyndon Security Services Inc.	Operations and Waste Management
90836	SGLE	\$120,000.00	Premier Truck Group	Fleet and Facilities
90878	SGLE	\$140,032.00	Fisher Heating Inc.	Fleet and Facilities
86638	SGLE	\$187,000.00	McCallum Sather Architects Inc.	Facilities
90826	EMER	\$215,605.00	ENV Treatment Systems	Water and Wastewater
68116	EXTN	\$225,000.00	Bridgestone Canada Inc.	Transit
90058	SGLE	\$242,991.00	Compass Minerals Canada Corp.	Operations and Waste Management
87670	EMER	\$390,000.00	Force 1 Security	Facilities
87757	EXTN	\$1,430,000.00	Neptune Technology Group (Canada) Ltd.	Water and Wastewater



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	First Quarter Non-compliance with the Procurement Policy Report (FCS19043) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Rick Male Director, Financial Services & Corporate Controller Corporate Services
SIGNATURE:	

COUNCIL DIRECTION

Procurement Policy, Section 4.19, Item (3) requires a quarterly report be prepared and presented to Council to report the use of all Procurement Policy Non-Compliance Forms.

INFORMATION

This Report is issued quarterly in accordance with the Procurement Policy. This report details the use of all Procurement Policy Non-Compliance Forms for the first quarter of 2019.

Procurements that are non-compliant with the Procurement Policy can be identified at any time during the procurement process. Procurements are deemed to be non-compliant with the Procurement Policy when the applicable Policy (Policies) and published procedure(s) are not followed. Under Policy 19, the General Manager is responsible for reviewing each incident and determines the appropriate level of disciplinary action to be taken.

During the first quarter of 2019, there were thirteen (13) instances relating to the use of Policy 19, totalling \$169,448.23. The instances are summarized in Appendix "A" to Report FCS19043.

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SUBJECT: 2019 First Quarter Non-compliance with the Procurement Policy Report (FCS19043) (City Wide) - Page 2 of 2

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS19043 – 2019 First Quarter Non-compliance with the Procurement Policy Report

PV/dw

2019 First Quarter Non-Compliance with the Procurement Policy Report

PO No.	Amount	Name	Division
Healthy & Safe Communities			
90595	\$11,793.90	The Bargains Group Ltd.	Ontario Works
88997	\$10,088.00	1215553 Ontario Ltd. o/a Allegra	Culture
Legislative			
No PO	\$1,800.00	Bob Penner	Councillor's Office
Planning and Economic Development			
P-Card	\$30,000.00	Gtechna Inc. a division of ACCEO Solutions Inc.	Transportation Planning and Parking
86360	\$25,000.00	BMA Management Consulting Inc.	Growth Management
P-Card	\$88.00	Allegra Print Marketing Mail	Tourism and Culture
Public Works			
No PO	\$15,943.41	Universal Field Supplies	Environmental Services
No PO	\$15,464.13	Angus Inground Sprinkler Company	Environmental Services
No PO	\$15,200.00	8 Days a Week Inc.	Environmental Services
No PO	\$14,641.86	Ball Superior	Environmental Services
No PO	\$12,790.00	Expert Mobile Wash	Environmental Services
No PO	\$10,886.93	Ontario Bike Park Construction Inc	Environmental Services
89443	\$5,752.00	Ed Zahra Consulting Group Inc.	Transit

Form: Request to Speak to Committee of Council

Submitted on Wednesday, May 29, 2019 - 12:01 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Terry MacDougall

Name of Organization:

Contact Number: n/a

Email Address:

Mailing Address:

Reason(s) for delegation request: Appealing water bill amount

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? No

From: Terry MacDougall
To: [McRae, Angela](#)
Subject: Re: Request to Speak - Audit, Finance and Administration Committee
Date: June 3, 2019 3:42:27 PM

Good Afternoon Angela!

Two of the issues are; that none of this water went to the sewer system, so those charges should not apply, and the refusal for covering water charges is for breakage due to freezing; this was not the case. I keep my water on all year for fire safety. I actually did have a kitchen fire last year, and if the water was not turned on to the outside valve, I would have lost my house. Check with the fire department, as they were called by a neighbour. I was able to put the fire out with my house before the fire was able to get out of control. I have owned this house for over 26 years, and have never turned off the supply to the outside valve, and have never had ANY problems at all with freezing! Someone must have come onto my property and turned the hose on, and left.

My house is newer (26 years old), with a heated basement, and a solid concrete and insulated wall.

Could you please pass this information along?

Terry

Hamilton
Water Billing Dispute Delegation to Audit, Finance & Administration Committee

Summary

Table 1 on page 2, provides the recent water and wastewater/storm billings for [REDACTED] [REDACTED] (the property owner is the account holder). The crux of the owner's water billing issue lies with a high water bill experienced in December 2018 for a significant amount of water consumption that the owner attributes to a running external hose faucet/bib (more commonly known as an outside water tap). Unfortunately, the water supply to the hose faucet was not shut off last fall as typically is done ahead of the winter months to prevent freezing. The owner did indicate to Alectra Utilities that he had found the water running after returning home after a "few days" absence suggesting access to the hose faucet was not secure to prevent unauthorized use, for example, behind a locked gate.

The property owner has sought to obtain financial assistance regarding the December water bill under the City's Water Leak Adjustment Policy. Alectra Utilities who administers this Policy on behalf of the City has denied the request as under the Policy:

1. Under the Policy, a "leak" is defined as an unintentional water loss caused by broken and/or malfunctioning plumbing fixtures and/or pipes within a residence or building so that a leak occurs when there is a failure of the plumbing system to do what it was designed to do. A tap left running does not constitute a leak as there is no plumbing issue to be repaired. Water loss due to unauthorized use (theft), vandalism or construction damage is not covered under the Policy.

City Council has approved an additional water bill adjustment policy; the Extraordinary Circumstance Policy which provides staff the authority to allow bill adjustments under specific circumstances. This Policy provides residential, not-for-profit and institutional customers who utilize City water services the opportunity to request adjustments to abnormally high water and wastewater/storm billings which result from unexplained or extraordinary and unusual circumstances. However, under the Extraordinary Circumstance Policy there are two exclusions that apply to the situation at 36 Locket Street South:

1. Water loss due to unauthorized use (theft), vandalism or construction damage is not covered under the Policy. Resolving these issues is the responsibility of the customer.
2. The Policy does not apply where a dwelling is unoccupied and/or vacant for more than 72 hours. For extended absences, customers should consider shutting off the water supply (except where water is used for heating) and draining all the pipes and appliances.

The City has on occasion received requests for financial assistance related to unauthorized use, albeit these requests are usually associated with newer homes as fences and gates have not customarily been erected when homeowners initially occupy their homes. As the City is not able to corroborate such claims, the aforementioned Council approved bill adjustment policies do not permit staff to provide adjustments related to unauthorized use.

8.1(a)

The property owner has also requested that the wastewater/storm fees for the December 2018 bill be waived on the claim that the water did not enter the City's sewer system. The City does not offer wastewater abatements for any water diverted from the City sewer works including for such uses such as ground irrigation or recreation (pools/hot tubs).

TABLE 1

Read Date	Total Bill (\$)	Consumption (m3)	Read From	Read To	Avg Daily (m3)	Billing Days
8/21/18	64.42	17	2054	2071	0.53	34
9/20/18	49.75	14	2071	2085	0.47	30
10/23/18	37.79	9	2085	2094	0.27	33
11/20/18	33.23	8	2094	2102	0.29	28
12/20/18	512.88	163	2101	2265	5.43	30
1/21/19	31.84	3	2264	2267	0.09	32
2/16/19	29.13	3	2267	2269	0.12	26
3/22/19	30.76	3	2269	2272	0.09	35
4/24/19	30.90	4	2272	2276	0.12	33
5/24/19	29.49	4	2276	2280	0.13	30

Alectra Utilities (AUC) Customer Contact Timeline

1/4/19 – Owner calls AUC inquiring of electric/water account balance. Advised of high water read from December for pending bill. Owner advised he was away a few days and found outside tap running. AUC advised owner that he may pursue a deferred payment arrangement however, he would not be eligible for consideration under the Water Leak Adjustment Policy.

1/9/19 - AUC issues bill based on December 20, 2018 water meter reading.

1/7/19 – Hamilton Water (HW) Customer Service contacts AUC following call by owner requesting adjustment due to high water usage. AUC advises HW that account is not eligible under the Policy. In turn, HW contacts owner to advise that an account adjustment would not be forthcoming.

1/24/19 – Owner calls AUC reiterating that someone turned on the outside tap and that the running water was discovered after being away a few days. Owner disputing wastewater/storm portion however AUC advises that the City has no policy that offers wastewater abatement to residences for any water diverted from the City sewer works for such activities as ground irrigation or recreation (filling pools/hot tubs).

4/5/19 - Tax roll transfer of arrears in the amount of \$368.98 plus an administrative fee of \$34.25 has been applied by Taxation.

6/10/19 - Tax roll transfer of arrears in the amount of \$204.87 plus an administrative fee of \$34.25 has been applied by Taxation.



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	Tax and Rate Operating Budget Variance Report as at April 30, 2019 - Budget Control Policy Transfers (FCS19055) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Katie Black (905) 546-2424 Ext. 4169 Tom Hewitson (905) 546-2424 Ext. 4159
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

That, in accordance with the “Budgeted Complement Control Policy”, the 2019 complement transfer transferring complement from one department / division to another with no impact on the levy, as outlined in Appendix “C” to Report FCS19055, be approved.

EXECUTIVE SUMMARY

Staff has committed to provide Council with three variance reports for the Tax Supported and Rate Supported Operating Budgets during the fiscal year (Spring / Fall / Year-End). This is the first submission for 2019 based on the operating results as of April 30, 2019. Appendix “A” to Report FCS19055 summarizes the Tax Supported Operating Budget projected year-end variances by department and division while Appendix “B” to Report FCS19055 summarizes the projected year-end variances of the Rate Supported Operating Budget by program.

Both Tax and Rate Supported Operating Budgets are projecting positive variances of \$2.2 M and \$4.6 M, respectively.

**SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 -
Budget Control Policy Transfers (FCS19055) (City Wide) - Page 2 of 10**

The projected Tax Supported Operating Budget surplus of \$2.2 M is composed of a surplus in Capital Financing of \$4.9 M and deficits in Boards and Agencies of -\$2.5 M (Conservation Authorities) and City departments of -\$0.2 M. The projected Rate Supported Operating Budget Surplus of \$4.6 M is a result of projected surplus in Operations of \$2.7 M and Capital Financing of \$1.9 M

Of note, the Tax Supported Operating Budget projected surplus of \$2.2 M includes a projected shortfall in provincial funding of -\$2.9 M as detailed in Report FCS19053 "Impact of Provincial Policy Changes" presented to GIC on June 19, 2019. Healthy and Safe Communities department (HSC) is projecting to be able to offset a significant amount of the shortfall. The HSC department projected deficit for 2019, including the funding shortfall, is -\$1.0 M.

Additional details are presented in the Analysis and Rationale for Recommendations section of Report FCS19055.

2019 Budget Transfers

In accordance with the "Budget Control Policy" and "Budgeted Complement Control Policy", approved by Council in February 2012 and March 2018, staff is submitting five items recommended for transfer. The complement transfers, identified in Appendix "C" to Report FCS19055, moves budgeted complement from one department / division to another to accurately reflect where the staff complement is allocated within the department / division for the purpose of delivering programs and services at desired levels. The budget complement transfers identified were not realized at the time of the 2019 budget submission. However, these transfers will amend the 2019 operating budget once approved with no impact on the levy.

Alternatives for Consideration – None.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The financial information is provided in the Analysis and Rationale for Recommendation section of Report FCS19055.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

Staff has committed to provide Council with three variance reports on the Tax and Rate Operating Budget during the fiscal year (Spring / Fall / Year-End). This is the first submission for 2019 based on the operating results as at April 30, 2019.

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**SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 -
Budget Control Policy Transfers (FCS19055) (City Wide) - Page 3 of 10**

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Staff in all of the City of Hamilton departments and boards provided the information in Report FCS19055.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The following provides an overview of the more significant issues affecting the 2019 projected tax and rate operating budgets. Table 1 provides a summary of the departmental results as at April 30, 2019.

Table 1
CITY OF HAMILTON
2019 Projected Year-End Variance
(\$000's)

	2019 Approved Budget	2019 Year-End Forecast	2019 Variance (Forecast vs Budget)	
			\$	%
<u>TAX SUPPORTED</u>				
Planning & Economic Development	29,672	29,046	626	2.1%
Healthy and Safe Communities	245,134	246,176	(1,042)	(0.4)%
Public Works	242,414	242,302	112	0.0%
Legislative	5,019	5,019	0	0.0%
City Manager	11,759	11,549	210	1.8%
Corporate Services	30,207	30,138	70	0.2%
Corporate Financials / Non Program Revenues	(25,500)	(25,379)	(121)	(0.5)%
Hamilton Entertainment Facilities	3,912	3,912	0	0.0%
TOTAL CITY EXPENDITURES	542,617	542,763	(146)	(0.0)%
Hamilton Police Services	164,290	164,290	0	0.0%
Library	30,700	30,700	0	0.0%
Other Boards & Agencies	13,095	15,631	(2,536)	(19.4)%
City Enrichment Fund	6,116	6,116	0	0.0%
TOTAL BOARDS & AGENCIES	214,201	216,737	(2,536)	(1.2)%
CAPITAL FINANCING	129,969	125,114	4,855	3.7%
TAX SUPPORTED	886,787	884,614	2,173	0.2%
RATE SUPPORTED	0	(4,566)	4,566	N/A
TOTAL	886,787	880,048	6,739	0.8%

() - Denotes unfavourable variance

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SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 - Budget Control Policy Transfers (FCS19055) (City Wide) - Page 4 of 10

Tax Supported Operating Budget

Departmental Budgets

Appendix "A" to Report FCS19055 summarizes the Tax Supported Operating Budget variances by department and division.

Further to direction from Council for the 2018 Budget, the City has changed the reporting methodology and the budgeted gapping savings of -\$4.5 M previously held in Corporate Financials has been distributed to the departments. It is projected that at year-end the corporate wide gapping actuals will be -\$4.0 M, a deficit of -\$0.5 M.

Each department's gapping variance (target versus projection) is detailed in the following sections along with other departmental highlights.

Planning and Economic Development

The Planning and Economic Development is forecasting a favourable variance of \$0.6 M, which is primarily driven by a projected surplus of \$0.4 M in Transportation Planning and Parking. A surplus of \$0.6 M in revenues is anticipated in Parking operations, plate denial fines and site plan control as well as savings of \$0.2 M in contractual and office rent obligations which are partially offset by pressures from gapping of -\$0.3 M and -\$0.1 M due to computer software and system upgrades.

The Planning division is projecting a surplus of \$0.1 M which is driven by gapping savings. Revenues are forecasting to be on target and are offset by a transfer to the development fee stabilization reserve. The Building division is forecasting a year-end surplus of \$0.1 M. This is driven by favourable savings in property maintenance recoveries and gapping savings. The Growth Management division is projecting an overall surplus of \$52 K due to savings in gapping.

The Licensing and By-Law Services division is projecting an overall deficit of -\$0.1 M due to pressures in gapping, recoveries, material and supplies, financial and vehicles expenditures. This is partially offset by forecasted surplus in revenues in Licensing and Animal Services.

The remaining divisions have small favourable variances totalling a combined positive variance of less than \$0.1 M.

The Planning and Economic Development departmental gapping target is -\$0.8 M for the 2019 year. As at April 30, 2019, the projected year-end gapping amount is -\$0.4 M, resulting in a projected deficit of -\$0.4 M.

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SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 - Budget Control Policy Transfers (FCS19055) (City Wide) - Page 5 of 10

Healthy and Safe Communities

Overall, the Healthy and Safe Communities Department is projecting an overall deficit of -\$1.0 M. This variance includes estimated Provincial funding shortfall of -\$2.9 M, previously reported to the General Issues Committee on June 19, 2019 through Report FCS19053 and included in a number of the divisional explanations below.

The Hamilton Paramedic Services division is expecting a -\$1.6 M unfavourable variance due to the expected -\$1.9 M shortfall in Ministry funding and various operating costs projected to be higher than expected. The unfavourable variance is offset partially by a favourable variance in employee related costs.

The Long-Term Care division is forecasting a deficit of -\$0.5 M due to employee related costs and the discontinuation of roughly -\$0.1 M in Ministry funding for various programs. This is offset partially by a favourable variance due to savings in various operating costs. The Ontario Works (OW) division is also forecasting a deficit of -\$0.1 M due an anticipated reduction of -\$1.5 M in Provincial funding which is largely offset by gapping and maximizing additional available subsidies.

The Hamilton Fire Department is projecting a negative variance of -\$0.4 M due to employee related costs from settled contracts and pressures in facility costs.

Partially offsetting the deficits in other divisions is an expected favourable variance of \$1.0 M in Housing Services. This surplus is attributed to Social Housing prior year reconciliations, gapping and housing allowances and rent supplement. Changes to provincial funding were minimal (-\$0.1 M) with a slight reduction in the Strong Communities Rent Supplement Program.

The Recreation division is forecasting a positive variance of \$0.3 M to year-end. Savings due to gapping and operating costs are offset by a loss of revenue because of temporary closures. Also, a favourable variance in hydro, offset by unfavourable variances in building cleaning, golf revenues due to weather and facilities costs for re-opening for operation at the Dundas Grighmire Arena.

Public Health Services is projecting a surplus of \$0.2 M primarily due to gapping, offset by revenue pressures from a funding shortfall (-\$0.4 M) and program related operating costs. The Children's Services and Neighbourhood Development division projects a positive variance of \$0.1 M due to gapping savings and various operating costs. Additional Provincial funding offset with additional program expenses.

The Healthy and Safe Communities departmental gapping target is -\$0.9 M for the 2019 year. As at April 30, 2019, the projected year-end gapping amount is -\$1.6 M, resulting in a projected surplus of \$0.8 M.

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SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 - Budget Control Policy Transfers (FCS19055) (City Wide) - Page 6 of 10

Public Works

Overall, the Public Works Department is forecasting a favourable variance of \$0.1 M. There are several contributors, both favourable and unfavourable, across the divisions that are leading to this projected surplus.

Transportation Operations and Maintenance division is forecasting an overall positive variance of \$1.2 M. Of this surplus, \$1.0 M is due to gapping in the timing of vacancies / hires and savings from restructuring. The remaining favourable variance is attributed to the new Street Lighting Review and Evaluation Fee from subdivision agreements.

Environmental Services division anticipates a favourable variance \$0.9 M due to \$1.5 M in gapping savings due to retirements, resignations and vacancies. Partially offset by increased contractual obligations at the Materials Recycling Facility (-\$0.3 M), increased costs for handling leaf and yard waste at the Glanbrook Landfill composite site (-\$0.2 M) and transfer station / Community Recycling Centres (CRC) operations due to Central Composting Facility (CCF) shutdown and restart (-\$0.1 M).

The Transit division is projecting an unfavourable variance of -\$1.5 M. Unfavourable net gapping of -\$3.0 M due to employee related costs, largely overtime and sick time. Various other variances totalling -\$0.4 M contribute to the overall deficit. This is partially offset by favourable transit fare revenues of \$1.5 M due to continued ridership uptake and positive fuel costs of \$0.4 M. Forecasts for the DARTS contract are not available at the time of writing this report.

Energy, Fleet and Facilities division anticipates unfavourable gapping as well as the cost of holding unbudgeted vacant facilities contribute to a total divisional deficit of -\$0.5 M.

The Public Works departmental gapping target is -\$2.0 M for the 2019 year. As at April 30, 2019, the projected year-end gapping amount is -\$1.1 M, resulting in a projected deficit of -\$0.9 M.

Legislative

The Legislative budget is projected to be on budget for 2019 with potential unfavourable gapping being offset by other savings.

The Legislative departmental gapping target is -76 K for 2019. As at April 30, 2019, the projected year-end gapping will result in a deficit. However, it is expected this will be offset by favourable savings in other areas.

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**SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 -
Budget Control Policy Transfers (FCS19055) (City Wide) - Page 7 of 10**

City Manager's Office

City Manager's Office projects a favourable variance of \$0.2 M primarily related to favourable gapping in the Strategic Partnerships and Communications and Human Resources divisions somewhat offset by recruitment services and staff transitioning costs. Revenue Generation has decreased projected revenue which is offset by a reduction in program expenses.

The City Manager's departmental gapping target is -\$0.2 M for the 2019 year. As at April 30, 2019, the projected year-end gapping amount is -\$0.2 M.

Corporate Services

Corporate Services is forecasting an overall positive variance of \$0.1 M. A favourable variance of \$0.2 M is projected in Financial Services mainly due to gapping and Taxation revenues, partially offset by an unrealized reserve recovery. Information Technology is expecting a deficit of -\$0.1 M due to additional software support and unfavourable gapping. The Customer Service and POA division is also forecasting a small negative variance to year-end due to the Call Handling Loan Repayment of -\$0.1 M, partially offset by favourable gapping and savings in lease and service contracts from software and licencing. A slight unfavourable combined variance across the other divisions offsets the overall surplus.

The Corporate Services departmental gapping target is -\$0.6 M for the 2019 year. As at April 30, 2019, the projected year-end gapping amount is -\$0.7 M, resulting in a projected surplus of \$0.1 M.

Corporate Financials / Non Program Revenues

Corporate Financials / Non Program Revenues show a -\$0.1 M combined unfavourable variance. Contributing factors are identified as follows:

Corporate Financials

Corporate Pensions, Benefits and Contingency

The projected unfavourable variance in the Corporate Pensions, Benefits & Contingency of -\$0.2 M is a result of unbudgeted legal expenses that have been incurred.

Corporate Initiatives

Corporate Initiatives are projected to be on budget for the year.

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SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 - Budget Control Policy Transfers (FCS19055) (City Wide) - Page 8 of 10

Insurance premiums and WSIB are expecting a combined unfavourable variance of -\$5.0 M which will be offset with corresponding recoveries from reserve for a zero net levy impact.

Non Program Revenues

Non Program Revenues show a projected favourable variance of \$0.1 M. This is the result of a favourable variance of \$0.4 M expected in Tax Remissions and Write Offs as a result of rebates being lower than anticipated. Partially offset by a projected unfavourable Hydro Dividend to unanticipated administration fees.

Boards and Agencies

In Boards and Agencies, there is a projected unfavourable variance of -\$2.5 M. The City's judicial review of the unsuccessful Lands and Mines Commissioner's apportionment appeal was recently dismissed by the Courts. Staff has withdrawn the appeal for the Niagara Peninsula Conservation Authority which will result in an -\$0.8 M shortfall. Staff is still reviewing the apportionment calculations for the other Conservation Authorities. However, if these are withdrawn as well, this will result in an additional \$1.7 M shortfall.

Capital Financing

Capital financing is projecting a year-end surplus of \$4.9 M due to the delay in debt issuance with projected principal and interest savings. This includes a \$2.0 M transfer to the Unallocated Capital Levy Reserve at year-end as approved in the 2019 Tax Capital Budget (Report FCS18097). Without this transfer, the overall Capital Financing surplus would be \$6.9 M.

Rate Supported Operating Budget

As at April 30, 2019, the Rate supported operating budget is projecting a favourable variance of \$4.6 M due to savings in overall program expenditures of \$4.7 M and an unfavourable revenue projection of \$0.1 M.

Appendix "B" to Report FCS19055 summarizes the Rate Supported Operating Budget results by program.

Expenditures

Program spending for 2019 is projected to be a favourable variance of \$4.7 M or 2.1% of gross budget by year-end. The driving factors behind this favourable expenditure variance are shown in Table 2.

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

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**SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 -
Budget Control Policy Transfers (FCS19055) (City Wide) - Page 9 of 10**

Table 2

Expenditure Type	Variance (\$000's)
Contractual	2,516
Agencies and Support Payments	250
Total Operating	2,766
Debt Charges	5,463
DC Debt Charges Recoveries	(3,562)
Capital Financing	1,901
Total Expenditures	4,667

Contractual expenditures are projecting a positive variance of \$2.5 M largely due to plant operations and maintenance contracts of \$1.8 M coupled with savings in Alectra Utilities contract and service co-ordination totalling \$0.7 M.

Agencies and Support Payments category is forecasting favourable variance of \$0.3 M due to less uptake on the Protective Plumbing Program (3P).

Capital financing costs has a net overall positive variance of \$1.9 M. The surplus in debt charges of \$5.5 M is offset by the Development Charge (DC) debt charge recoveries of -\$3.6 M. The debt charge surplus is due to the difference in budgeted and forecasted interest rates and the increased timeframe for issuing debt.

Revenues

Overall total revenues are forecasted to align to budget with a slight unfavourable variance of \$0.1 M projected in overstrength agreements (0.05% to rate related budget).

As of March 2019, Alectra Utilities has migrated to a new billing system. Subsequently, staff had not been able to reconcile monthly rate revenue remittances nor post revenues to the accounting records for March or April 2019. Therefore, the actual rate revenues in Appendix "B" to Report FCS19055 reflect only January and February 2019 results.

Customer sectors, Residential, Multi-Residential, Industrial, Commercial and Institutional are projected to meet budget. However, it is too early to determine if rate revenues will continue to trend to be on budget throughout the summer months. Staff will continue to monitor precipitation and consumption trends through the summer months to provide a more accurate 2019 forecast with the next Variance Report.

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**SUBJECT: Tax and Rate Operating Budget Variance Report as at April 30, 2019 -
Budget Control Policy Transfers (FCS19055) (City Wide) - Page 10 of 10**

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS19055 – City of Hamilton Tax Operating Budget Variance Report as at April 30, 2019

Appendix “B” to Report FCS19055 – City of Hamilton Combined Water, Wastewater and Storm Systems Rate Operating Budget Variance Report as at April 30, 2019

Appendix “C” to Report FCS19055 – City of Hamilton Budgeted Complement Transfer Schedule

KB/TJH/dt

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019
 (\$ 000's)

	2019 Approved Budget	2019 Actuals Apr YTD	Projected Actuals to Dec. 31	2019 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
PLANNING & ECONOMIC DEVELOPMENT						
General Manager	966	398	964	1	0.1%	
Transportation Planning and Parking	2,181	795	1,747	435	19.9%	Favourable revenue of \$645 K in Parking operations, plate denial fines and site plan control, savings in Contractual of \$156 K and Office rent \$50 K. Partially offset by gapping pressures of (\$300 K) and (\$91 K) computer software for system upgrades.
Building	1,308	(745)	1,235	73	5.6%	Savings in Property Maintenance recoveries from previous years, and savings due to gapping.
Economic Development	5,424	1,503	5,412	12	0.2%	Gapping surplus, offset by reduction in fee per unit revenues.
Growth Management	468	(2,355)	416	52	11.1%	Positive gapping surplus.
Licensing & By-Law Services	6,681	2,114	6,750	(69)	(1.0)%	Contributing to the negative variance is a gapping pressure of (\$253 K), recoveries, material & supply, financial and vehicle expenditures, partially offset by higher revenues of \$183 K in Licensing and Animal Services.
LRT	0	512	0	0	0.0%	No year end variance expected.
Planning	3,392	101	3,286	106	3.1%	Savings due to gapping. Revenues forecasted on target offset by transfer to development fee stabilization reserve.
Tourism & Culture	9,252	3,016	9,236	16	0.2%	Higher revenues projection of \$85 K partially offset by pressures in gapping and contractual expenses.
TOTAL PLANNING & ECONOMIC DEVELOPMENT	29,672	5,340	29,046	626	2.1%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019
 (\$ 000's)

	2019 Approved Budget	2019 Actuals Apr YTD	Projected Actuals to Dec. 31	2019 Projected Actuals vs Approved Budget		Comments/Explanations
				\$	%	
HEALTHY AND SAFE COMMUNITIES						
HSC Administration	2,761	871	2,826	(65)	(2.4)%	Unfavourable variance due to unbudgeted positions, offset partially by temporary vacancies.
Children's Services and Neighbourhood Development	8,675	3,096	8,584	91	1.0%	Favourable variance due to gapping and various operating costs. Additional Provincial funding offset with additional program expenses.
Ontario Works	11,918	498	12,034	(117)	(1.0)%	Unfavourable variance due to reduction in Provincial OW Admin funding, offset partially by gapping and maximizing additional available subsidies.
Housing Services	45,068	11,377	44,028	1,041	2.3%	Favourable variance due to Social Housing prior year reconciliations (AIRs), gapping and housing allowances and rent supplement.
Long Term Care	13,472	4,131	13,929	(457)	(3.4)%	Unfavourable variance due to discontinuation of Ministry funding for various programs and employee related costs. Offset partially by a favourable variance due to various operating costs.
Recreation	33,852	13,795	33,570	282	0.8%	Savings due to gapping and operating costs, offset by a loss of revenue as a result of temporary closures. Favourable variance in Hydro, offset by unfavourable variances in building cleaning, golf revenues due to weather and facilities costs at Dundas Arena to re-open the arena for operation.
Hamilton Fire Department	93,137	31,677	93,529	(392)	(0.4)%	Unfavourable variance due to employee related costs as a result of settled contracts and pressures in facility costs.
Hamilton Paramedic Service	23,795	7,485	25,394	(1,600)	(6.7)%	Unfavourable variance due to expected shortfall in Ministry funding and various operating costs higher than expected. Offset partially by a favourable variance due to employee related costs.
Public Health Services	12,456	4,159	12,282	174	1.4%	Favourable variance primarily due to gapping, offset by revenue pressures and program related operating costs.
TOTAL HEALTHY AND SAFE COMMUNITIES	245,134	77,090	246,176	(1,042)	(0.4)%	

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019
 (\$ 000's)

	2019 Approved Budget	2019 Actuals Apr YTD	Projected Actuals to Dec. 31	2019 Projected Actuals .vs Approved Budget		Comments/Explanations
				\$	%	
<u>PUBLIC WORKS</u>						
PW-General Administration	715	264	715	0	0.0%	
Energy Fleet and Facilities	9,315	3,803	9,773	(458)	(4.9)%	Unfavourable variance due to (\$254 K) net gapping, (\$204 K) mainly attributable to the cost of holding (unbudgeted) vacant facilities.
Engineering Services	(1,126)	(777)	(1,126)	0	0.0%	
Environmental Services	79,086	19,134	78,205	881	1.1%	Favourable Variance due to \$1.5 M in net gapping savings due to retirements, resignations and hard to fill vacancies. Partially offset by (\$300 K) increase in contractual obligations at the Materials Recycling Facility, (\$150 K) increased handling of leaf and yard waste at the Glanbrook Landfill compost site and (\$120 K) due to increased contractual costs at the Transfer Station/Community Recycling Centre sites due to increased handling of source separated organic waste during Central Composting Facility shutdown and restart.
Transit	74,299	33,688	75,810	(1,511)	(2.0)%	Unfavourable Variance relates to (\$3.0 M) net unfavourable gapping; unfavourable employee related costs largely as a result of overtime (\$3.5 M) and sick (\$3.0 M) partially offset by favourable salaries and wages of \$3.5 M. Various other variances totalling (\$368 K) contribute to the overall deficit. Partially offset by \$1.5 M from Transit fare revenues forecasted to be favourable due to continuing ridership uptake and \$357 K from fuel, trending to be favourable due to Diesel consumption and the price of natural gas.
Transportation Operations & Maintenance	80,125	31,426	78,925	1,200	1.5%	Favourable Variance due to \$1.0 M net gapping savings from staff vacancies attributable to restructuring and normal staff turnover (retirements, job transfers, terminations, seasonal hiring, etc.) and \$200 K attributed to new Street Lighting Review and Evaluation Fee from subdivision agreements.
TOTAL PUBLIC WORKS	242,414	87,539	242,302	112	0.0%	
<u>LEGISLATIVE</u>						
Legislative General	(165)	(55)	(165)	0	0.0%	
Mayors Office	1,134	334	1,134	0	0.0%	
Volunteer Committee	113	31	113	0	0.0%	
Ward Budgets	3,937	1,187	3,937	0	0.0%	
TOTAL LEGISLATIVE	5,019	1,497	5,019	0	0.0%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019
 (\$ 000's)

	2019 Approved Budget	2019 Actuals Apr YTD	Projected Actuals to Dec. 31	2019 Projected Actuals .vs Approved Budget		Comments/Explanations
				\$	%	
CITY MANAGER						
Strategic Partnerships & Communications	2,840	906	2,797	42	1.5%	Favourable variance due to gapping savings from temporary vacancies. Revenue Generation decreased revenues was offset by reduced program expenses due to cancelled sponsorships (\$200 K).
Audit Services	1,116	355	1,127	(11)	(0.9)%	
CMO - Administration	399	30	430	(31)	(7.7)%	Unfavourable due to recruitment services and staff transitioning costs.
Human Resources	7,404	2,138	7,195	209	2.8%	Favourable variance due to gapping savings from temporary vacancies
TOTAL CITY MANAGER	11,759	3,430	11,549	210	1.8%	
CORPORATE SERVICES						
City Clerk's Office	2,409	647	2,409	0	0.0%	
Corporate Services - Administration	329	131	318	11	3.5%	Favourable variance due to gapping.
Customer Service	5,270	1,738	5,300	(30)	(0.6)%	Unfavourable variance mainly due to Call Handling Loan Repayment (\$100 K) partially offset by favourable gapping \$31 K and savings in lease & service contracts for Class software maintenance & Legend licensing \$34 K.
Financial Planning, Admin & Policy	4,800	2,057	4,814	(14)	(0.3)%	
Financial Services	3,980	1,069	3,738	241	6.1%	Favourable variance mainly due to gapping \$149 K and revenue (Tax Transfer Fee) \$120 K; partially offset by unrealized budgeted recovery from Tax Stabilization Reserve (\$36 K).
Information Technology	10,036	4,605	10,176	(139)	(1.4)%	Unfavourable variance due to gapping (\$79 K) and unbudgeted Acquia Cloud annual support (\$60 K).
Legal Services	3,383	2,104	3,383	0	0.0%	
TOTAL CORPORATE SERVICES	30,207	12,353	30,138	70	0.2%	
CORPORATE FINANCIALS						
Corporate Pensions, Benefits & Contingency	15,345	6,082	15,565	(220)	(1.4)%	Unbudgeted Legal Expenses \$220 K incurred. WSIB gross expenses expected to result in adverse variance of \$3.0 M to be offset by corresponding recovery from reserve.
Corporate Initiatives	4,120	(244)	4,120	0	0.0%	Risk Premiums gross expenses expected to result in adverse variance of \$2.0 M to be offset by corresponding recovery from reserve.
TOTAL CORPORATE FINANCIALS	19,465	5,838	19,685	(220)	(1.1)%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019
 (\$ 000's)

	2019 Approved Budget	2019 Actuals Apr YTD	Projected Actuals to Dec. 31	2019 Projected Actuals .vs Approved Budget		Comments/Explanations
				\$	%	
HAMILTON ENTERTAINMENT FACILITIES						
Operating	3,912	2,077	3,912	0	0.0%	
TOTAL HAMILTON ENTERTAINMENT FACILITIES	3,912	2,077	3,912	0	0.0%	
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TOTAL CITY EXPENDITURES	587,582	195,163	587,827	(245)	(0.0)%	
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CAPITAL FINANCING						
Debt-Healthy and Safe Communities	2,340	(2,708)	4,410	(2,070)	(88.5)%	Due to delay in debt issuance, principal and interest savings. As per Capital Budget Report FCS18097 - a \$2 M surplus will be transferred to the Unallocated Capital Levy Reserve prior to year-end. Without this transfer, the overall Capital Financing surplus would be \$6.9 M.
Debt-Planning & Economic Development	194	(61)	88	106	54.5%	
Debt-Public Works	38,696	(5,886)	35,078	3,618	9.3%	
Debt-Corporate Financials	74,313	70,538	71,113	3,201	4.3%	
Infrastructure Renewal Levy	13,429	13,429	13,429	0	0.0%	
TOTAL CAPITAL FINANCING	128,972	75,312	124,117	4,855	3.8%	
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BOARDS & AGENCIES						
Police Services						
Operating	164,290	47,865	164,290	0	0.0%	No material variances expected - Police expect to be on target with the 2019 budget.
Capital Financing	806	(310)	806	0	0.0%	
Total Police Services	165,096	47,554	165,096	0	0.0%	
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Other Boards & Agencies						
Library	30,700	10,359	30,700	0	0.0%	Impact of Conservation Authority levies per Regulation Formula.
Conservation Authorities	5,498	3,828	8,026	(2,528)	(46.0)%	
Hamilton Beach Rescue Unit	134	38	134	0	0.0%	
Royal Botanical Gardens	635	262	635	0	0.0%	
MPAC	6,715	1,679	6,715	0	0.0%	
Farmers Market	113	(79)	121	(8)	(7.4)%	
Total Other Boards & Agencies	43,795	16,086	46,331	(2,536)	(5.8)%	
Capital Financing - Other Boards & Agencies	191	(281)	191	0	0.0%	
City Enrichment Fund	6,116	702	6,116	0	0.0%	
TOTAL BOARDS & AGENCIES	215,198	64,061	217,734	(2,536)	(1.2)%	
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TOTAL EXPENDITURES	931,752	334,537	929,678	2,073	0.2%	

- () Denotes unfavourable variance.

CITY OF HAMILTON
TAX OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019
(\$ 000's)

	2019 Approved Budget	2019 Actuals Apr YTD	Projected Actuals to Dec. 31	2019 Projected Actuals .vs Approved Budget		Comments/Explanations
				\$	%	
<u>NON PROGRAM REVENUES</u>						
Payment In Lieu	(15,727)	(34)	(15,727)	0	0.0%	
Penalties and Interest	(10,500)	(3,578)	(10,500)	0	0.0%	
Right of Way	(3,228)	0	(3,228)	0	0.0%	
Senior Tax Credit	587	3	564	23	3.9%	
Supplementary Taxes	(9,125)	21	(9,125)	0	0.0%	
Tax Remissions and Write Offs	9,790	(4,373)	9,361	429	4.4%	Rebates allowed estimated to be lower than anticipated.
Hydro Dividend and Other Interest	(5,300)	(3,061)	(4,947)	(353)	6.7%	Administration fees paid deducted from dividend.
Investment Income	(4,100)	(7,748)	(4,100)	0	0.0%	
Slot Revenues	(5,000)	(1,001)	(5,000)	0	0.0%	
POA Revenues	(2,362)	(1,842)	(2,362)	0	0.0%	
TOTAL NON PROGRAM REVENUES	(44,965)	(21,613)	(45,064)	99	(0.2)%	
TOTAL LEVY REQUIREMENT	886,787	312,924	884,614	2,173	0.2%	

- () Denotes unfavourable variance.

**CITY OF HAMILTON
COMBINED WATER, WASTEWATER AND STORM SYSTEMS
RATE OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019**

	2019 Approved Budget \$	2019 Actuals APR YTD \$	Projected Actuals to Year End \$	2019 Projected Variance		2019 % Spent
				\$	%	
<u>OPERATING EXPENDITURES:</u>						
<u>Environmental Services</u>						
Divisional Administration & Support	2,242,620	738,863	2,242,620		0.0%	100.0%
Woodward Upgrades	1,524,540	571,463	1,524,540		0.0%	100.0%
Customer Service	421,610	89,709	421,610		0.0%	100.0%
Outreach and Education	1,350,860	295,514	1,300,860	50,000	3.7%	96.3%
Service Co-ordination	4,401,610	905,342	4,035,610	366,000	8.3%	91.7%
Engineering Systems & Data Collection	1,286,870	605,751	1,286,870		0.0%	100.0%
Compliance & Regulations	871,210	264,839	871,210		0.0%	100.0%
Laboratory Services	3,527,640	1,109,416	3,527,640		0.0%	100.0%
Environmental Monitoring & Enforcement	1,818,020	576,360	1,818,020		0.0%	100.0%
Water Distribution & Wastewater Collection	21,369,840	5,903,616	21,369,840		0.0%	100.0%
Plant Operations & Maintenance	41,383,390	10,402,997	39,583,390	1,800,000	4.3%	95.7%
Capital Delivery	1,859,660	522,470	1,859,660		0.0%	100.0%
Sustainable Initiatives	1,497,370	326,463	1,497,370		0.0%	100.0%
Infrastructure & Source Water Planning	2,464,770	596,006	2,464,770		0.0%	100.0%
Wastewater Abatement Program	1,150,000	178,078	1,150,000		0.0%	100.0%
Alectra Utilities Service Contract	5,700,000	1,466,048	5,400,000	300,000	5.3%	94.7%
Corporate & Departmental Support Services	6,432,040	2,128,633	6,432,040		0.0%	100.0%
Utilities Arrears Program	500,000	38,214	500,000		0.0%	100.0%
Gapping Target	(300,000)	-	(300,000)		0.0%	100.0%
Sewer Lateral Management Program	500,000	88,618	500,000		0.0%	100.0%
Hamilton Harbour Remedial Action Plan	395,000	-	395,000		0.0%	100.0%
Protective Plumbing Program (3P)	1,250,000	163,952	1,000,000	250,000	20.0%	80.0%
Financial Charges	177,000		177,000	-	0.0%	100.0%
Capital and Reserve Recoveries	(6,099,580)	(27,300)	(6,099,580)	-	0.0%	100.0%
Sub-Total Environmental Services	95,724,470	26,945,052	92,958,470	2,766,000	2.9%	97.1%

**CITY OF HAMILTON
COMBINED WATER, WASTEWATER AND STORM SYSTEMS
RATE OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019**

	2019 Approved Budget \$	2019 Actuals APR YTD \$	Projected Actuals to Year End \$	2019 Projected Variance		2019 % Spent
				\$	%	
<u>Capital and Reserve Impacts on Operating</u>						
<u>Contributions to Capital</u>						
Water	51,762,000	51,762,000	51,762,000	-	0.0%	100.0%
Wastewater	42,837,000	42,837,000	42,837,000	-	0.0%	100.0%
Stormwater	3,205,000	3,205,000	3,205,000	-	0.0%	100.0%
Sub-Total Contributions to Capital	97,804,000	97,804,000	97,804,000	-	0.0%	100.0%
<u>Contributions for DC Exemptions</u>						
Water	2,547,000	-	2,547,000	-	0.0%	100.0%
Wastewater	4,590,000	-	4,590,000	-	0.0%	100.0%
Stormwater	1,863,000	-	1,863,000	-	0.0%	100.0%
Sub-Total Contributions for DC Exemptions	9,000,000	-	9,000,000	-	0.0%	100.0%
<u>Capital Debt Charges</u>						
Water Quality Initiatives	9,762,487	-	7,537,276	2,225,211	22.8%	77.2%
Wastewater	10,120,380	-	8,460,849	1,659,531	16.4%	83.6%
Stormwater	3,950,054	-	2,371,561	1,578,493	40.0%	60.0%
DC Debt Charges Recoveries	(4,467,237)	(704,431)	(904,431)	(3,562,806)	79.8%	20.2%
Sub-Total Debt Charges	19,365,684	(704,431)	17,465,256	1,900,428	9.8%	90.2%
Sub-Total Capital Financing	126,169,684	97,099,569	124,269,256	1,900,428	1.5%	98.5%
Transfer to Reserves	365,324	-	365,324	-	0.0%	100.0%
Sub-Total Capital and Reserve Impacts on Operating	126,535,008	97,099,569	124,634,580	1,900,428	1.5%	98.5%
TOTAL EXPENDITURES	222,259,479	124,044,621	217,593,051	4,666,428	2.1%	97.9%

**CITY OF HAMILTON
COMBINED WATER, WASTEWATER AND STORM SYSTEMS
RATE OPERATING BUDGET VARIANCE REPORT AS AT APRIL 30, 2019**

	2019 Approved Budget \$	2019 Actuals APR YTD \$	Projected Actuals to Year End \$	2019 Projected Variance		2019 % Spent
				\$	%	
REVENUES:						
Rate Revenue						
Residential	(97,938,766)	(16,756,167)	(97,938,766)	-	0.0%	100.0%
Industrial Commercial Institutional (ICI)	(107,752,759)	(15,805,024)	(107,752,759)	-	0.0%	100.0%
Haldimand / Halton	(2,601,064)	(236,905)	(2,601,064)	-	0.0%	100.0%
Raw Water	(150,000)	(26,694)	(150,000)	-	0.0%	100.0%
Non-Metered	(580,000)	(397,231)	(580,000)	-	0.0%	100.0%
Private Fire Lines	(1,550,000)	(430,386)	(1,550,000)	-	0.0%	100.0%
Hauler / 3rd Party Sales	(1,225,000)	(418,127)	(1,225,000)	-	0.0%	100.0%
Overstrength Agreements	(2,249,480)	-	(2,149,480)	(100,000)	4.4%	95.6%
Sewer Surcharge Agreements	(5,200,000)	-	(5,200,000)	-	0.0%	100.0%
Sub-Total Utility Rates	(219,247,069)	(34,070,535)	(219,147,069)	(100,000)	0.0%	100.0%
Non-Rate Revenue						
Local Improvement Recoveries	(275,850)	-	(275,850)	-	0.0%	100.0%
Permits / Leases / Agreements	(1,365,050)	(267,740)	(1,365,050)	-	0.0%	100.0%
Investment Income	(450,000)	-	(450,000)	-	0.0%	100.0%
General Fees and Recoveries	(921,510)	(243,252)	(921,510)	-	0.0%	100.0%
Sub-Total Non-Rate Revenue	(3,012,410)	(510,992)	(3,012,410)	-	0.0%	100.0%
TOTAL REVENUES	(222,259,479)	(34,581,527)	(222,159,479)	(100,000)	0.0%	100.0%
NET SURPLUS	-	89,463,094	(4,566,428)	4,566,428	(2.1)%	

**CITY OF HAMILTON
BUDGETED COMPLEMENT TRANSFER SCHEDULE**

STAFF COMPLEMENT CHANGE

Complement Transfer to another division or department ⁽¹⁾

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title (2)	FTE	Department	Division	Position Title (2)	FTE
1.1	Public Works	Environmental Services	Cemeteries Preneed Sales Coordinator	1.00	Public Works	Environmental Services	Cemeteries Marketing and Family Services Coordinator	1.00
	Explanation: Requesting approval to convert the Cemeteries Preneed Sales Coordinator position into a Cemeteries Marketing and Family Services Coordinator, from a CM Grade TO (Part Time) to a C5 Grade J. The budget impact will be zero.							
1.2	Public Works	Engineering Services	P2846 Environmental Planning Support Technician (J6469)	1.00	Public Works	Engineering Services	Project Manager Envir Transp Plng (J6478 PM 5)	1.00
	Explanation: Requesting approval to convert the Environmental Planning Support Technician (I) position into a Project Manager (5). The net budget impact will be zero as these positions are funded from the Capital Budget.							
1.3	Public Works	Engineering Services	Capital Budget Coordinator	1.00	Public Works	Engineering Services	Program Specialist	1.00
	Explanation: The Capital Budget Coordinator position will become vacant, requesting approval that it be converted into a Program Specialist position, from a C1 Grade K to a CA Grade 5. The cost differential between the two positions of \$19,988 will be absorbed within the operating budget.							
1.4	Healthy and Safe Communities	Recreation	Marketing Supervisor	1.00	City Manager	Strategic Partnerships and Communications	Marketing Officer	1.00
	Explanation: Transfer of positions from Healthy and Safe Communities to City Managers Office as part of the next phase of Centralization of Support Services identified in Report HUR17007/CM17012/FCS17056 .							
1.5	Healthy and Safe Communities	Recreation	Desktop Publisher	1.00	City Manager	Strategic Partnerships and Communications	Graphic Designer	1.00
	Explanation: Transfer of positions from Healthy and Safe Communities to City Managers Office as part of the next phase of Centralization of Support Services identified in Report HUR17007/CM17012/FCS17056 .							

Note - Complement transfers include the transfer of corresponding budget.

(1) - All other budgeted complement changes that require Council approval per Budgeted Complement Control Policy must be done through either separate report or the budget process (i.e. Increasing/decreasing budgeted complement).

(2) - If a position is changing, the impact of the change is within 1 pay band unless specified.



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	Fraud and Waste Hotline Launch (AUD19011) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brigitte Minard CPA, CA, CIA, CGAP (905) 546-2424 x3107 Sana Malik CIA, CCSA, CFE 905-546-2424 x4886
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATIONS

- (a) That Report AUD19011 respecting the launch of the City of Hamilton's Fraud and Waste Hotline be received;
- (b) That the name of the Audit Services Division be amended to the Office of the City Auditor in all corporate systems, so that the independent and objective nature of the work performed is more easily understood by the public and staff.
- (c) That the position Director of Audit Services be known as the City Auditor and this be updated in all corporate systems.
- (d) That the relevant By-laws be updated (By-law 12-073 and By-law 09-227) to reflect the change from Audit Services Division to Office of the City Auditor and Director of Audit Services to City Auditor.

EXECUTIVE SUMMARY

The Fraud and Waste Hotline is now available for the public, employees, and vendors that do business with the City of Hamilton.

The Fraud and Waste Hotline accepts reports via a toll-free telephone number, an online submission form, email, fax and mail. All reporters have the option to remain anonymous, if they choose.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Fraud and Waste Hotline Launch (AUD19011) (City Wide) - Page 2 of 5

Beginning on July 15, 2019 various communications tactics will be activated, including posters in all city facilities and workplace, print advertisements and on the City of Hamilton's website.

The Fraud and Waste Hotline is operated by an independent third-party, Whistleblower Security Inc. A competitive RFP process was conducted to obtain the vendor.

As part of the hotline launch, the Audit Services Division is being re-branded as the Office of the City Auditor, in order to better reflect the independent and objective work that the team performs. The Director, Audit Services position will be known as the City Auditor. This is consistent with how other cities' audit functions brand themselves.

Alternatives for Consideration – Not Applicable**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Council had previously approved a budget of up to \$30,000 annually for three years, plus one-time set-up costs of \$4,500 (total of \$94,500) to pilot a Fraud and Waste Hotline. This budget will not be exceeded, as the hotline launch is currently tracking under budget.

Staffing: No new FTE's are being requested for the Hotline launch.

Legal: None.

HISTORICAL BACKGROUND

In July 2018, Council approved the funding and implementation of a Fraud and Waste Hotline for a three-year pilot (via Report AUD18007).

Since approval was received, Audit Services has been working to plan and implement the hotline. This report provides details on the Fraud and Waste Hotline launch and the ongoing operation and reporting of the hotline.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipal Act, 2001 sections 222.19 to 223.23

Municipal Freedom of Information and Protection of Privacy Act

City of Hamilton By-law 12-073 (Director of Audit Services By-law)

City of Hamilton Fraud Protocol

City of Hamilton By-law 09-227 (Whistleblower By-law)

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SUBJECT: Fraud and Waste Hotline Launch (AUD19011) (City Wide) - Page 3 of 5**RELEVANT CONSULTATION**

All City of Hamilton Divisions were informed of the hotline launch. All Director's and General Manager's were informed via an information session provided to the Department Leadership Teams (DLTs).

Detailed work was performed with the following Divisions to delineate processes:

- Customer Service and POA
- Ontario Works
- Human Resources
- Clerk's

Many thanks to the following organizations for sharing information and their ongoing support during the planning and development of our Hotline:

- Auditor General's Office, City of Toronto (Auditor General Beverly Romeo-Beehler and team)
- Office of the Auditor General, City of Ottawa (Deputy Auditor General Ed Miner and team)
- Office of the City Auditor, City of Winnipeg (City Auditor Bryan Mansky and team)

City of Hamilton Integrity Commissioner

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**Submit a Report**

The Fraud and Waste Hotline is now available for the public, employees, and vendors that do business with the City of Hamilton.

The Fraud and Waste Hotline accepts reports via the following methods:

- **Online:** www.hamilton.ca/fraud, there is a button that links through to the third-party vendor page
- **Email:** cityofhamilton@integritycounts.ca
- **Phone:** 1-888-390-0393
- **Mail:** PO Box 91880, West Vancouver, BC V7V 4S4
- **Fax:** 1-604-926-5668

If any complaints are received directly by the Office of the City Auditor via telephone, email, fax, mail, or the web-based suggestions form (www.hamilton.ca/audit) these complaints will be entered directly into the case management system for the Hotline and assessed similar to any other complaint.

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SUBJECT: Fraud and Waste Hotline Launch (AUD19011) (City Wide) - Page 4 of 5

Hotline Operation

The Fraud and Waste Hotline is operated by an independent third-party, Whistleblower Security Inc. A competitive Request for Proposal (RFP) process was conducted to obtain the vendor. All intake is conducted by trained staff at Whistleblower Security Inc. Intake received is then assessed by the Office of the City Auditor. Preliminary inquiries are made, and investigations are launched as needed.

Duty of Confidentiality

Per the Municipal Act, in their role as a designated Auditor General, the City Auditor has a duty of confidentiality for work undertaken. What this means from a practical perspective is that the records relating to the operation of the Fraud and Waste Hotline and related working papers are not responsive records in the event that a Freedom of Information request is received per the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA).

Office of the City Auditor

As part of the hotline launch, the Audit Services Division is being re-branded as the Office of the City Auditor, in order to better reflect the independent and objective work that the team performs. The Director, Audit Services position will be known as the City Auditor. This is consistent with how other cities' audit function brand themselves.

Communications Plan

Beginning on July 15, 2019 various communications tactics will be activated, including posters in all city facilities and workplace, print advertisements and on the City of Hamilton's website. These tactics include the new "Office of the City Auditor" brand.

Reporting

Quarterly reporting of volume will continue. A detailed report that summarizes the achievements of the hotline will be provided to Council at the end of the 3-year pilot. It is anticipated that a more detailed report will be provided as part of the Q4/year-end report that is already provided to Council.

Whistleblower By-law Impact (By-law 09-227)

Reports received via the hotline from City of Hamilton employees, and that meet the criteria of a "disclosure of serious wrongdoing" per the By-law (identifies themselves and their position with the City or their work title) will be subject to all protections listed in the By-law.

The Whistleblower By-law has been revised (administrative revisions to reflect the name "Office of the City Auditor) and the Fraud and Waste Hotline has been included as a method to make a "disclosure of serious wrongdoing" and has been submitted for Council approval. All existing criteria to evaluate if the item is a qualifying disclosure continue to apply. A written notice of receipt of a disclosure of serious wrongdoing to the employee who made such disclosure will continue to occur.

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SUBJECT: Fraud and Waste Hotline Launch (AUD19011) (City Wide) - Page 5 of 5

All “disclosures of serious wrongdoing” will be assessed by the Office of the City Auditor to determine if they are a “qualifying disclosure” per the By-law.

All reports assessed as not being a “qualifying disclosure” will be considered as a standard Fraud and Waste Hotline complaint and investigations will be launched on an as needed basis.

Director of Audit Services By-law Impact (By-law 12-073)

As a result of the Audit function being re-branded as the “Office of the City Auditor” and the Director of Audit Services position to be known as the “City Auditor”, the Director of Audit Services By-law (12-073) has been revised with administrative updates only that reflect the change in position being known as the “City Auditor”. There is no impact on the authority granted to the position, it is solely an administrative change.

Integrity Commissioner Impact

Any complaints received that fall under the purview of the Integrity Commissioner will be directed to the formal process that currently exists at the City of Hamilton. The Office of the City Auditor will not be assessing complaints that relate to the Integrity Commissioner—they will all be routed for direct referral to the City’s standard process for making a complaint to the Integrity Commissioner.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD 19011– Hotline Poster

OUR Vision: To be the best place to raise a child and age successfully.

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confidential
anonymous

SPEAK UP

Report any wrongdoing

Use the Fraud and Waste Hotline



Who can report?

The general public, City staff, and those doing business with the City can report suspected fraud, waste, or wrongdoing involving City resources.

Confidential and anonymous

The Fraud and Waste Hotline is a confidential and anonymous service that is **independently operated** by a third party and is accessible by phone or internet.

www.hamilton.ca/Fraud

Call Toll Free 24/7

1-888-390-0393



Hamilton

Office of the City Auditor



FRAUD AND WASTE HOTLINE LAUNCH

July 11, 2019

What is a Fraud and Waste Hotline?

The general public, City staff, and those doing business with the City can report **suspected fraud, waste or wrongdoing involving City resources.**

Confidential and anonymous service

Independently operated by a third party

Accessible by phone or online

Available 24 hours a day 7 days a week

- Integrity matters
- Public expects value for money in government service delivery
- Hotline enables action to be taken
- Large and mid-size municipalities typically have a hotline

confidential
anonymous

SPEAK UP


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Informing our audiences

- Media releases
- Newspaper Ads
- Banners on Hamilton.ca and eNet
- @City of Hamilton employee newsletter
- Social Media
- CityApp
- And via many more...

How to report



Telephone

Call toll-free 1-888-390-0393

Online

www.hamilton.ca/Fraud (redirects to a third party website)



Email

cityofhamilton@integritycounts.ca

Mail

PO Box 91880
West Vancouver, BC, V7V 4S4



Fax

1-604-926-5668

When reporting through the Fraud and Waste Hotline provide as much information as possible to support your report

- Description of the incident(s) (names, dates, times, places)
- Any other relevant details
- Location of any available evidence (physical evidence or e-records)
- Names and contact information of witnesses
- What funds, assets or resources were involved
- Who else may be aware of the incident

What happens after a report is made?

All reports are assessed

Preliminary inquiries are made

Investigations are launched as appropriate

Action is taken to resolve issues

Timelines vary depending on the nature and complexity of a report, and management response time



Sharing the information

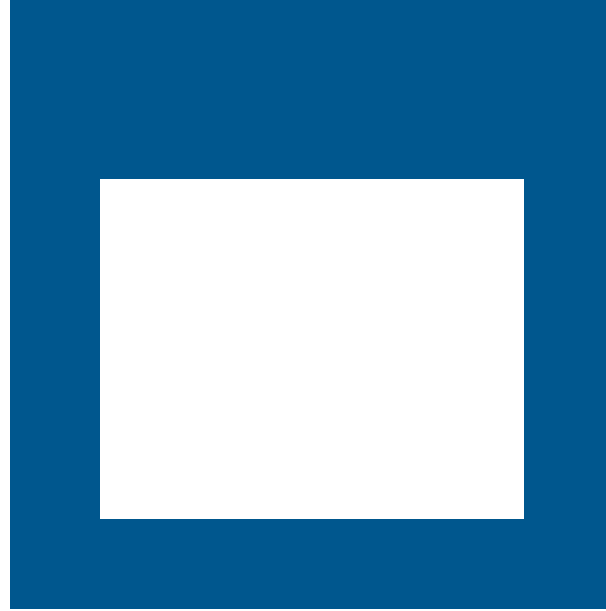
- Quarterly volume statistics reports, with high level information about types of intake
- Year end report includes case examples of typical types of reports
- End of 3-yr pilot report, detailed evaluation of hotline



Learn more



www.hamilton.ca/Fraud



THANK YOU



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Jodi Koch (905) 546-2424 Ext. 3003
SUBMITTED BY:	Lora Fontana Executive Director Human Resources
SIGNATURE:	

Council Direction:

Not Applicable

Information:

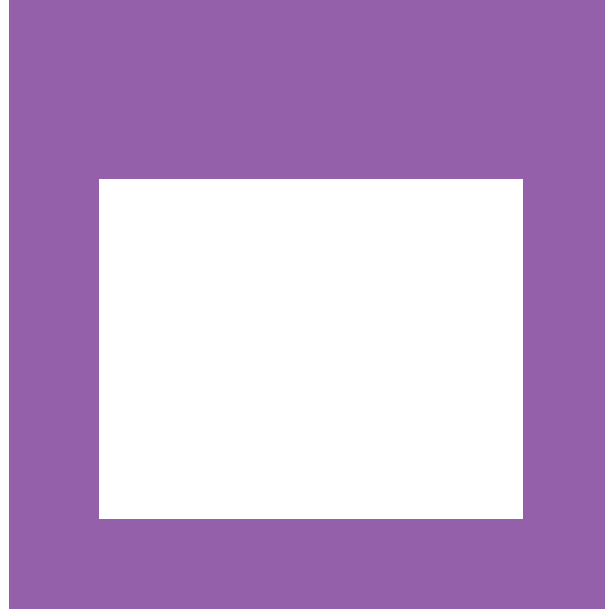
Council approved the Human Rights, Diversity and Inclusion Strategic Plan in June 2017. This plan is based on the principle to create, foster, support and ultimately, sustain a City culture whereby all people feel a strong sense of inclusion, empowerment, and opportunity for development and growth.

This presentation is designed to provide the Council with an updated overview of the plan and of the goals for 2019.

OUR Vision: To be the best place to raise a child and age successfully.

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DIVERSITY AND INCLUSION STRATEGIC PLAN UPDATE

July 11, 2019

To ensure all aspects of our City are built on the principles of Human Rights, Diversity and Inclusion.

To create, foster, support and, ultimately, sustain a City culture whereby all people feel a strong sense of inclusion, empowerment, and opportunity for development and growth.

LINKS TO CITY STRATEGIC PLAN

The Diversity and Inclusion Plan is linked to the City of Hamilton's Strategic Plan as follows:

- Community Engagement and Participation
- Economic Prosperity and Growth
- Healthy and Safe Communities
- Built Environment and Infrastructure
- Culture and Diversity
- Our People and Performance

LINKS TO CITY STRATEGIC PLAN

Community Engagement and Participation:

Through active involvement in and consultation with our Volunteer Advisory Committees and various Community Partnerships, we strive to ensure we represent the interests and values of those we serve in an inclusive and respectful manner.

LINKS TO CITY STRATEGIC PLAN

Economic Prosperity and Growth:

A diverse and inclusive culture is essential for attracting and retaining the best ideas and talent which are key ingredients for future success in delivering cost effective and efficient services to our community. Quite simply, Diversity and Inclusion are essential “must haves” to achieve our objectives.

LINKS TO CITY STRATEGIC PLAN

Built Environment and Infrastructure:

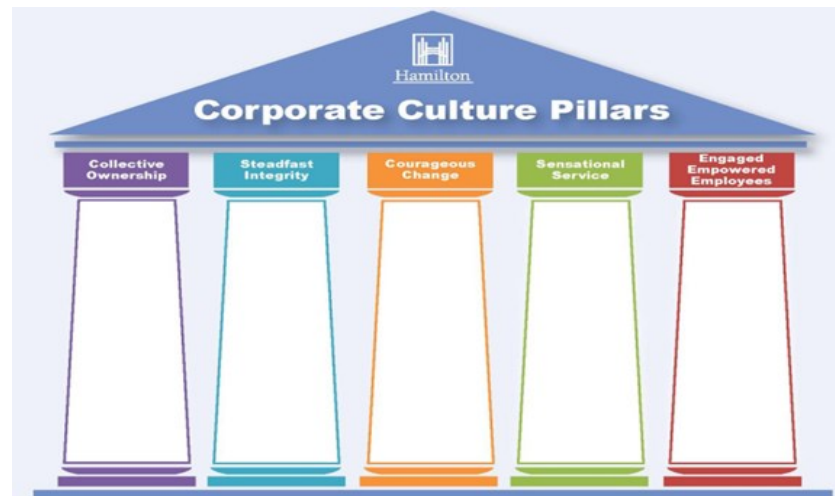
Ensuring equitable access for all is fundamental in achieving a diverse and inclusive workplace and community.

This will ensure our employees, citizens and visitors have equitable access to safe and supportive environments in which to live, work, and play through our policies, commitments, services, and facilities.

LINKS TO CITY STRATEGIC PLAN

Culture and Diversity:

Our Diversity and Inclusion Strategic Plan is intrinsically linked to the City of Hamilton's Corporate Culture Pillars. All pillars are essential for a truly sustainable diverse and inclusive City.



LINKS TO CITY STRATEGIC PLAN

Our People and Performance:

Attracting, selecting and retaining the best talent is essential for our success. We will strive to be the employer of choice for the region and share our learnings with others. Our citizens will trust in our commitment to create and sustain a City culture built on Diversity and Inclusion. Our engaged employees will “Be the Reason” the City of Hamilton is the best place to raise a child and age successfully.

LINKS TO CITY STRATEGIC PLAN

Healthy and Safe Communities:

An environment where all feel welcomed and safe is critical for both our workplace and our municipal facilities. Creating a safe space for work and play where everyone belongs.

2018 KEY ACCOMPLISHMENTS

During 2018, the Diversity and Inclusion team focussed on five key projects:

- Hamilton Anti-Racism Resource Centre (HARRC)
- Improving Diversity in the Recruitment for Volunteer Advisory Committees, Agencies and Boards
- Voluntary Demographic Data Collection
- Development and Implementation of Trans Protocol Training
- Development and Implementation of Use of Indigenous Medicines Policy and Procedure

Training continues to be a key component of the Diversity and Inclusion team's efforts. In 2018, the team delivered nearly 100 training sessions for 2304 employees.

Course content included legislated and mandatory training for a wide variety of employees.

2019 KEY INITIATIVES

- Hamilton Anti-Racism Resource Centre
- Trans Protocol Training
- Voluntary Demographic Data Collection and Analysis
- Equity, Diversity, and Inclusion Framework

2019 KEY INITIATIVES

- HARRC Community Engagement and Follow

Up:

- **Phase One** – Focus group discussions
 - May 2019 Completed
- **Phase Two** – Events and Festivals/Online Survey
 - June to August - Ongoing
- **Phase Three** – Community Stakeholder Workshop
 - Q3 2019
- **Phase Four** - Recommendation Report
 - Q4 2019
- **Phase Five** – Reopening of Centre
 - Q1 2020

COMMUNITY ENGAGEMENT

- Insert pictures from events on Monday

2019 KEY INITIATIVES

Trans Protocol Training:

- Hiring of one full time and two part time Diversity and Inclusion Facilitators
- Launch of “early adopters” training with support of SLT
- Roll out of organization wide training sessions

2019 KEY INITIATIVES

- Voluntary Demographic Data Collection for Employees and Applicants:
 - **Phase One** – Applicant data collection
 - Began February 2019 – Ongoing
 - **Phase Two** – Survey of all current employees in accordance with Employment Equity
 - Q3/Q4 2019
 - **Phase Three** – Data Analysis
 - Q4 2019

2019 KEY INITIATIVES

- Equity, Diversity, and Inclusion Framework:
 - **Phase One** – Data collection and organizational assessment
 - Began March 2019 – Ongoing
 - **Phase Two** – Recommendation report on implementation strategy
 - Q3 2019
 - **Phase Three** – Community Engagement and EDI Summit
 - TBD

Thank You



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	Diversity and Inclusion Strategic Plan Annual Report (HUR19016) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Jodi Koch (905) 546-2424 Ext. 3003
SUBMITTED BY:	Lora Fontana Executive Director Human Resources
SIGNATURE:	

INFORMATION

In June 2017, City Council approved the Human Rights, Diversity and Inclusion Strategic Plan. This office focuses on the administration, implementation and interpretation of the following legislation and corporate policies:

- Ontario Human Rights Code
- Accessibility for Ontarians with Disabilities Act (AODA), 2005
- Harassment and Discrimination Prevention Policy
- Personal Harassment Prevention Policy
- Equity Policy
- Anti-Racism Policy
- Protocol for Gender Identity and Gender Expression; Transgender and Gender Non-Conforming Persons
- Use of Indigenous Medicines Policy

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**SUBJECT: Diversity and Inclusion Strategic Plan Annual Report
(HUR19016) (City Wide) - Page 2 of 5**

Our efforts are focused on providing proactive training to staff as well as necessary support on consultations and interventions regarding concerns raised by employees and /or citizens relating to the above. In addition, the team serves as Staff Liaison for a total of eight (8) Volunteer Advisory Committees. These committees include:

- Aboriginal Advisory Committee
- Accessibility Committee for Persons with Disabilities
- Committee Against Racism
- Immigrant and Refugee Committee
- LGBTQ Committee
- Mundialization Committee
- Senior's Advisory Committee
- Status of Women Advisory Committee

Additionally, staff support various working groups and events initiated by these committees.

Key Accomplishments

During 2018, the Diversity and Inclusion team focussed on five key projects:

- 1) Hamilton Anti-Racism Resource Centre (HARRC)
- 2) Improving Diversity in the Recruitment for Volunteer Advisory Committees, Agencies and Boards
- 3) Voluntary Demographic Data Collection
- 4) Development and Implementation of Trans Protocol Training
- 5) Development and Implementation of Use of Indigenous Medicines Policy and Procedure

The Hamilton Anti-Racism Resource Centre is a joint venture between the City of Hamilton, McMaster University, and Hamilton Centre for Civic Inclusion. City Council approved funding of \$100,000/year for a three year pilot project. The intent of the Centre was to collect data to better understand issues relating to racism occurring in the City of Hamilton in an effort to identify key issues and trends and to provide recommendations on policies to address identified opportunities. The Centre was officially opened in April 2018 and then eventually paused in February 2019 due to a variety of factors. Team members supported this project through roles on the Oversight Committee and Steering Committee. The Centre remains a key priority for the team in 2019 and beyond.

**SUBJECT: Diversity and Inclusion Strategic Plan Annual Report
(HUR19016) (City Wide) - Page 3 of 5**

A review of the City of Hamilton's Advisory Committee Report (CM15007) indicated that many members of the Volunteer Advisory Committees reported that the existing methods of recruitment were insufficient to secure a proper applicant pool. As a result, the Diversity and Inclusion staff presented a recommendation report to Council (HUR18017) in September 2018 intended to increase the profile and reach of the recruitment efforts.

In the previous recruitment in November 2015, a total pool of 161 applicants were received from across the City of Hamilton for positions on thirteen (13) Volunteer Advisory Committees. All applicants were placed on one or two of the committees. In the 2018 recruitment, which utilized the staff's recommendations to reach a more diverse pool of candidates, a total of 801 applications were received, 332 of which were for the twelve (12) Volunteer Advisory Committees. This unprecedented response resulted in a much larger and more diverse pool of candidates.

With the assistance of the City Clerk's Office, Diversity and Inclusion staff also undertook to incorporate voluntary demographic data collection questions in accordance with Statistics Canada definitions and Employment Equity guidelines. Based on those 598 candidates who completed online applications, 81% elected to complete the voluntary demographic self-identification questions. Appendix A to Report HUR19016 provides the details of the responses. The overall breakdown is as follows:

Applicants to all Volunteer Advisory Committees, Agencies and Boards:

- Women 37.7%
- Indigenous 2.0%
- Racialized 16.7 %
- Person with a Disability 15.3 %

Successful applicants who were granted a position on one or more committee:

- Women 50.33%
- Indigenous 2.00%
- Racialized 19.2%
- Person with a Disability 15.9%

The fourth key initiative was to develop and implement the Trans Protocol training. Working in conjunction with Egale Human Rights Trust Canada, the Diversity and Inclusion team developed a pilot training program. The team engaged with the City of Hamilton's LGBTQ Volunteer Advisory Committee and then also reached out for a broader series of community consultations to get feedback and inputs into the training. The result was a subsequent report to Council (HUR 17002(c)) in which Council approved the one full time and one part time FTE and budget for a three-year period to ensure individuals with lived experience were able to facilitate the training across the

**SUBJECT: Diversity and Inclusion Strategic Plan Annual Report
(HUR19016) (City Wide) - Page 4 of 5**

organization. Additionally, members of the Hamilton community with lived experiences offered to support the City's efforts by participating in video components that have since been incorporated into the training program. The ability to hear lived experiences from local Hamiltonians greatly enhanced the meaningfulness and relevance of the training material. All members of supervision and above were trained in 2018 with a full roll out beginning in 2019.

Diversity and Inclusion staff also supported the creation and implementation of a new Human Rights Policy and Procedure regarding the Use of Indigenous Medicines (HUR18005/HCS18007) which was approved at Council in February 2018 and continue to be responsible to address any issues or concerns relating to this policy for the organization.

Training

Training is a key component of any Diversity and Inclusion Strategic Plan. The team delivered nearly 100 in-person training sessions which resulted in 2304 employees being trained in 2018. This training included legislated AODA training and mandatory Respect in the Workplace (It Starts With You), Corporate New Employee Orientation training along with other customized program delivery including Civility in the Workplace and Gossip in the Workplace in addition to the previously mentioned Trans Protocol training. Managers also participate in a more in-depth training program which provides additional skills and resources to assist them in dealing with issues in the workplace. Details on the training data can be found in Appendix B to Report HUR19016.

Issue Consultations and Investigations

The Diversity and Inclusion team serve as a resource for the entire organization on issues relating to Human Rights, Equity, Diversity, Inclusion, Accessibility, Harassment, and Discrimination. The Human Rights Specialists addressed a total of 171 issues or concerns in 2018 which is a 26.67 percent increase year over year from 2017. The single largest issue continued to be concerns relating to Personal Harassment at just over 50 percent documented. The next most common issue related to Disability at 15 percent. Appendix C to Report HUR19016 provides a detailed data breakdown.

Of the issues presented, 106 resulted in consultations, 53 complaints resulted in 34 formal investigations. Additionally, the City of Hamilton received six (6) new Human Rights Tribunal Applications during 2018. It is interesting to note the significant volume increase given that just five years earlier in 2013, the numbers were virtually half of those in 2018. Specifically, in 2013 there were 36 complaints, 17 investigations, and 3 Human Rights Tribunal Applications.

**SUBJECT: Diversity and Inclusion Strategic Plan Annual Report
(HUR19016) (City Wide) - Page 5 of 5**

Staff also serve as a support for citizens on a variety of accessibility and related issues. In 2018, staff addressed 119 requests for assistance ranging from printing of braille materials, landlord issues, building code and AODA inquiries. Of the 119, 9 requests were unrelated to the City of Hamilton or its services and facilities.

2019 Key Focus Areas

Key efforts for 2019 will include focus on the collection of voluntary demographic data for all applicants and employees to identify trends and opportunities as they relate to recruitment, selection, retention and promotional practices. Additionally, continued community engagement efforts relating to HARRC including a festival and event promotional tour, online survey, and meetings with key community stakeholders. This will result in a future report to Council in Q3 2019 regarding recommendations on how to position the Centre for success moving forward. Another major Diversity and Inclusion initiative is the recommendation to Council regarding the creation of an overall Equity, Diversity, and Inclusion framework to further enhance an inclusive lens for all City policies, programs, and initiatives.

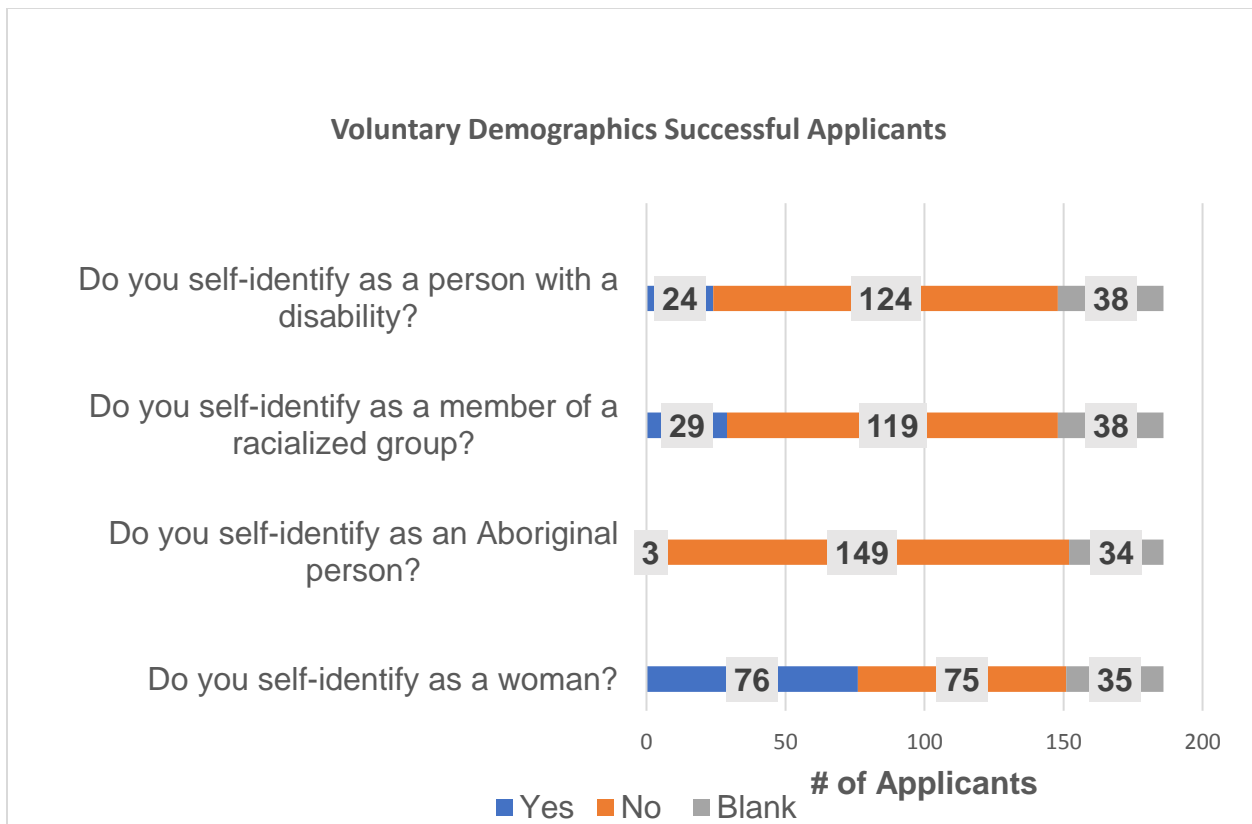
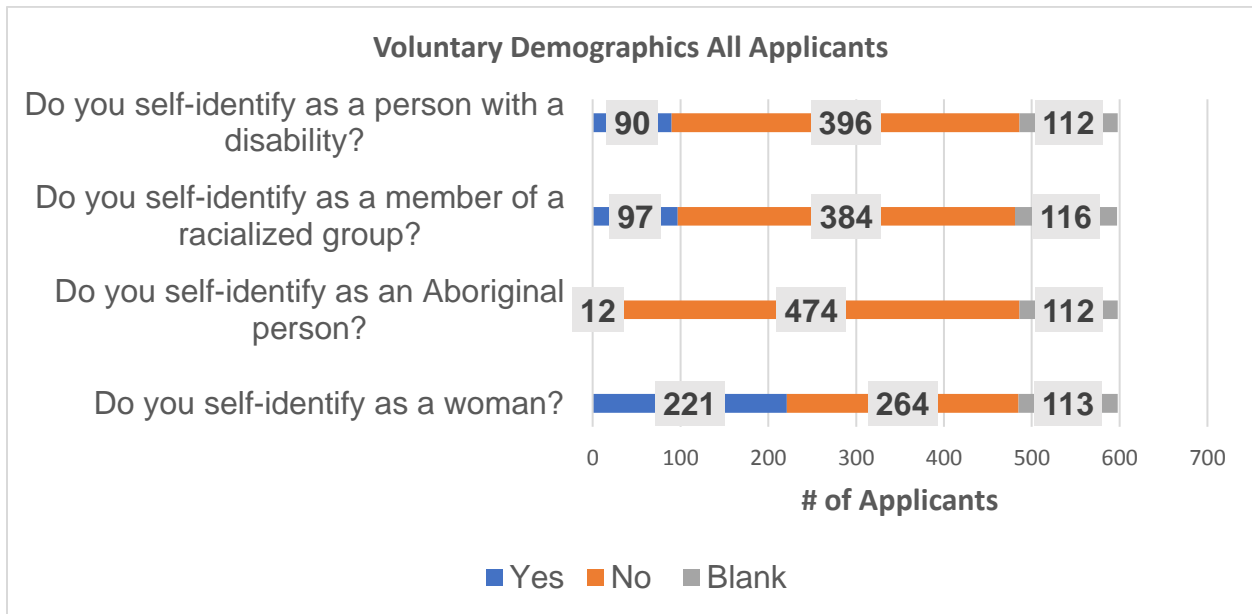
APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report HUR19016 – Voluntary Demographics Self-Identification

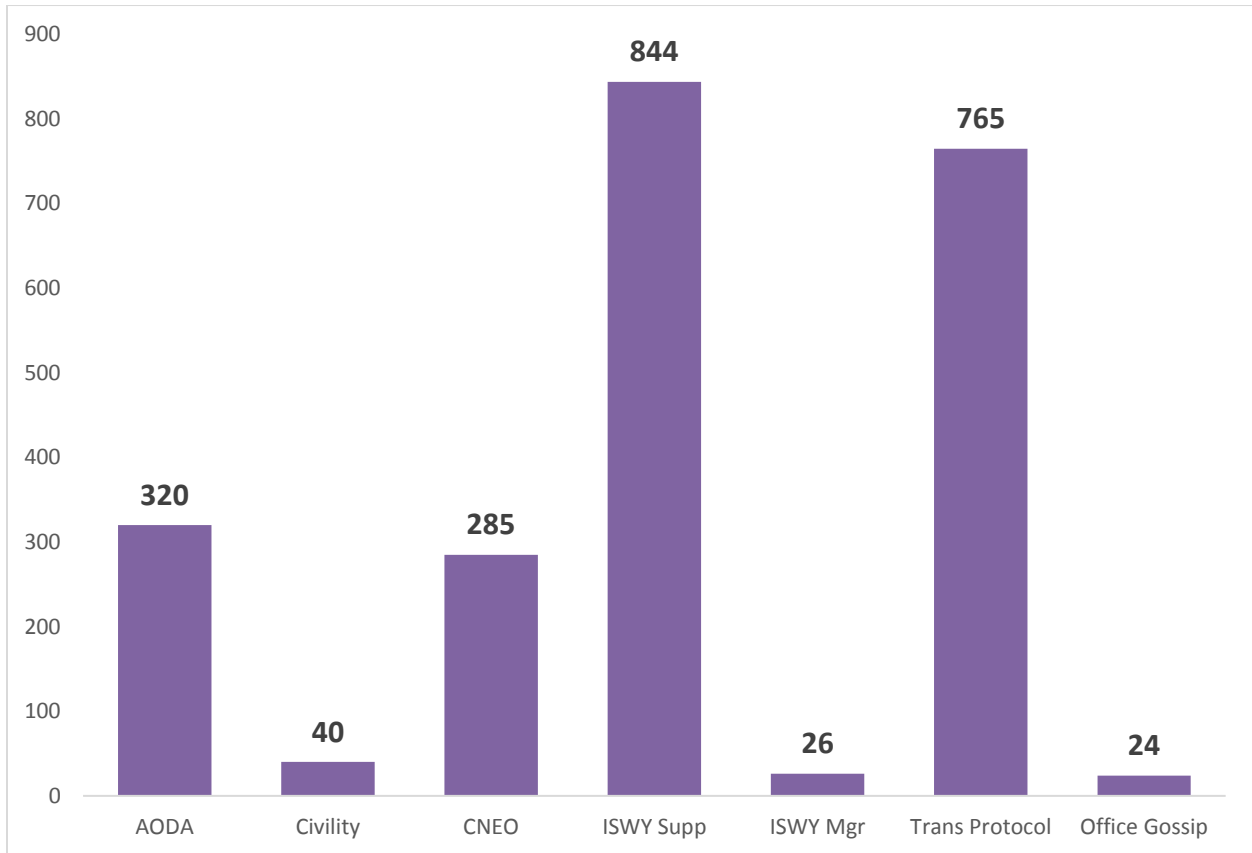
Appendix B to Report HUR19016 – 2018 Diversity and Inclusion Training Completion

Appendix C to Report HUR19016 – 2018 Diversity and Inclusion Issue Classification

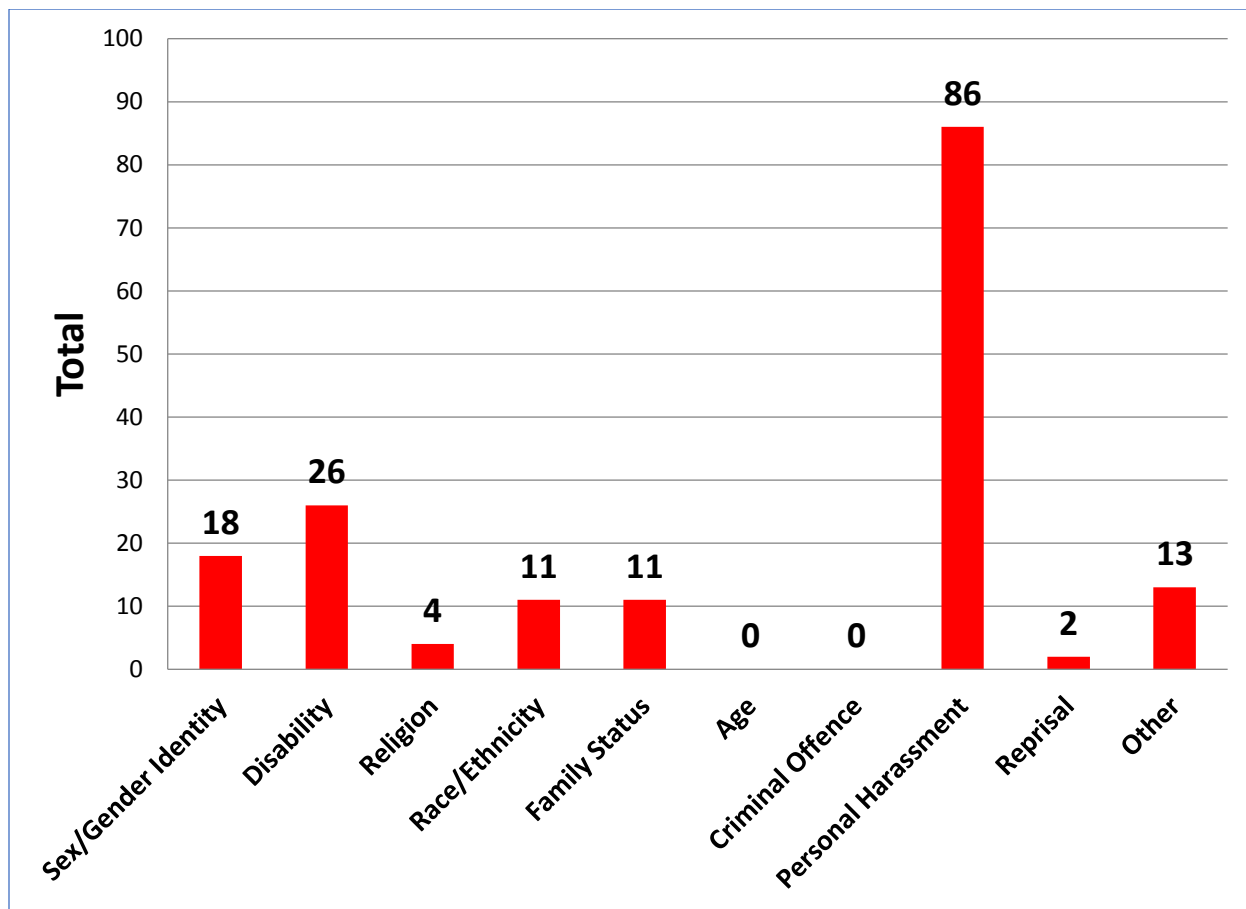
Voluntary Demographics Self-Identification



2018 Diversity and Inclusion Training Completion



2018 Diversity and Inclusion Issue Classification





CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Services and Taxation Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	2018 City of Hamilton Financial Report and Audited Financial Statements (FCS19048) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Shelley Hesmer (905) 546-2424 Ext. 3020
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That the 2018 City of Hamilton Financial Report and Audited Financial Statements, attached as Appendix “B” to Report FCS19048 be approved;

EXECUTIVE SUMMARY

Each year, the Treasurer of the Municipality must prepare and present the audited financial statements to Council for approval as prescribed by the *Municipal Act, (2001)*. The financial statements, attached as Appendix “B” to Report FCS19048, present the consolidated statement of financial position of the Municipality as at December 31, 2018, the consolidated statement of operations for the year ended December 31, 2018, the consolidated statement of changes in net financial assets and the consolidated statement of cash flow.

KPMG LLP, the City of Hamilton’s (City) external auditors, performed the statutory audit function and expressed an opinion, free of qualification, that these financial statements present fairly, in all material respects, the financial position of the City of Hamilton as at December 31, 2018. The Audit Findings Report of KPMG for the year ended December 31, 2018, is attached as Appendix “C” to Report FCS19048. KPMG’s report provides the status of the audit, a summary of significant audit, accounting, and reporting matters; a summary of audit adjustment; and updates to technical accounting and auditing

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: 2018 City of Hamilton Financial Report and Audited Financial Statements (FCS19048) (City Wide) - Page 2 of 4

standards. The report from KPMG indicates that there were no significant internal control deficiencies during the 2018 audit, nor were there any adjustments or differences identified.

The financial statements have been prepared by staff in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public-Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA). Full accrual accounting was implemented with the changes to the CPA Public Sector Accounting Handbook, Section PS1201 Financial Statement Presentation and Section PS3150 Tangible Capital Assets, effective January 1, 2009. The changes were illustrated with the presentation of the 2009 Consolidated Financial Statements (FCS10042) to the Audit, Finance and Administration Committee in June 2010. The most significant change was the reporting of tangible capital assets in the consolidated financial statements. Effective January 1, 2018, the City adopted five new accounting standards in their Consolidated Financial Statements. These new standards include PS2200 Related Party Disclosure, PS3320 Contingent Assets, PS3380 Contractual Rights, PS3210 Assets, and PS3420 Inter-Entity Transactions. The adoption of these new standards had no financial impact to the City's Consolidated Financial Statements, but did result in additional note disclosures.

Appendix "A" to Report FCS19048 provides an overview of management's analysis of the 2018 Consolidated Financial Statements for the City of Hamilton. The 2018 Financial Report (Appendix "B" to Report FCS19048) contains the following information:

- City of Hamilton 5 Year Financial and Statistical Review (unaudited);
- City of Hamilton Consolidated Financial Statements;
- City of Hamilton Trust Fund Financial Statements (Cemetery, Library and General Trust Funds); and
- City of Hamilton Homes for the Aged Trust Fund Financial Statements.

Financial statements for the Hamilton Public Library Board, the City's Housing Corporation and Business Improvement Areas are presented to their respective Boards or Oversight Bodies for approval.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Appendix "A" to Report FCS19048 provides an overview of management's analysis of the 2018 Consolidated Financial Statements of the City of Hamilton.

Staffing: There are no associated staffing implications.

Legal: There are no associated legal implications.

SUBJECT: 2018 City of Hamilton Financial Report and Audited Financial Statements (FCS19048) (City Wide) - Page 3 of 4

HISTORICAL BACKGROUND

The Consolidated Financial Statements of the City of Hamilton are prepared by management in accordance with the Canadian generally accepted accounting principles for local governments, as recommended by the Public-Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

Effective January 1, 2009, the City adopted CPA Public Sector Accounting Handbook Section PS1201 Financial Statement Presentation and Section PS3150 Tangible Capital Assets. As a result of the changes to full accrual accounting, the City began to record tangible capital assets in the 2009 consolidated financial statements. Other changes include standardization of the presentation of the financial assets, liabilities, non-financial assets and accumulated surplus in the financial statements of governments. Expenses replace expenditures in the statement of operations in the full accrual accounting approach. Expenditures were outlays of assets to purchase goods and services. Expenses represent the consumption of assets to provide goods, services and intangibles. Expenses include the amortization of tangible capital assets over the useful life of the assets, the change in liabilities for post-employment, retirement and pension benefits and the change in liabilities for solid waste landfill closure and post closure care costs.

PSAB changes are applied in the years' they come into effect in legislation and will include any required note disclosure. PSAB 3260 – Liability of Contaminated Sites came into effect January 1, 2015 and was shown for the first time in our 2015 Financial Statements, applied retroactively as prescribed. For this new requirement, the City includes this risk-based estimate for remediation of various lands with past industrial uses as part of our liabilities. Details of the liability for 2018 can be found in the financial statements in Appendix "B" to Report FCS19048, Note 23. The Audit Findings Report provided by KPMG in Appendix "C" to Report FCS19048 includes in its current developments section the upcoming changes to PSAB summarized with notes on implications.

The Operating and Capital Budgets continue to be reported on the modified accrual basis of accounting. In addition to the accrual of the usual operating revenues and expenses, the Operating and Capital Budgets include expenditures for principal payments on debt, payments of retiree benefits and payments of landfill costs and revenues from the proceeds on the issuance of debentures or loans.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable.

SUBJECT: 2018 City of Hamilton Financial Report and Audited Financial Statements (FCS19048) (City Wide) - Page 4 of 4

RELEVANT CONSULTATION

KPMG LLP, our external auditors performed the annual audit for the City of Hamilton financial statements for 2018 and provided the related Appendix “C” Audit Findings Report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Each year, the Treasurer of the Municipality must prepare and present the audited financial statements to Council for the approval as prescribed by the *Municipal Act, (2001)*. The 2018 City of Hamilton Financial Report and Audited Financial Statements are included in Appendix “B” to Report FCS19048.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS19048 – Management’s Analysis – 2018 City of Hamilton Consolidated Financial Statements

Appendix “B” to Report FCS19048 – 2018 City of Hamilton Financial Report

Appendix “C” to Report FCS19048 – KPMG’s Audit Findings Report for the year ended December 31, 2018

SH/dw

Appendix “A” to Report FCS19048 - Page 1 of 12**City of Hamilton
2018 Consolidated Financial Statements
Analysis – July 2019****General**

The City of Hamilton’s 2018 consolidated financial statements have been prepared by management and staff of the City of Hamilton in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA).

These financial statements, Appendix “B” to Report FCS19048, are based on the full accrual basis of accounting under the CPA Public Sector Accounting Handbook sections PS1201 Financial Statement Presentation. The consolidated statement of financial position provides a summary of the City’s financial position as of the end of the year while the consolidated statement of operations provides a summary of the financial activity during the year.

Under the full accrual basis, expenditures related to the purchase and acquisition of tangible capital assets are reported as non-financial assets on the statement of financial position rather than as expenses in the statement of operations. Amounts received that relate to expenditures of future periods are recorded as deferred revenue and reported as liabilities on the statement of financial position.

Expenses are reported on the statement of operations by functional area. Expenses are also broken out by salaries and benefits, interest on long-term debt, materials and supplies, contracted services, rents and financial expenses, external transfers, and amortization of tangible capital assets over the useful life of the assets in the Schedule of Operations for Business Segments. Expenses include the change in liabilities for post-employment, retirement and pension benefits, contaminated sites, and solid waste landfill closure and post closure care costs.

In addition to taxation and investment income, reported revenues include government grants and development charges recognized in the period as well as tangible capital assets donated to the City.

The operating and capital budgets are prepared on the modified accrual basis of accounting. Proceeds from the issuance of long term debt that are included as a source of funding in the capital budget and debt principal repayments that are included as expenditures in the operating budget are not reported in the consolidated statement of operations.

The consolidated financial statements report the financial transactions and estimates made by management during 2018. The consolidated financial statements report the

Appendix “A” to Report FCS19048 - Page 2 of 12

2018 City of Hamilton Consolidated Financial Statements Analysis

City’s municipal operations including all departments, Hamilton Police Services, Hamilton Library, CityHousing, Hamilton Street Railway, Hamilton Business Improvement Areas and Government Business Enterprises (Hamilton Utilities Corporation, Hamilton Renewable Power Inc. and Hamilton Enterprises Holding Corporation), Flamborough Recreation Sub-Committees, Confederation Park and Hamilton Farmer’s Market.

The Consolidated Financial Statements consist of:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations
- Consolidated Statement of Changes in Net Financial Assets
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position consists of financial assets, liabilities, non-financial assets and accumulated surplus.

Financial Assets

The City’s total financial asset position increased in 2018 by \$86M to \$1.781B and is reported in the consolidated financial statements as:

	<u>2018</u> \$000's	<u>2017</u> \$000's
Financial Assets		
Cash and cash equivalents	\$ 130,292	\$ 139,287
Taxes receivable	80,972	77,918
Accounts receivable	119,048	120,405
Other assets	1,418	1,327
Long term receivables	63,573	52,124
Portfolio investments	1,056,507	947,928
Investment in Government Business Enterprises	<u>329,237</u>	<u>356,098</u>
Total financial assets	<u>\$ 1,781,047</u>	<u>\$ 1,695,087</u>

Cash and cash equivalents \$130.3M (2018) \$139.3M (2017)

The total represents the balance in City’s bank accounts, deposits held and CityHousing short term investments. The bank accounts include the City’s operating bank, accounts payable bank, payroll bank, Ontario Works bank, and CityHousing Hamilton bank. The balance decreased in 2018 from 2017 as less money was held in the bank at year end.

Appendix "A" to Report FCS19048 - Page 3 of 12

2018 City of Hamilton Consolidated Financial Statements Analysis

Taxes Receivable \$81M (2018) \$77.9M (2017)

Taxes receivable represent unpaid property tax bills net of estimates for allowances for uncollectible accounts. Taxes receivable represent 7.3% of current year's tax levies (2017 – 7.0%). The 2018 balance includes an allowance for doubtful accounts of \$2.9M (2017 - \$1.9M).

Accounts Receivable \$119M (2018) \$120.4M (2017)

Accounts receivable represents revenues earned by the City but not received at year end net of estimates of allowances for uncollectible accounts. The 2018 balance primarily consists of water and wastewater receivables (\$42.8M), general receivables & accruals (\$15.7M), HST receivables (\$9.4M), provincial and federal grants receivable (\$29.6M) and interest receivable (\$4.3M).

Long Term Receivables \$63.6M (2018) \$52.1M (2017)

Long term receivables represent the balance of loans and deferral agreements with agencies and organizations net of the provision for loans with concessionary terms. The long term receivables include:

	<u>2018</u> \$000's	<u>2017</u> \$000's
Development charge deferral agreements	\$37,253	\$26,987
Mortgages receivable:		
Downtown convert to rent program	13,043	11,422
Hamilton Utilities Corporation	6,804	7,128
Hamilton Renewable Power Inc.	278	808
Sheraton Hotel loan	868	977
Other City loan programs	3,987	3,802
Loans to other agencies and organizations	4,211	3,997
Less: Provision for loans with concessionary terms	<u>(2,871)</u>	<u>(2,997)</u>
	\$63,573	\$ 52,124

Portfolio Investments \$1.057B (2018) \$947.9M (2017)

Portfolio investments represent the City's holdings, as prescribed by the Municipal Act, in short and long term fixed income securities. The investments earn various interest rates with different premiums, discounts and maturities. Portfolio investments have a market value of \$1.055B.

Investment in Government Business Enterprises \$329.2M (2018) \$356.1M (2017)

Investment in Government Business Enterprises represents net equity of the consolidation of the City's subsidiary corporations, Hamilton Utilities Corporation (HUC), Hamilton Renewable Power Inc. (HRPI) and Hamilton Enterprises Holding Corporation (HEHCO). The consolidation of subsidiary corporations under the modified equity basis of accounting is required by the generally accepted accounting principles of the Public Sector Accounting Board (PSAB) of the

Appendix “A” to Report FCS19048 - Page 4 of 12

2018 City of Hamilton Consolidated Financial Statements Analysis

Chartered Professional Accountants of Canada (CPA). This PSAB recommendation was instituted in 2000. This also affects the reporting of the accumulated surplus and net municipal position in the consolidated financial statements. Dividends received in 2018 consisted of \$11.4M from HUC and \$0.1M from HRPI (2017 - \$14.7M from HUC and \$0.06M from HRPI).

Liabilities

The City's total liabilities position increased in 2018 by \$86.5M to \$1.535B and is reported in the consolidated financial statements as:

	<u>2018</u> \$000's	<u>2017</u> \$000's
Liabilities		
Accounts payable and accrued liabilities	\$ 323,521	\$ 319,187
Deferred revenue - general	45,196	67,667
Deferred revenue - obligatory reserve funds	237,055	252,156
Long term liabilities – municipal operations	432,088	359,637
Long term liabilities – CityHousing Corporation	52,803	58,508
Employee future benefits and other obligations	373,177	367,587
Solid waste landfill liabilities	<u>71,559</u>	<u>24,174</u>
 Total liabilities	 \$ 1,535,399	 \$ 1,448,916

Accounts Payable and Accrued Liabilities \$323.5M (2018) \$319.2M (2017)

Accounts payable and accrued liabilities represent obligations owing by the City to third parties and employees at year end. The balance primarily consists of amounts payable to vendors and contractors (\$142.2M), payroll accruals (\$27.5M), amounts for insurance claims (\$20.3M), security deposits (\$22.9M), and the present value of the City's commitment to the Randle Reef remediation project (\$2.8M).

Deferred Revenue - General. \$45.2M (2018) \$67.7M (2017)

Deferred revenue represents amounts received that will be recorded as revenue in future years to match expenditures incurred for goods received and services performed. The balance includes federal and provincial government grants and subsidies (\$8.4M), future urban roads (\$13.7M), CityHousing (\$4.6M), general deferred (\$5.1M), and forestry (\$3.7M).

Deferred Revenue – Obligatory Reserve Funds \$237.1M (2018) \$252.2M (2017)

Deferred revenue – Obligatory reserve funds represents amounts received that will be recorded as revenues in future years to match expenditures incurred for goods received and services performed. The balance includes:

Appendix "A" to Report FCS19048 - Page 5 of 12

2018 City of Hamilton Consolidated Financial Statements Analysis

	<u>2018</u> \$000's	<u>2017</u> \$000's
Development charge reserve funds	\$128,146	\$158,996
Recreational land dedicated under the Planning Act	42,763	35,235
Gasoline tax revenue: Provincial	17,332	16,692
Federal	27,604	21,919
Building Permit Revenue	20,700	19,285
Other (Ivor Wynne)	-	29
Other (Main Street Revitalization)	<u>510</u>	<u>-</u>
	<u>\$237,055</u>	<u>\$252,156</u>

Development charge and special area reserve fund balances decreased in 2018. The decrease is made up of \$85.2 million in collections less transfers to finance capital projects of \$109.6 million and transfers to operating of \$10.1 million. During 2018 the City received and accrued federal gas tax transfers of \$33.1 million and provincial gas tax transfers of \$11.4 million. Federal gas tax was allocated for capital upgrades to roads and bridges for \$25 million and to transit for \$4 million. The provincial gas tax was allocated to transit related projects for \$0.1M and transit operating budget \$10.9M. During 2018 the City received parkland dedication fees of \$7.5 million and \$1.4 million was allocated to capital projects for future development of city parks. Approximately \$1.1 million of the surplus building permit revenue in 2018 was transferred to the building permit revenue reserve fund. "Other (Main Street Revitalization)" refers to a reserve established with one-time funding from the provincial government to support revitalization activities within Main street areas.

Long Term Liabilities – Municipal Operations \$432.1M (2018) \$359.6M (2017)
 Long term liabilities – Municipal operations represents the outstanding principal for long term debt issued to finance capital expenditures and obligations for leased tangible capital assets. In 2018, the City made principal repayments on long term debt of \$37.7M (2017 - \$48.5M) and principal repayments on leased tangible capital assets of \$0.6M (2017 - \$0.6M). New debt was issued in 2018 for capital projects \$110.8M (2017 – \$0.00).

Long Term Liabilities – CityHousing Operations \$52.8M (2018) \$58.5M (2017)
 Long term liabilities – CityHousing Operations represents the outstanding principal for loans and mortgages obtained to finance certain CityHousing capital expenditures and asset purchases. In 2018, CityHousing made principal repayments on long term debt of \$5.7M (2017 - \$5.6M).

CityHousing debenture debt issued by the Ontario Housing Corporation remains the obligation of the Province of Ontario as a result debenture debt of \$11.0M (2017 - \$14.0M) is not reported in the consolidated financial statements.

Appendix "A" to Report FCS19048 - Page 6 of 12

2018 City of Hamilton Consolidated Financial Statements Analysis

Employee Future Benefits and Other Obligations \$373.2M (2018) \$367.6M (2017)

These estimates represent the liabilities associated with employee post-employment, retirement and pension benefits. The Generally Accepted Accounting Principles recognize the liabilities in the year in which the employees provide the services associated with the benefits.

The 2018 estimates are provided by independent actuaries from actuarial valuations performed for 2018 or performed for earlier years and extrapolated for 2018. The estimates use assumptions for inflationary increases of 2% to 2.25% annually, a discount rate of 3.5% to 5.4%, payroll increases of 3%, and increases in pension plan assets of 5.4%. Projections for retirement benefits assumed that drug costs would increase by 8.2% in 2017 with future annual increases grading down linearly by 0.20% to an ultimate rate of 4.0% and dental costs will increase by 4.0% annually. These liabilities are not reported net of any reserves already setup on the balance sheet in the Statement of Financial Position.

The employee future benefits and other obligations are summarized in the consolidated financial statements as:

	<u>2018</u> \$000's	<u>2017</u> \$000's
Accrued Benefit Obligation		
Sick leave benefit plan	\$ 57,470	\$ 55,982
Long term disability plan	27,869	26,687
Workplace safety and insurance board liabilities (WSIB)	93,436	88,537
Retirement benefits	151,311	146,547
Vacation benefits	26,906	27,478
Pension benefit plans	<u>9,917</u>	<u>9,132</u>
	366,909	354,363
Net unamortized actuarial gain (loss)	<u>6,268</u>	<u>13,224</u>
Accrued Liability	\$ 373,177	\$ 367,587
Less: Provisions in Reserves	<u>(66,073)</u>	<u>(66,002)</u>
Unfunded Liability	\$ 307,104	\$ 301,585

PSAB's disclosure requirements for employee benefits and other obligations are quite extensive. Notes 10 and 11 to the Consolidated Financial Statements provide the details of the actuarial valuations, the actuarial gains and losses, payments and expenses related to these liabilities.

Actuarial gains and losses, permitted in the PSAB accounting standards, result from changes in valuation assumptions used for the current valuations versus previous valuations. The net unamortized actuarial gain of \$6.3M represents a loss in long term disability of \$1.4M, a loss in retirement benefits of \$16.0M, a loss in WSIB liabilities of \$5.4M, a loss in sick leave obligations of \$4.8M and a gain in the pension plans of \$33.9M. These actuarial gains and losses will be spread over future periods and recognized as expenses under the category of salaries and benefits in the Statement of Operations.

Appendix "A" to Report FCS19048 - Page 7 of 12

2018 City of Hamilton Consolidated Financial Statements Analysis

Provisions have been made in the reserves for \$66.1M (2017 - \$66.0M) to fund a portion of these liabilities. These liabilities are only 18.0% funded (2017 – 18.0%) and there is no PSAB requirement to fund the net unfunded liability portion of these employee benefits of \$307.1M from reserves or taxation at this time. These unfunded liabilities can be funded in future years as amounts are expensed in the operating budget for actual payments.

Solid Waste Landfill Liabilities \$71.6 (2018) \$24.2M (2017)

This amount represents the estimate of the liability for closure and post closure costs of the City's twelve closed and one open landfill sites. The liability is calculated by discounting the future years' expected cash outflows for the spending on eligible activities on the landfill sites. For liability calculation purposes the open landfill site has been divided into three phases. Phase 1 closed in 2018, phase 2 has begun accepting fill and is expected to close in 2046. Construction of Phase 3 has not been initiated. It is estimated that the site will reach full capacity and close in 2055. Expenses for the post-closure care of the open landfill site are estimated for 50 years after each phase is expected to close. The City's expenses related to spending on capital projects and the change in the estimated liability are reflected in the Statement of Operations.

Waste diversion rates, waste initiatives such as the green cart program and composting, new waste technologies and ongoing assessments of the closed sites impact the landfill liabilities. The City's waste diversion rate for 2018 was 29-30% (2017 – 43%).

Provisions have been made in a reserve of \$1.1M (2017 - \$1.1M) to fund a portion of this liability. There is no PSAB requirement to fund the liability at this time.

Non-Financial Assets

The City's total non-financial assets position increased in 2018 by \$247.1M to \$5.7B and is reported in the consolidated financial statements as:

	<u>2018</u> \$000's	<u>2017</u> \$000's
Non-Financial Assets		
Tangible capital assets	\$5,676,581	\$ 5,429,864
Inventories	15,174	12,556
Prepaid expenses	<u>8,425</u>	<u>10,709</u>
	<u>\$ 5,700,180</u>	<u>\$ 5,453,129</u>

Appendix "A" to Report FCS19048 - Page 8 of 12

2018 City of Hamilton Consolidated Financial Statements Analysis

Tangible Capital Assets (TCAs) \$5.7B (2018) \$5.4B (2017)

The City's general and infrastructure tangible capital assets include land, land improvements, buildings, vehicles, computer, other machinery and equipment, roads, bridges and structures, water and wastewater, facilities and underground infrastructure networks. The net book value of \$5.7B represents the cost of the tangible capital assets less accumulated amortization over the life of the assets. The TCA total includes amounts spent to the end of the year on tangible capital assets under construction.

A summary of the tangible capital assets valued as at Dec. 31, 2018 include:

	<u>2018</u> \$000's	<u>2017</u> \$000's
General		
Land	\$ 357,211	\$ 333,818
Land improvements	157,312	152,325
Buildings	817,598	756,160
Vehicles	137,501	128,600
Computer hardware and software	13,572	11,821
Other	95,871	99,540
Infrastructure		
Roads	1,293,193	1,261,223
Bridges and structures	184,387	183,422
Water and wastewater facilities	398,743	403,647
Underground and other networks	<u>1,861,011</u>	<u>1,789,334</u>
Net Book Value	\$ 5,316,399	\$ 5,119,890
Assets under construction	<u>360,182</u>	<u>309,974</u>
Total	\$ <u>5,676,581</u>	\$ <u>5,429,864</u>

The Schedule of Tangible Capital Assets in the Consolidated Financial Statements contains additional information on these non-financial assets. The replacement cost of assets valued as at Dec. 31, 2018 is estimated at \$21.5B.

Inventories	\$15.2M (2018)	\$12.6M (2017)
Prepaid expenses	\$8.4M (2018)	\$10.7M (2017)

Two other categories of non-financial assets are inventories of goods for use in the delivery of services and prepaid expenses for purchases made in 2018 for expenses to be incurred in 2019 and beyond.

Appendix "A" to Report FCS19048 - Page 9 of 12

2018 City of Hamilton Consolidated Financial Statements Analysis

Accumulated Surplus**Net Municipal Financial Position****\$5.946B (2018)****\$5.699B (2017)**

The City's accumulated surplus represents the net municipal financial position in PSAB's financial statement presentation requirements for 2018. The balance is comprised of the following:

	<u>2018</u> \$000's	<u>2017</u> \$000's
Accumulated surplus (Net municipal financial position)		
Operating surplus of BIA, Flamborough Recreation sub-committee, Confederation Park	\$ 1,933	\$ 1,652
Operating surplus – CityHousing	86,500	(154)
Capital surplus – Municipal	119,822	(37,423)
Capital surplus – CityHousing	17,072	9,286
Reserves and Reserve Funds	709,015	742,253
Unfunded liabilities – Employee benefits	(348,832)	(343,679)
Unfunded liabilities – Landfill sites	(71,559)	(24,174)
Investment in Government Business Enterprises	329,237	356,098
Investment in tangible capital assets	<u>5,102,640</u>	<u>4,995,441</u>
Total accumulated surplus	\$ 5,945,828	\$ 5,699,300

Consolidated Statement of Operations

The Consolidated Statement of Operations represents the revenue and expenses under the PSAB format for financial statements introduced in 2009. The budget and actual revenues and expenses reported in the Consolidated Statement of Operations will not match amounts reported to Council for several reasons. The consolidated financial statements include revenues from donated capital assets, expenses from the amortization of tangible capital assets and change in unfunded liabilities which are not included in the budget. Proceeds from the issuance of long term debt that are included as a source of funding in the capital budget and debt principal repayments that are included as expenditures in the operating budget are not reported in the consolidated statement of operations.

These financial statements reflect the transfers to reserves of the City's municipal tax and rate operating budget surplus of \$24.8M as reported in report FCS18067.

The annual surplus in the Consolidated Statement of Operations of \$286.2M represents the excess of revenue over expenses for 2018 under PSAB's full accrual basis of accounting and, therefore, is a different surplus than the operating budget surplus reported to Council.

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2018 City of Hamilton Consolidated Financial Statements Analysis

Revenue increased by \$80.5M to \$2.05B in 2018 from \$1.97B in 2017 and is reported in the Consolidated Statement of Operations as:

	Budget <u>2018</u> \$000's	Actual <u>2018</u> \$000's	Actual <u>2017</u> \$000's
Revenue			
Taxation	\$ 886,430	\$ 888,229	\$ 876,880
Government grants and contributions	453,642	454,774	394,785
User charges	336,728	347,637	334,974
Developer contributions earned	122,105	119,703	50,313
Donated tangible capital assets	46,862	46,862	18,217
Investment and dividend income	43,705	31,101	28,070
Net income from Government Business Enterprises	-	24,285	134,914
Other	<u>106,222</u>	<u>137,476</u>	<u>131,383</u>
Total revenue	<u>\$ 1,995,694</u>	<u>\$ 2,050,067</u>	<u>\$ 1,969,536</u>

The increase in taxation revenue includes the 2018 Operating Budget property tax increase of 1.28%.

Government grants and contributions revenue's increased by \$59.989M in 2018 from 2017. Significant government grants and contributions for operating budget programs and capital projects include:

	<u>2018</u> \$ 000's	<u>2017</u> \$ 000's
General government	\$2,062	\$ 3,735
Protection services	8,743	7,990
Transportation services	58,980	43,248
Environmental services	27,356	5,845
Health services	57,898	56,550
Social and family services	245,885	242,234
Social housing (after consolidations)	48,728	31,910
Recreation and cultural services	3,397	1,398
Planning and development	<u>1,725</u>	<u>1,875</u>
Total Funding	<u>\$454,774</u>	<u>\$ 394,785</u>

User charges of \$347.6M primarily consist of water and wastewater revenues of \$210.8M (\$199.6M in 2017) and transit fares and fees of \$59.4M (\$58.3M in 2017). Other user fees are recorded in recreation & cultural services of \$23.3M (\$22.2M in 2017), Social and family services of \$16.3M (\$16.1M in 2017), Waste diversion & disposal of \$9.8M (\$12.5M in 2017), planning and development of \$12.2M (\$11.1M in 2017) and protection services of \$5.9M (\$5.5M in 2017).

Development charges and sub-dividers contributions of \$120M was recognized as revenue in 2018 while unearned revenue is recorded as deferred revenue on the Statement of Financial Position.

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2018 City of Hamilton Consolidated Financial Statements Analysis

Donated tangible capital assets of \$46.9M represent assets that were donated or contributed to the City by developers and recorded as revenue as per PSAB accounting standards.

Investment and dividend income consists of investment income of \$31.1M from City municipal and CityHousing operations from fixed income securities, bank balances and deposits.

Net income from Government Business Enterprises represents net income of \$24.3M from HUC, HRPI and HEHCO for 2018 (\$134.9M in 2017). This includes dividends to the City in 2018 of \$11.4M from HUC (\$14.7M in 2017) and \$0.1M from HRPI (\$0.06M in 2017). The other comprehensive income (loss) from Government Business Enterprises was a loss of \$39.7M in 2018 (2017 - \$11.4M loss) and represents the re-measurement gains and losses arising from HUC.

Other Revenue of \$137M represents revenue from licenses and permits of \$21.1M (\$20.5M in 2017), rents of \$44.3M (\$43.4M in 2017), fines and penalties of \$30.7M (\$28.6M in 2017) and other miscellaneous revenue of \$41.4M (\$38.9M in 2017).

Expenses increased by \$72.8M to \$1.764B in 2018 from \$1.691B in 2017 and are reported in the Consolidated Statement of Operations as:

	Budget <u>2018</u> \$000's	Actual <u>2018</u> \$000's	Actual <u>2017</u> \$000's
Expenses			
General government	\$ 75,146	\$ 80,025	\$ 70,733
Protection services	324,653	324,227	312,564
Transportation services	315,117	320,005	326,274
Environmental services	294,636	284,271	239,488
Health services	103,589	102,868	99,125
Social and family services	317,343	316,819	315,218
Social housing	117,717	105,893	105,141
Recreation and cultural services	175,281	172,965	169,029
Planning and development	<u>56,213</u>	<u>56,785</u>	<u>53,455</u>
Total expenses	<u>\$1,779,695</u>	<u>\$ 1,763,858</u>	<u>\$ 1,691,027</u>

Expenses are summarized by the functional categories above in the Statement of Operations and by object of expenses in the schedule of operations for business segments in the notes to the Consolidated Financial Statements. Expenses include salaries and benefits, interest on long term debt, material and supplies, contracted services, rents and financial expenses, external transfers, amortization of tangible capital assets and inter-functional transfers. Expenses include expenses in the operating budget programs and expenses from specific projects in the capital budget that are not tangible capital assets. Expenses exclude principal repayments on long term debt recorded as

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2018 City of Hamilton Consolidated Financial Statements Analysis

reductions of long term debt and capital expenditures recorded as acquisitions and construction of tangible capital assets.

Expenses are summarized in the following categories as:

	<u>2018</u> \$ millions	<u>2017</u> \$ millions
Salaries and benefits	\$ 780.1	\$ 755.4
Interest on long term debt	12.7	13.4
Materials and supplies	207.7	218.1
Contracted services	342.0	275.4
Rents and financial expenses	34.5	42.4
External transfers	190.5	194.2
Amortization	<u>196.4</u>	<u>192.1</u>
Total	<u>\$1,763.9</u>	<u>\$1,691.0</u>

Primary drivers for the increase in expenses relate to \$11.9M in non-tangible capital asset expenses from capital projects (materials and supplies, contracted services, external transfers), \$14.3M in salaries, benefits, pensions, increase in employee future benefits and other obligation \$5.6M, increase of \$4.3M related to amortization for the tangible capital assets, decrease in tax appeals, write-offs and rebates (\$14.0M), increase in solid waste landfill liabilities of \$47.4M.



Hamilton

FINANCIAL REPORT

2018

**City of Hamilton
71 Main Street West
Hamilton, Ontario
L8P 4Y5**

City of Hamilton Financial Report 2018

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Accommodations for Readers with Disabilities

In accordance with the Ontario Human Rights Code, Ontarians with Disabilities Act, 2001 (ODA) and Accessibility for Ontarians with Disabilities Act, 2005 (AODA), the City of Hamilton will accommodate for readers with a disability upon request.

Section 1

City of Hamilton Five Year Financial and Statistical Review 2018

City of Hamilton
Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenue					
Taxation	\$ 888,229	\$ 876,880	\$ 854,709	\$ 831,645	\$ 792,317
Government grants and contributions	454,774	394,785	385,447	384,363	418,772
User charges	347,637	334,974	332,601	315,340	298,888
Development charges and subdivider contributions	119,703	50,313	82,025	25,611	47,102
Donated tangible capital assets	46,862	18,217	16,646	43,571	36,584
Investment and dividend income	31,101	28,070	27,067	30,284	35,452
Net income from Government Business Enterprises	24,285	134,914	22,857	18,758	3,622
Other	137,476	131,383	116,549	114,019	98,716
	<u>2,050,067</u>	<u>1,969,536</u>	<u>1,837,901</u>	<u>1,763,591</u>	<u>1,731,453</u>
Operating Expenses by Function					
General government	\$ 80,025	\$ 70,733	\$ 72,550	\$ 57,664	\$ 50,906
Protection services	324,227	312,564	306,629	300,362	283,934
Transportation services	320,005	326,274	310,190	318,605	323,253
Environmental services	284,271	239,488	238,553	219,339	206,052
Health services	102,868	99,125	98,443	105,377	91,846
Social and family services	316,819	315,218	302,830	294,343	284,733
Social housing	105,893	105,141	111,113	120,898	111,650
Recreation and cultural services	172,965	169,029	165,214	155,720	142,383
Planning and development	56,785	53,455	51,514	54,882	46,933
	<u>1,763,858</u>	<u>1,691,027</u>	<u>1,657,036</u>	<u>1,627,190</u>	<u>1,541,690</u>
Net Operating Revenue or Annual Surplus from Operations	<u>286,209</u>	<u>278,509</u>	<u>180,865</u>	<u>136,401</u>	<u>189,763</u>

Note: Amounts reported may have been restated from previous amounts presented to conform to 2018 Public Sector Accounting Board (PSAB) standards.

City of Hamilton Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Taxation					
Taxation from real property	\$ 1,071,092	\$ 1,056,723	\$ 1,032,999	\$ 1,010,050	\$ 967,719
Taxation from other governments/payments in lieu of taxes	\$ 16,256	\$ 17,042	\$ 16,469	15,367	15,367
Taxation collected on behalf of school boards	(199,119)	(196,885)	(194,759)	(193,772)	(190,769)
Net taxes available for municipal purposes	<u>888,229</u>	<u>876,880</u>	<u>854,709</u>	<u>831,645</u>	<u>792,317</u>
Tax Levies					
City portion	\$ 857,981	\$ 845,392	\$ 827,668	\$ 797,619	\$ 761,745
School Board portion	196,082	193,714	191,734	188,861	186,846
	<u>1,054,063</u>	<u>1,039,106</u>	<u>1,019,402</u>	<u>986,480</u>	<u>948,591</u>
Tax arrears					
Taxes receivable	\$ 80,972	\$ 77,918	\$ 83,730	\$ 85,429	\$ 82,976
Taxes receivable per capita	145	140	155	155	152
Taxes receivable as a percentage of current years' levies	7.7%	7.5%	8.2%	8.7%	8.7%
Unweighted Taxable Assessment					
Residential	\$ 61,518,082	\$ 57,306,633	\$ 53,366,322	\$ 50,882,588	\$ 48,734,517
Non-Residential	8,442,007	7,908,588	7,571,212	7,262,270	6,937,908
	<u>69,960,089</u>	<u>65,215,221</u>	<u>60,937,534</u>	<u>58,144,858</u>	<u>55,672,425</u>
Weighted Taxable Assessment					
Residential	\$ 61,745,624	\$ 61,208,842	\$ 57,357,959	\$ 54,721,738	\$ 52,506,258
Non-Residential	18,379,207	17,376,301	16,428,325	15,809,651	15,125,118
	<u>80,124,831</u>	<u>78,585,143</u>	<u>73,786,284</u>	<u>70,531,389</u>	<u>67,631,376</u>
Residential vs Non-Residential Percentage of Total Weighted Taxable Assessment					
Residential	78%	78%	78%	78%	78%
Non-Residential	22%	22%	22%	22%	22%
Taxable Assessment Growth (weighted)					
	1.4%	1.4%	0.7%	1.6%	1.3%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2018 Public Sector Accounting Board (PSAB) standards.

City of Hamilton Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Expenses by Object					
Salaries, wages and employee benefits	\$ 780,052	\$ 755,403	\$ 741,847	\$ 723,337	\$ 693,067
Interest on long term liabilities	12,677	13,442	12,934	14,297	13,176
Materials	207,682	218,037	221,520	223,349	212,112
Contracted services	341,931	275,361	276,159	248,843	238,005
Rents and financial expenses	34,550	42,421	34,297	36,435	32,821
External transfers	190,538	194,241	184,546	202,881	177,383
Amortization of tangible capital assets	196,428	192,122	185,733	178,048	175,126
	<u>1,763,858</u>	<u>1,691,027</u>	<u>1,657,036</u>	<u>1,627,190</u>	<u>1,541,690</u>
Operating Expenses as Percentage of Total					
Salaries, wages and employee benefits	44.2%	44.7%	44.8%	44.6%	45.0%
Interest on long term liabilities	0.7%	0.8%	0.8%	0.9%	0.9%
Materials	11.8%	12.9%	13.4%	13.7%	13.8%
Contracted services	19.5%	16.3%	16.7%	15.3%	15.4%
Rents and financial expenses	2.0%	2.5%	2.1%	2.2%	2.1%
External transfers	10.8%	11.5%	11.1%	12.5%	11.5%
Amortization of tangible capital assets	11.0%	11.3%	11.1%	10.8%	11.3%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Long Term Liabilities					
Long Term Liabilities incurred by the City	\$ 494,891	\$ 418,145	\$ 472,805	\$ 394,295	\$ 444,766
Long Term Debt incurred by the City for which other entities have assumed responsibility	-	-	-	(3,239)	(6,280)
	<u>494,891</u>	<u>418,145</u>	<u>472,805</u>	<u>391,056</u>	<u>438,486</u>
Long Term Liabilities					
Housing operations	\$ 52,803	\$ 58,508	\$ 64,070	\$ 69,466	\$ 74,675
City operations	432,088	359,637	408,735	321,590	363,811
	<u>484,891</u>	<u>418,145</u>	<u>472,805</u>	<u>391,056</u>	<u>438,486</u>
Long term liabilities as a % of Reserves and Capital Surplus	57.30%	58.60%	62.20%	62.30%	60.50%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2018 Public Sector Accounting Board (PSAB) standards.

City of Hamilton
Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tangible Capital Assets					
General					
Land	\$ 357,211	\$ 333,818	\$ 315,467	\$ 304,977	\$ 287,316
Land improvements	157,312	152,325	150,337	135,252	137,563
Buildings	817,598	756,160	761,396	735,926	583,083
Vehicles	137,501	128,600	133,786	107,241	100,547
Computer hardware and software	13,572	11,821	11,058	7,876	6,701
Other	95,871	99,540	103,490	92,098	88,164
Infrastructure					
Roads	1,293,193	1,261,223	1,253,561	1,248,288	1,188,995
Bridges and structures	184,387	183,422	184,213	184,794	183,252
Water and wastewater facilities	398,743	403,647	396,884	385,404	391,440
Underground and other networks	1,861,011	1,789,334	1,761,542	1,713,019	1,631,570
Net Book Value	<u>5,316,399</u>	<u>5,119,890</u>	<u>5,071,734</u>	<u>4,914,875</u>	<u>4,598,631</u>
Assets under construction	360,182	309,974	199,680	235,413	359,541
	<u>5,676,581</u>	<u>5,429,864</u>	<u>5,271,414</u>	<u>5,150,288</u>	<u>4,958,172</u>
Accumulated Surplus or Municipal Financial Position					
Reserves and reserve funds					
Reserves	\$ 660,380	\$ 697,931	\$ 647,278	\$ 660,757	\$ 636,625
Hamilton Future Fund	48,635	44,322	43,079	37,711	46,436
	<u>709,015</u>	<u>742,253</u>	<u>690,357</u>	<u>698,468</u>	<u>683,061</u>
Capital surplus	\$ 136,894	\$ (28,137)	\$ 70,021	\$ (70,758)	\$ 41,550
Operating surplus	88,433	1,498	2,020	2,305	(1,862)
Investment in Government Business Enterprises	329,237	356,098	247,386	232,811	223,724
Investment in tangible capital assets	5,102,640	4,995,441	4,780,723	4,740,652	4,507,349
Unfunded liabilities - Employee future benefits	(348,832)	(343,679)	(333,787)	(326,627)	(313,254)
Unfunded liabilities - Solid waste landfill sites	(71,559)	(24,174)	(24,466)	(25,769)	(26,084)
	<u>5,945,828</u>	<u>5,699,300</u>	<u>5,432,254</u>	<u>5,251,082</u>	<u>5,114,484</u>

Note: Amounts reported may have been restated from previous amounts presented to conform to 2018 Public Sector Accounting Board (PSAB) standards.

City of Hamilton
Five Year Financial and Statistical Review (unaudited)

(All amounts are reported in thousands of dollars except statistical information, ratios and per capita figures)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statistical Information					
Population	572,575	563,480	558,397	550,700	545,850
Households	234,655	227,641	222,918	223,000	221,000
Area in hectares	112,775	112,775	112,775	112,775	112,775
Building Permit Values	\$1,264,757,129	\$1,364,145,419	\$1,056,237,746	\$1,108,192,846	\$1,143,192,706
Housing Starts	1,135	1,340	1,436	1,415	1,203
Residential Units - Building Permits	5,808	6,053	5,835	4,142	3,379
Average Monthly Social Assistance Case Load	11,884	12,807	12,753	12,946	12,388
Continuous Full Time Employees	6,724	6,664	6,670	6,597	6,405

Note: Amounts reported may have been restated from previous amounts presented to conform to 2018 Public Sector Accounting Board (PSAB) standards.

Section 2

City of Hamilton Consolidated Financial Statements 2018

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Independent Auditors' Report

<<NOTE: The Independent Auditors' Report will be inserted after the Financial Report is approved by the Audit, Finance and Administration Committee. >>

Independent Auditors' Report

<<NOTE: The Independent Auditors' Report will be inserted after the Financial Report is approved by the Audit, Finance and Administration Committee. >>

City of Hamilton

Consolidated Statement of Financial Position

For the year ended December 31, 2018 (all numbers are in thousands of dollars)

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and cash equivalents (Note 3)	\$ 130,292	\$ 139,287
Taxes receivable	80,972	77,918
Accounts receivable	119,048	120,405
Other assets	1,418	1,327
Long term receivables (Note 4)	63,573	52,124
Portfolio investments (Note 3)	1,056,507	947,928
Investment in Government Business Enterprises (Note 5)	<u>329,237</u>	<u>356,098</u>
Total financial assets	<u>\$ 1,781,047</u>	<u>\$ 1,695,087</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 323,521	\$ 319,187
Deferred revenue - general	45,196	67,667
Deferred revenue - obligatory reserve funds (Note 6 & 7)	237,055	252,156
Long term liabilities – municipal operations (Note 8)	432,088	359,637
Long term liabilities – housing corporation (Note 9)	52,803	58,508
Employee future benefits and other obligations (Note 10 & 11)	373,177	367,587
Solid waste landfill liabilities (Note 12)	<u>71,559</u>	<u>24,174</u>
Total liabilities	<u>1,535,399</u>	<u>1,448,916</u>
Net financial assets	<u>\$ 245,648</u>	<u>\$ 246,171</u>
Non-financial assets		
Tangible capital assets (Note 21)	\$ 5,676,581	\$ 5,429,864
Inventories	15,174	12,556
Prepaid expenses	<u>8,425</u>	<u>10,709</u>
Total non-financial assets	<u>5,700,180</u>	<u>5,453,129</u>
Accumulated surplus (Note 13)	<u>\$ 5,945,828</u>	<u>\$ 5,699,300</u>

Contractual obligations (Note 17)

Contractual rights (Note 18)

Contingent liabilities (Note 20)

See accompanying notes to the consolidated financial statements.

City of Hamilton Consolidated Statement of Operations

For the year ended December 31, 2018 (all numbers are in thousands of dollars)

	Budget 2018 (Note 24)	Actual 2018	Actual 2017
Revenue			
Taxation (Note 15)	\$ 886,430	\$ 888,229	\$ 876,880
Government grants and contributions (Note 16)	453,642	454,774	394,785
User charges, licences and fines	336,728	347,637	334,974
Developer contributions earned	122,105	119,703	50,313
Donated tangible capital assets	46,862	46,862	18,217
Investment and dividend income	43,705	31,101	28,070
Net income from Government Business Enterprises (Note 5)	-	24,285	134,914
Other	106,222	137,476	131,383
Total revenue	<u>1,995,694</u>	<u>2,050,067</u>	<u>1,969,536</u>
Expenses			
General government	\$ 75,146	\$ 80,025	\$ 70,733
Protection services	324,653	324,227	312,564
Transportation services	315,117	320,005	326,274
Environmental services	294,636	284,271	239,488
Health services	103,589	102,868	99,125
Social and family services	317,343	316,819	315,218
Social housing	117,717	105,893	105,141
Recreation and cultural services	175,281	172,965	169,029
Planning and development	56,213	56,785	53,455
Total expenses	<u>1,779,695</u>	<u>1,763,858</u>	<u>1,691,027</u>
Annual Surplus	\$ 215,999	\$ 286,209	\$ 278,509
Accumulated surplus			
Beginning of year	\$ 5,432,254	\$ 5,699,300	\$ 5,432,254
Other comprehensive loss and other Government Business Enterprises (Note 5)	-	(39,681)	(11,463)
End of year	<u>\$ 5,648,253</u>	<u>\$ 5,945,828</u>	<u>\$ 5,699,300</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2018 (all numbers are in thousands of dollars)

	Budget 2018 (Note 24)	Actual 2018	Actual 2017
Operating activities			
Annual surplus	\$ 215,999	\$ 286,209	\$ 278,509
Other comprehensive loss of			
Government Business Enterprises	-	(39,681)	(11,463)
Acquisition of tangible capital assets	(389,769)	(408,325)	(350,916)
Loss on disposition of tangible capital assets	12,039	12,039	18,561
Amortization of tangible capital assets	196,431	196,431	192,122
Donated tangible capital assets	(46,862)	(46,862)	(18,217)
Decrease in inventories	-	(2,618)	(823)
Increase (decrease) in prepaid expenses	-	2,284	(2,794)
Net decrease (increase) in financial assets	<u>(12,162)</u>	<u>(523)</u>	<u>104,979</u>
Net financial assets			
Beginning of year	<u>246,171</u>	<u>246,171</u>	<u>141,192</u>
End of year	<u>\$ 234,009</u>	<u>\$ 245,648</u>	<u>\$ 246,171</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton Consolidated Statement of Cash Flows

For the year ended December 31, 2018 (all numbers are in thousands of dollars)

	<u>2018</u>	<u>2017</u>
Operating activities		
Annual surplus	\$ 286,209	\$ 278,509
Increase (decrease) in taxes receivable	(3,054)	5,812
Decrease (increase) in accounts receivable	1,357	(12,440)
Increase in other assets	(91)	(676)
Increase in accounts payable and accrued liabilities	4,334	51,013
(Decrease) increase in deferred revenue - general	(22,471)	8,049
Decrease (increase) in deferred revenue – obligatory reserve fund	(15,101)	38,909
Increase in inventories	(2,618)	(823)
Decrease (increase) in prepaid expenses	2,284	(2,794)
Non-cash activities		
Amortization of tangible capital assets	196,431	192,122
Donated tangible capital assets	(46,862)	(18,217)
Loss on disposition of tangible capital assets	12,039	18,561
Net income from Government Business Enterprises	(24,285)	(134,914)
Change in employee future benefits and other obligations	5,590	10,825
Change in solid waste landfill liabilities	47,385	(292)
	<u>441,147</u>	<u>433,644</u>
Investing activities		
Increase in portfolio investments	(108,579)	(47,893)
Increase in long term receivables	(11,449)	(3,812)
Dividends received from Government Business Enterprises	11,464	14,740
	<u>(108,564)</u>	<u>(36,965)</u>
Financing activities		
Long term debt issued – municipal operations	110,820	-
Debt principal repayment – municipal operations	(37,749)	(48,480)
Lease obligation payment – municipal operations	(619)	(619)
Debt principal repayment – housing corporation	(5,705)	(5,562)
	<u>66,747</u>	<u>(54,661)</u>
Capital activities		
Purchase of tangible capital assets	(408,325)	(350,916)
Net decrease in cash and cash equivalents	(8,995)	(8,898)
Cash and cash equivalents		
Beginning of year	<u>139,287</u>	<u>148,185</u>
End of year	<u>\$ 130,292</u>	<u>\$ 139,287</u>

See accompanying notes to the consolidated financial statements.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies

The Consolidated Financial Statements of the City of Hamilton ("City") are prepared by management in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the City are as follows:

(a) Reporting entity

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, changes in net financial assets of the reporting entity. The consolidated financial statements include the activities of all committees of Council and the following boards and enterprises which are under the control of and accountable to Council:

Hamilton Police Services Board
The Hamilton Public Library Board
The Hamilton Street Railway Company
CityHousing Hamilton Corporation
Hamilton Business Improvement Areas including Ancaster BIA, Barton Street Village BIA, Concession Street BIA, Downtown Hamilton BIA, Dundas BIA, International Village BIA, King Street West BIA, Locke Street BIA, Main Street West Esplanade BIA, Downtown Stoney Creek BIA, Ottawa Street BIA, Waterdown BIA, and Westdale BIA
Flamborough Recreation Sub-Committees
Confederation Park
Hamilton Farmers Market

Interdepartmental and organizational transactions and balances are eliminated.

CityHousing Hamilton Corporation was incorporated as Hamilton Housing Corporation on January 1, 2001 as a result of the provincial legislation, Social Housing Reform Act 2000, which transferred the operation of various local housing authorities to municipalities. The City of Hamilton assumed social housing responsibilities on December 1, 2001. The share capital of CityHousing Hamilton Corporation is 100% owned by the City of Hamilton and a separate Board of Directors has been established to provide oversight responsibilities for the Corporation.

CityHousing Hamilton Corporation has been consolidated on a line-by-line basis after conforming with the City's accounting principles after eliminating inter-organizational transactions and balances.

During the year, Hamilton Utilities Corporation, underwent a corporate restructuring whereby it transferred the subsidiaries controlled by it, to a new entity; Hamilton Enterprises Holding Corporation ("H.E.H.C.O."). H.E.H.C.O. is owned 100% by the City.

Hamilton Utilities Corporation ("H.U.C."), Hamilton Enterprises Holdings Corporation ("H.E.H.C.O") and Hamilton Renewable Power Inc. ("H.R.P.I.") are subsidiary corporations of the City and are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 5). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City and inter-organizational transactions and balances are not eliminated.

City of Hamilton trust fund assets that are administered for the benefit of external parties are excluded from the consolidated financial statements. Separate financial statements have been prepared.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(a) Reporting entity (continued)

Cemetery trust, and general trust funds administered by the City amounting to \$18,788,000 (2017 - \$17,663,000) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations. Homes for the Aged trust funds administered by the City amounting to \$383,000 (2017 - \$452,000) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

- (i) The financial activities of certain entities associated with the City of Hamilton are not consolidated. The City's contributions to these entities are recorded in the Consolidated Statement of Operations. The entities that are not consolidated are as follows:

- Hamilton Region Conservation Authority
- Disabled and Aged Regional Transit System
- The Hamilton Municipal Retirement Fund
- The Hamilton-Wentworth Retirement Fund
- The Pension Fund of the Employees of the Hamilton Street Railway
- The Hamilton and Scourge Foundation Inc.
- Township of Glanbrook Non-Profit Housing Corporation

- (ii) The financial activities of programs administered by the City which are fully funded by the Province of Ontario or the Government of Canada on the basis of a March 31st year-end are excluded from these financial statements. The programs, which are not consolidated, are as follows:

- Anonymous Testing Program
- IDU Outreach Program
- Child and Adolescent Services
- Community Capacity Building - Choices and Changes Program
- Community Mental Health and Addictions
- Healthy Kids Community Challenge
- Canada Prenatal Nutrition Program
- Remedial Measures
- Community Homelessness Prevention Initiative
- Homelessness Partnering Strategy
- Home For Good

- (iii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of various school boards are not reflected in the consolidated financial statements.

(b) Basis of accounting

Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(c) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for allowance for doubtful accounts, donated tangible capital assets, solid waste landfill liabilities, liabilities for contaminated sites, and in performing actuarial valuations of employee future benefit obligations.

Where estimation uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 365 days or less. Temporary investments are recorded at cost and are written down to fair value when there has been a decline in value.

(e) Portfolio investments

Portfolio investments are comprised of fixed income securities primarily federal, provincial and municipal government bonds and federal government treasury bills. Portfolio investments are valued at cost less any amounts written off to reflect an other than temporary decline in value.

(f) Deferred revenue – obligatory reserve funds

Receipts which are restricted by legislation of senior governments or by agreement with external parties are in nature restricted revenues and are reported as deferred revenues. When qualifying expenses are incurred, deferred revenues are recognized into revenue in the fiscal period they are expended.

(g) Employee future benefits and other obligations

Employee future benefits and other obligations for retirement, post employment and pension benefits are reported in the Consolidated Statement of Financial Position. The accrued benefit obligations are determined using management's best estimates of expected investment yields, wage and salary escalation, mortality rates, termination and retirement ages. The actuarial gain or loss is amortized over the expected average remaining life expectancy of the members of the employee groups.

(h) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Donated and/or contributed assets are capitalized and recorded at their estimated fair value upon acquisition and recognized in revenue. Leased tangible capital assets are valued at the present value of the future minimum lease payments. Certain tangible capital assets for which historical cost information is not available have been recorded at current replacement cost deflated by a relevant inflation factor.

Amortization for road linear assets is calculated on a consumption basis using road deterioration curves. All other tangible capital assets are amortized on a straight-line basis over their estimated useful lives. One half of the annual amortization is recorded as amortization expense in the year of acquisition or construction and in the year of disposal. Estimated useful lives range from 2 years to 100 years as follows:

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

General - Land improvements	20 to 75 years
General - Buildings	20 to 50 years
General - Vehicles	4 to 20 years
General – Computer hardware and software	3 to 5 years
General – Other – Machinery and equipment	2 to 100 years
Infrastructure – Bridges and other structures	40 to 75 years
Infrastructure – Water and wastewater facilities	20 to 40 years
Infrastructure – Water, wastewater, stormwater linear network	18 to 100 years

The City has leased tangible capital assets which are amortized over the term of the lease, ranging from 5 to 50 years. The cost, accumulated amortization, net book value and amortization expense have been reported in these consolidated financial statements.

Assets under construction are not amortized until the asset is ready for use. All interest on debt incurred during construction of related tangible capital assets is expensed in operations in the year incurred. Works of art and historic treasures are not recorded as assets in these financial statements.

(i) Inventories

Inventories held for consumption or use are valued at the lower of cost and net realizable value.

(j) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(k) Long term receivables

Long term receivables are valued at cost. Recoverability is assessed annually, and a valuation allowance is recorded when recoverability has been impaired. Long term receivables are written off when they are no longer recoverable. Recoveries of long term receivables previously written off are recognized in the year received. Interest revenue is recognized as it is earned. Long term receivables with significant concessionary terms are reported as an expense on the Consolidated Statement of Operations. Long term receivables are reported in Note 4.

(l) Tax revenue

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized, and the taxable event has occurred.

(m) Landfill Liability

The Ontario Environmental Protection Act (the "Act") sets out the regulatory requirements for the closure and maintenance of landfill sites. Under the Act, the City is required to provide for closure and post-closure care of solid waste landfill sites. The costs related to these obligations are provided for all inactive landfill sites and active landfill sites based on usage.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

1. Significant accounting policies (continued)

(n) Contaminated Sites

Contamination is a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the Town is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is estimated based upon information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

2. Adoption of New Accounting standards

The following standards issued by PSAB were effective January 1, 2018. The implementation of these standards had no impact on the annual surplus, net debt or accounting surplus, but resulted in additional note disclosures.

(a) PS 2200 Related parties' disclosure

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the consolidated financial statements.

(b) PS 3320 Contingent assets

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one of more future events occur that are not within the government's control. Disclosure of a contingent asset is required under this standard when the occurrence of a confirming future event is likely.

(c) PS 3380 Contractual rights

Contractual rights require the disclosure of information in regards to future rights to economic resources arising from contracts or agreements that will result in a future economic benefit. Such disclosure includes the nature, extent and timing of contractual rights. The City is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources.

(d) PS 3210 Assets

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events and from which future economic benefits are to be obtained. For the year ended December 31, 2018, all material assets have been disclosed and reported within this definition.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

2. Adoption of New Accounting standards (continued)

(e) PS 3420 Inter-Entity transactions

Inter-entity transactions standard provides guidance on how to account for and report transactions between public sector entities that comprises a governments reporting entity. This section provides guidance for the measurement of these transactions. All City transactions are recorded at the exchange amount, being the amount agreed to by both parties.

3. Cash and cash equivalents and portfolio investments

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents are comprised of:		
Cash on hand	\$ 141	\$ 174
Cash held in banks	123,968	132,957
Temporary investments	6,183	6,156
	<u>\$ 130,292</u>	<u>\$ 139,287</u>
Portfolio investments are comprised of:		
Unrestricted investments	\$ 770,817	\$ 651,451
Designated investments (obligatory reserve funds)	237,055	252,155
Designated investments (Hamilton Future Fund)	48,635	44,322
	<u>\$ 1,056,507</u>	<u>\$ 947,928</u>

Portfolio investments have a market value of \$1,054,625,000 (2017 - \$955,877,000). The City has purchased \$3,056,000 (2017 - \$7,426,000) of its own debentures which have not been cancelled. This investment in its own debenture is included in investments on the consolidated statement of financial position. The gross amounts of these debentures is \$428,728,000 (2017 - \$355,658,000)

4. Long term receivables

The City has long-term receivables in the amount of \$63,573,000 (2017- \$52,124,000). The long term receivables are comprised of:

	<u>2018</u>	<u>2017</u>
Development charge deferral agreements	\$ 37,253	\$ 26,987
Mortgages receivable:		
Downtown convert to rent program	13,043	11,422
Hamilton Utilities Corporation	6,804	7,128
Hamilton Renewable Power Inc.	278	808
Sheraton Hotel loan	868	977
Other City loan programs	3,987	3,802
Loans to other agencies and organizations	4,211	3,997
Less: Provision for loans with concessionary terms	(2,871)	(2,997)
	<u>\$ 63,573</u>	<u>\$ 52,124</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

4. Long term receivables (continued)

Development charge deferral agreements and mortgage receivables are loans which are secured by property, with interest rates varying from 0% to 5.61% and terms of one year to thirty years.

Loans to other agencies and organizations included loans to Hamilton Conservation Authority, Catholic Children's Aid Society, Winona Peach Festival, Redeemer University College, the Bob Kemp Hospice, Canadian Football Hall of Fame, Rosedale Tennis Club with interest rates varying from 0% to 6.75% for terms of up to thirty years.

5. Investment in Government Business Enterprises

Hamilton Utilities Corporation, Hamilton Enterprises Holdings Corporation and Hamilton Renewable Power Inc. are subsidiary corporations of the City and are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises.

In compliance with provincial legislation enacted to restructure the electrical industry in Ontario, the Hamilton Utilities Corporation ("H.U.C.") was incorporated on June 1, 2000. All of the assets and liabilities of the predecessor hydro-electric systems were transferred to H.U.C. During 2004, Hamilton Hydro Energy Inc. was established with the City's acceptance of a dividend in kind in the form of one common share from H.U.C. Effective June 1, 2005, the articles of incorporation reflected the amendment of a name change to Hamilton Renewable Power Inc. ("H.R.P.I."). On December 18, 2017 Hamilton Enterprises Holdings Corporation ("H.E.H.C.O.") was incorporated.

The amounts related to government business enterprises as reported in the Consolidated Statement of Operations for 2018 and 2017 is as reported by the Hamilton Utilities Corporation, Hamilton Enterprises Corporation and Hamilton Renewable Power Inc.

	<u>2018</u>	<u>2017</u>
Net income from H.U.C.	\$ 25,517	\$ 134,786
Net loss from H.E.H.C.O.	(1,366)	-
Net income from H.R.P.I.	134	128
	<u>\$ 24,285</u>	<u>\$ 134,914</u>

The City's investment in Government Business Enterprises is reported in the Consolidated Statement of Financial Position as:

	<u>2018</u>	<u>2017</u>
Investment in H.U.C.	\$ 330,896	\$ 356,430
Investment in H.E.H.C.O.	(1,357)	-
Investment in H.R.P.I.	(302)	(332)
	<u>\$ 329,237</u>	<u>\$ 356,098</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

The following table provides condensed supplementary financial information for Hamilton Utilities Corporation reported by H.U.C. at December 31, 2018 and December 31, 2017 respectively.

	<u>2018</u>	<u>2017</u>
Financial Position		
Current assets	\$ 1,714	\$ 18,699
Capital assets	-	39,239
Intangible assets	-	2,400
Goodwill	-	582
Notes receivable from corporation	51,772	-
Long term receivables	6,480	-
Future payments in lieu of taxes	-	1,883
Investment in Alectra Holdings Inc.	356,595	347,238
Total assets	<u>416,561</u>	<u>410,041</u>
Current liabilities		
(including current portion of long term debt)	1,910	5,350
Non-current liabilities	<u>72,976</u>	<u>48,149</u>
Total liabilities	<u>74,886</u>	<u>53,499</u>
Minority interest	-	112
Change in opening equity	10,779	-
Shareholders' equity	<u>\$ 330,896</u>	<u>\$ 356,430</u>
Results of operations		
Revenues	\$ 386	\$ 67,940
Operating expenses	(3,150)	(71,489)
Equity income in Alectra Holdings Inc.	19,272	13,659
Financing expenses	(282)	(1,097)
Investing expenses	-	(49)
Other income	442	159,544
Equity earnings from operations	<u>16,668</u>	<u>168,508</u>
Recovery of taxes	8,849	(33,705)
Minority interest	-	(17)
Net income before other comprehensive income	<u>25,517</u>	<u>134,786</u>
Other comprehensive income (loss)	816	(11,463)
Refundable dividend tax on hand	(40,506)	-
Net (loss) income	<u>\$ (14,173)</u>	<u>\$ 123,323</u>
Dividends paid	11,361	14,678

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

The following table provides condensed supplementary financial information for Hamilton Enterprises Holding Corporation reported by H.E.H.C.O. at December 31, 2018 and December 31, 2017 respectively.

	<u>2018</u>	<u>2017</u>
Financial Position		
Current assets	\$ 5,169	\$ -
Capital assets	53,858	-
Intangible assets	2,003	-
Goodwill	571	-
Future payments in lieu of income taxes	31	-
Total assets	<u>61,632</u>	<u>-</u>
Current liabilities (including current portion of long term debt)	2,433	-
Non-current liabilities	71,624	-
Total liabilities	<u>74,057</u>	<u>-</u>
Non-controlling interest	91	-
Opening equity	(11,159)	-
Net deficit	<u>\$ (1,357)</u>	<u>\$ -</u>
Results of operations		
Revenues	\$ 11,138	\$ -
Operating expenses	(11,896)	-
Financing expenses	(750)	-
Other income	135	-
Equity earnings from operations	<u>(1,373)</u>	<u>-</u>
Recovery of taxes	<u>(7)</u>	<u>-</u>
Net loss before dividends	(1,366)	-
Other comprehensive income	4	-
Non-controlling interest	5	-
Net loss	<u>\$ (1,357)</u>	<u>\$ -</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

The following table provides condensed supplementary financial information for Hamilton Renewable Power Incorporated reported by H.R.P.I. at December 31, 2018 and December 31, 2017 respectively.

	<u>2018</u>	<u>2017</u>
Financial Position		
Current assets	\$ 850	\$ 758
Capital assets	6,187	6,735
Other assets	32	32
Total assets	<u>7,069</u>	<u>7,525</u>
Current liabilities		
(including current portion of long term debt)	996	1,160
Future payment in lieu of taxes	375	419
Long term debt	-	278
Total liabilities	<u>1,371</u>	<u>1,857</u>
Shareholder's equity	<u>6,000</u>	<u>6,000</u>
Net deficit	<u>\$ (302)</u>	<u>\$ (332)</u>
Results of operations		
Revenues	\$ 3,041	\$ 3,182
Expenses	(2,907)	(3,054)
Net income	<u>\$ 134</u>	<u>\$ 128</u>
Dividends paid	103	62

Hamilton Utilities Corporation long term receivables and borrowings:

Included in non-current liabilities is a loan payable to the City in the amount of \$6,480,000. The loan payable and the long term receivable relate to the acquisition of the City of Hamilton's Central Utilities Plant. The long term receivable is receivable from H.E.H.C.O. The loan payable and the long term receivable bear interest at 4.06% per annum and are repayable \$324 annually principal plus interest and are due January 1, 2019 with four 5 year renewal terms. At December 31, 2018, the City has not given notice that it will no renew the loan agreement as such, the loan agreement as such, the loan remains in non-current liabilities.

Hamilton Renewable Power Incorporated Capital Loan:

The City of Hamilton, the sole shareholder, has provided a capital loan, bearing interest at 6.75% compounded semi-annually, due in semi-annual payments of \$287,698 principal and interest maturing in 2019.

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

5. Investment in Government Business Enterprises (continued)

	<u>2018</u>		<u>2017</u>
Revenue			
Dividend revenue from H.U.C.	\$ 11,361	\$	14,678
Dividend revenue from H.R.P.I.	103		62
Property and other taxes received by the City from H.U.C.	632		640
Sale of Methane to H.R.P.I.	771		872
Expenditures			
Hydro purchased by the City from H.E.H.C.O.	34,447		38,100
Water and sewer billing contracted service with H.E.H.C.O.	-		419
Thermal and Electrical Energy purchased from H.E.H.C.O.	-		2,378
Thermal Energy purchased from H.R.P.I.	224		360
Fibre Service purchased by the City from H.E.H.C.O.	-		1,077
Cooling changes related to Central Utilities Plant	-		1,802
Assets			
Accounts receivable H.U.C.	-		1,363
Accounts receivable from H.R.P.I.	392		446
Long term receivables from H.U.C.	6,804		7,128
Long term receivables from H.R.P.I.	-		808
Liabilities			
Accounts payable - H.U.C.	-		1,005

6. Deferred revenue – obligatory reserve funds

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	<u>2018</u>		<u>2017</u>
Development charge reserve funds	\$128,146		\$158,996
Recreational land dedicated under the Planning Act	42,763		35,235
Gasoline tax revenue: Provincial	17,332		16,692
Federal	27,604		21,919
Building Permit Revenue	20,700		19,285
Other (Ivor Wynne)	-		29
Other (Main Street Revitalization)	510		-
	<u>\$237,055</u>		<u>\$252,156</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

7. Deferred revenue – obligatory reserve funds

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	\$ 252,156	\$ 213,247
Add:		
Developer and other contributions	94,686	90,155
Interest earned	6,219	4,706
Provincial and Federal Funding	44,474	43,238
	<u>145,379</u>	<u>138,099</u>
Less:		
Contributions used in operating and capital funds	<u>(160,480)</u>	<u>(99,190)</u>
Balance at the end of the year	<u>\$ 237,055</u>	<u>\$ 252,156</u>

8. Long term liabilities – municipal operations

- (a) The long term liabilities – municipal operations consists of long term debt for serial debentures and loans that mature in the years 2019 to 2044 with interest rates varying between 1.61% and 6.75% and obligations for leased tangible capital assets with payments from 2019 to 2051 at a discount rate of 5%. The balance of long term liabilities consists of the following:

	<u>2018</u>	<u>2017</u>
Long term liabilities incurred by the City	\$ 428,728	\$ 355,658
Long term liabilities for leased tangible capital assets incurred by the City	3,360	3,979
Net long term liabilities	<u>\$ 432,088</u>	<u>\$ 359,637</u>

- (b) Of the \$428,728,000 long term debt (2017 - \$355,658,000) certain principal payments do not represent a burden on general City revenue, as they are to be recovered in future years from other sources.

The total long-term debt is to be recovered from the following:

	<u>2018</u>	<u>2017</u>
General revenues	\$ 290,812	\$ 233,406
Water & Wastewater user charges	137,916	122,252
	<u>\$ 428,728</u>	<u>\$ 355,658</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

8. Long term liabilities – municipal operations (continued)

(c) The total City principal repayments of long term debt in each of the next five years and thereafter are due as follows:

	General Revenues	Water & Wastewater User Charges		Total 2018
2019	33,586	12,142	\$	45,728
2020	29,384	12,146		41,530
2021	29,514	12,151		41,665
2022	29,932	12,156		42,088
2023	24,710	12,103		36,813
2024 and thereafter	143,686	77,218		220,904
Total	<u>\$ 290,812</u>	<u>\$ 137,916</u>	\$	428,728

(d) The total City principal repayments of leased tangible capital assets in each of the next five years and thereafter are due as follows:

		2018
2019		\$ 619
2020		619
2021		335
2022		62
2023		62
2024 and thereafter		<u>1,663</u>
Total		<u>\$ 3,360</u>

(e) Total charges for the year for long term debt are as follows:

	2018	2017
Principal repayments	\$ 37,749	\$ 48,480
Interest expense	<u>10,967</u>	<u>11,716</u>
	<u>\$ 48,716</u>	<u>\$ 60,196</u>

(f) Total charges for the year for leased tangible capital assets are as follows:

	2018	2017
Principal repayments	\$ 619	\$ 619
Interest expense	<u>247</u>	<u>238</u>
	<u>\$ 866</u>	<u>\$ 857</u>

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

9. Long term debt – housing corporation

(a) The balance of long term debt – housing corporations reported on the Consolidated Statement of Financial Position represents capital assets of the CityHousing Hamilton that are financed by mortgages. The mortgages mature in the years 2019 to 2027 with interest rates varying between 0.96% and 5.83%. The mortgage obligations for CityHousing Hamilton are \$52,803,000 (2017 - \$58,508,000).

(b) The principal repayments of these mortgages in each of the next five years and thereafter are as follows:

	<u>2018</u>
2019	\$ 24,800
2020	6,447
2021	4,281
2022	10,633
2023	1,321
2024 and thereafter	5,321
	<u>\$ 52,803</u>

(c) Total charges for the year for long term debt - housing corporations are as follows:

	<u>2018</u>	<u>2017</u>
Principal repayments	\$ 5,705	\$ 5,562
Interest expense	1,463	1,489
	<u>\$ 7,168</u>	<u>\$ 7,051</u>

(d) Other long-term debt incurred by the City of Hamilton's housing corporations, representing capital assets financed by debentures issued by the Ontario Housing Corporation of \$11,000,000 (2017 - \$14,035,000), is not included in the Consolidated Statement of Financial Position. The Social Housing Reform Act, 2000 transferred the ownership and responsibility for the administration of Province of Ontario public housing to the City of Hamilton as a local housing corporation. The transfer, effective January 1, 2001, included land and buildings at no cost. The servicing of long term debt remains the obligation of the Province of Ontario.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

10. Employee future benefits and other obligations

The City provides certain employee benefits that require funding in future periods. An estimate of these liabilities has been recorded in the Consolidated Statement of Financial Position. These amounts are summarized as follows:

	<u>2018</u>	<u>2017</u>
Accrued Benefit Obligation		
Sick leave benefit plan	\$ 57,470	\$ 55,982
Long term disability	27,869	26,687
Workplace safety and insurance board liabilities (WSIB)	93,436	88,537
Retirement benefits	151,311	146,547
Vacation benefits	26,906	27,478
Pension benefit plans (Note 10 (f))	9,917	9,132
	<u>366,909</u>	<u>354,363</u>
Net unamortized actuarial gain	5,762	13,224
Valuation Allowance	506	-
	<u>506</u>	<u>-</u>
Accrued Liability	<u>\$ 373,177</u>	<u>\$ 367,587</u>

The City has established reserves for some of these liabilities totalling \$66,073,000 (2017 - \$66,002,000) as described in the following notes.

The continuity of employee future benefits and other obligations are summarized as follows:

	<u>2018</u>	<u>2017</u>
Liability for Employee Future Benefits and Other Obligations		
balance at beginning of the year	\$ 367,587	\$ 356,762
Plan amendment per actuarial valuation	2,940	-
Benefit expense	28,033	26,394
Interest expense	12,255	13,735
Amortization of actuarial loss on accrued benefit obligations	2,873	7,417
Amortization of actuarial gain on earnings on pension assets	(1,802)	(1,271)
Benefit payments	(38,709)	(35,450)
Liability for Employee Future Benefits and Other Obligations	<u>373,177</u>	<u>367,587</u>
balance at end of the year	<u>\$ 373,177</u>	<u>\$ 367,587</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

10. Employee future benefits and other obligations (continued)

The expenses related to these employee benefits and other obligations are reported in the Consolidated Statement of Operations. These expenses are summarized as follows:

	<u>2018</u>	<u>2017</u>
Plan amendment per actuarial valuation	\$ 2,940	\$ -
Benefit expense	28,033	26,394
Interest expense	12,255	13,735
Amortization of net actuarial loss	1,071	6,146
	<u>\$ 44,299</u>	<u>\$ 46,275</u>

Actuarial valuations are performed on post employment, retirement benefits and pension benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality. The assumptions are determined at the time of the actuarial valuations and are reviewed annually. Consequently, different assumptions may be used as follows:

	Discount Rate	Return on Assets	Inflation Rate	Payroll Increases	Dental Increases	Life Expectancy (Years)
Vested sick leave	3.50%	NA	2.0%	3.0%	NA	11.8 to 12.4
Long term disability	3.50%	NA	2.0%	3.0%	NA	8.0
Workplace safety and insurance	4.25%	NA	2.0%	3.0%	NA	10.0
Retirement Benefits Health and Dental	3.75%	NA	2.0%	3.0%	4.0%	14.3
Pensions Benefits (non-OMERS)	5.40%	5.40%	2.25%	NA (1)	NA	7.94 to 10.3

Notes:

(1) There is no estimate for future salary and wage increases in the non-OMERS pension plans as the active employees have been transferred to OMERS.

(a) Liability for sick leave benefit plans

The City provides a sick leave benefit plan for certain employee groups. Under the sick leave benefit plan of the City, unused sick leave can accumulate, and employees may become entitled to a cash payment when they leave the City's employment. An actuarial valuation as at December 31, 2017 has estimated the accrued benefit obligation at \$57,470,000 (2017 – \$55,982,000). Changes in valuation assumptions have resulted in an increase in the liability to \$57,470,000 from the expected liability of \$52,625,000. The actuarial loss as at December 31, 2018 of \$4,845,000 is being amortized over 11.8 to 12.4 years, which is the expected average remaining life expectancy of the members of the employee groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$8,069,000 (2017 - \$7,955,000).

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

10. Employee future benefits and other obligations (continued)

(b) Liability for long term disability

The City provides benefits in the event of total disability for certain employee groups. An actuarial valuation of the City's self-insured long-term disability program as at December 31, 2015 has estimated the accrued benefit obligation at \$27,869,000 (2017 - \$26,687,000). Changes in valuation assumptions have resulted in an increase in the liability of \$27,869,000 from the expected liability of \$26,502,000. The actuarial loss as at December 31, 2018 of \$1,367,000 is being amortized over 8.0 years, which is the expected average remaining life expectancy of the members of the employee groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$15,814,000 (2017 - \$16,394,000).

(c) Liability for workplace safety and insurance

The City is liable for compensation related to workplace injuries as stipulated by the Workplace Safety & Insurance Act. An actuarial valuation as at December 31, 2015 estimated the accrued benefit obligation for workplace safety & insurance existing claims and future pension awards at \$93,436,000 (2017 - \$88,537,000). Changes in valuation assumptions have resulted in an increase in the liability to \$93,436,000 from the expected liability of \$88,019,000. The actuarial loss of \$5,417,000 is being amortized over 10.0 years, which is the expected average remaining life expectancy of the plan members in various groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$40,652,000 (2017 - \$40,172,000).

(d) Liability for retirement benefits

The City provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years. An actuarial valuation at December 31, 2018 estimated the accrued benefit obligation at \$151,311,000 (2017 - \$146,547,000). Changes in valuation assumptions have resulted in an increase in liability to \$151,311,000 from the expected liability of \$135,340,000. The actuarial loss of \$15,971,000 is being amortized over 14.3 to 16.0 years, which is the expected average remaining life expectancy of the plan members in various groups. Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$7,122,000 (2017 - \$6,812,000).

(e) Liability for vacation benefits

The City is liable for vacation days earned by its employees as at December 31, 2018 but not taken until a later date. The liability as at December 31, 2018 has been estimated at \$26,906,000 (2017 - \$27,478,000), of which \$17,223,000 is funded by City departments' budgets (2017 - \$17,096,000). Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$1,538,000 (2017 - \$1,500,000), and the remaining liability of \$8,145,000 is unfunded (2017 - \$8,882,000).

(f) Liability for pensions plans

In addition to the Ontario Municipal Employees Retirement System (OMERS) described in Note 11, the City also provides pension benefits under three other plans. The actuarial valuations for Hamilton-Wentworth Retirement Fund and Hamilton Street Railway Retirement Fund at December 31, 2016 and Hamilton Municipal Retirement Fund at December 31, 2017 estimated the combined accrued benefit obligation of the pension plans at \$9,917,000 (2017 - \$9,132,000). Changes in valuation resulted in an increase in the liability to \$9,917,000 from an expected liability of \$43,786,000. The actuarial gain of \$33,869,000 is being amortized over 7.9 to 10.0 years, which is the expected average remaining life expectancy of the plan members.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

11. Pension agreements

(a) Ontario Municipal Employees Retirement System

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of approximately 7,132 members of City staff and councillors. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by employees, based on the length of credited service and average earnings.

The latest actuarial valuation as at December 31, 2018 indicates a “going concern” Actuarial Deficit based on the plan’s current member and employer contribution rates. Contributions were made in the 2018 calendar year at rates ranging from 9.0% to 15.8% depending on the member’s designated retirement age and level of earnings. As a result, \$59,519,000 (2017 - \$56,454,000) was contributed to the OMERS plan for current service.

As OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees.

(b) Other pension plans – Hamilton-Wentworth Retirement Fund, Hamilton Municipal Retirement Fund, and Hamilton Street Railway Retirement Fund.

Approximately 339 current employees and 928 former employees of the City are members of three defined benefit plans; Hamilton-Wentworth, Hamilton Municipal and the Hamilton Street Railway Retirement Funds and are current or future beneficiaries under their terms and conditions. Actuarial valuations of the pension plans for funding purposes are required under the Pension Benefits Act every three years. The actuarial valuations of the pension plans for accounting purposes provide different results than the valuations for funding purposes. For funding purposes, one of the pension plans is in a surplus position and the other two plans are in a deficit position.

The actuarial valuations for these pension plans are based on a number of assumptions about future events including mortality, inflation and interest rates. The two plans with deficits are paying a number of amortization schedules that will be completed over a period ranging from two to fifteen years.

The accrued pension liability reported in the Consolidated statement of Financial Position is comprised as follows:

	<u>2018</u>	<u>2017</u>
Accrued pension benefit obligation	\$ 321,429	\$ 328,689
Pension plan assets		
Marketable securities (Market Value)	<u>(311,512)</u>	<u>(341,756)</u>
Other assets	9,917	9,132
Unamortized actuarial gain	33,363	46,575
Accrued pension liability	43,280	55,707
Valuation Allowance	506	-
Adjusted Accrued Pension Liability	<u>\$ 43,786</u>	<u>\$ 55,707</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

11. Pension agreements (continued)

The actuarial gain or loss on pension fund assets and the actuarial gain or loss on accrued pension benefits obligations are comprised as follows:

	<u>2018</u>	<u>2017</u>
Expected pension fund assets at the end of year	\$ 342,517	\$ 328,689
Actual pension fund assets at end of year	<u>311,512</u>	<u>341,756</u>
Actuarial gain (loss) on pension fund assets	<u>(31,005)</u>	<u>13,067</u>
Expected accrued pension benefit obligation at end of year		
Actual accrued pension benefit obligation at end of year	337,402	356,957
Accrued pension benefit obligation	<u>321,429</u>	<u>350,889</u>
Actuarial gain on accrued pension benefit obligation	<u>\$ 15,973</u>	<u>\$ 6,068</u>

The expenses related to the pension plans are comprised as follows:

	<u>2018</u>	<u>2017</u>
Amortization of net actuarial loss on accrued pension benefit obligation	\$ (81)	\$ 1,988
Amortization of net actuarial loss on pension plan assets	<u>(4,599)</u>	<u>(1,270)</u>
Net amortization	<u>(4,680)</u>	<u>718</u>
Interest on average accrued pension benefit obligation	\$ 16,305	\$ 17,897
Expected return on average pension plan assets	<u>(16,364)</u>	<u>(16,382)</u>
Net interest	<u>(59)</u>	<u>1,515</u>
Change in Valuation Allowance	<u>506</u>	<u>-</u>
Total expenses	<u>\$ (4,233)</u>	<u>\$ 2,233</u>

Payment of \$7,633,836 (2017 - \$5,882,000) have been applied to reduce the Hamilton - Wentworth and Hamilton Street Railway plans' deficit as actuarially determined for funding purposes. The pension deficit for the pension plans as at December 31, 2018 will be funded by the City with payments as follows:

2019	\$ 7,770
2020	3,722
2021	3,722
2022	3,722
2023 and thereafter	<u>13,006</u>
Total	<u>\$ 31,942</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

12. Solid waste landfill liabilities

The City owns and operates one open landfill site and it owns and maintains twelve (12) closed landfill sites.

The active landfill site in the Glanbrook community was opened in 1980 covering 220 hectares over three phases with a capacity of 14,824,000 cubic metres of waste. The total capacity has been broken into three Phases, with Phase 1 having a capacity of 8,403,000, Phase 2 having a capacity of 4,855,000 cubic metres and Phase 3 having a capacity of 1,566,000 cubic metres. As at December 31, 2018 landfilling has ceased in Phase 1 and is occurring in Phase 2. Approximately 295,000 cubic metres of un-utilized or recovered (due to site settlement) capacity had been retained at Phase 1 representing 3.5% of its theoretical approved capacity. This is intended for use in the event of an emergency or extended lack of access into Phase 2. For the purpose of financial considerations Phase 1 should be treated as being "at capacity" although the intent is to eventually utilize the retained air space. Filling was initiated at Phase 2 in mid-December and therefore as of December 31, 2018 still retained an estimated 4,850,000 cubic meters of capacity. It is estimated Phase 2 will reach its capacity and close in 2046. Construction of Phase 3 has not been initiated. It is estimated that the site will reach full capacity and close in 2055.

In 2018 approximately 30% of waste generated was diverted from landfills (2017 – 43%). The reduced diversion rate is attributed to the interim closure of the organics processing facility.

The closure costs for the open Glanbrook landfill site and post closure care costs for the closed sites are based upon management estimates, adjusted by 3.5% inflation. These costs are then discounted back to December 31, 2018 using a discount factor of 4.5%. Post closure care for the Glanbrook site is estimated to be required for 50 years from the date of closure of each phase. Studies continue to be undertaken to assess the liability associated with the City's closed landfill sites and the estimates will be updated as new information arises.

Estimated expenses for closure and post-closure care are \$78,973,000 (2017 - \$31,173,000). The expenses remaining to be recognized are \$7,414,000 (2017 - \$7,000,000). The liability of \$71,559,000 (2017 - \$24,174,000) for closure of the operational site and post closure care of the closed sites has been reported on the Consolidated Statement of Financial Position. A reserve of \$1,134,000 (2017 - \$1,080,000) was established to finance the future cost for closed landfill sites.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

13. Accumulated Surplus

The accumulated surplus balance is comprised of balances in reserves and discretionary reserve funds, operating surplus, capital surplus, unfunded liabilities to be recovered in the future, investment in government business enterprises and investment in tangible capital assets.

	<u>2018</u>	<u>2017</u>
Reserves and discretionary reserve funds set aside for specific purposes by Council are comprised of the following:		
Working funds	\$ 84,867	\$ 89,987
Contingencies	971	947
Replacement of equipment	61,433	59,658
Sick leave (Note 10)	8,069	7,955
Workplace Safety and Insurance Board (WSIB) (Note 10)	40,652	40,172
Pension plans	3,258	3,178
Tax stabilization	23,215	35,686
General government	8,848	12,459
Protection services	642	7,915
Transportation services	23,319	28,973
Environmental services	259,368	263,884
Health and social services	8,945	9,672
Recreation and cultural services	26,019	29,108
Planning and development	13,190	13,261
Other unallocated	97,584	95,076
Hamilton future fund (Note 14)	48,635	44,322
Total reserves and discretionary reserve funds	\$ 709,015	\$ 742,253
Operating surplus		
Flamborough recreation sub-committees	\$ 267	\$ 271
Business improvement areas	1,221	1,127
Housing operations	86,500	(154)
Confederation Park operations	445	254
Westfield Heritage Village operations	-	-
Total operating surplus	\$ 88,433	\$ 1,498
Capital surplus		
Municipal operations	\$ 119,822	\$ (37,423)
Housing operations	17,072	9,286
Total capital surplus	\$ 136,894	\$ (28,137)
Unfunded liabilities		
Employee benefit obligations	\$ (348,832)	\$ (343,679)
Solid Waste landfill liabilities	(71,559)	(24,174)
Total unfunded liabilities	\$ (420,391)	\$ (367,853)
Investment in Government Business Enterprises (Note 5)	\$ 329,237	\$ 356,098
Investment in tangible capital assets	\$5,102,640	\$ 4,995,441
Accumulated surplus	\$5,945,828	\$ 5,699,300

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

14. Hamilton Future Fund

The Hamilton Future Fund was established by the Council of the City of Hamilton in 2002 from the proceeds from Hamilton Utilities Corporation of the net assets owed to the City upon restructuring of the electrical industry. The Hamilton Future Fund is used to create and protect a permanent legacy for current and future generations of Hamiltonians to enjoy economic prosperity and improved quality of life.

The continuity of the Hamilton Future Fund is as follows:

	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	<u>\$ 44,322</u>	<u>\$ 43,079</u>
Current Operations		
Investment Income	1,232	1,097
Repayment of Waste Management Projects	8,648	7,991
Waste Management Projects	-	(46)
St Joseph's Healthcare Hamilton Foundation	(675)	-
Westdale Cinema Group	(250)	-
Other	(586)	(228)
	<u>8,369</u>	<u>8,814</u>
Tangible capital assets		
Waste Management Projects	(13)	(2,776)
Roads and Bridges	-	(335)
Parkland	(43)	(80)
Other	(4,000)	(4,380)
	<u>(4,056)</u>	<u>(7,571)</u>
Balance at the end of the year	<u>\$ 48,635</u>	<u>\$ 44,322</u>

15. Taxation

	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Taxation from real property	\$ 1,066,423	\$ 1,071,092	\$ 1,056,723
Taxation from other governments payments in lieu of taxes	<u>16,089</u>	<u>16,256</u>	<u>17,042</u>
	1,082,512	1,087,348	1,073,765
Less: Taxation collected on behalf of school boards	<u>(196,082)</u>	<u>(199,119)</u>	<u>(196,885)</u>
Net taxes available for municipal purposes	<u>\$ 886,430</u>	<u>\$ 888,229</u>	<u>\$ 876,880</u>

The City is required to levy and collect taxes on behalf of the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

16. Funding transfers from other governments

	<u>2018</u>	<u>2017</u>
General government services	2,062	3,735
Protection services	8,743	7,990
Transportation services	58,980	43,248
Environmental services	27,356	5,845
Health services	57,898	56,550
Social and family services	245,885	242,234
Social housing (after consolidations)	48,728	31,910
Recreation and cultural services	3,397	1,398
Planning and development	1,725	1,875
Total funding	<u>\$ 454,774</u>	<u>\$ 394,785</u>

17. Contractual obligations

- (a) The City has outstanding contractual obligations of approximately \$488,067,000 at December 31, 2018 for capital works (2017 - \$538,980,000). City Council has authorized the financing of these obligations.
- (b) The City has agreements with the Ontario Realty Corporation, an agency of the Provincial Government of Ontario, for various capital projects. The outstanding future obligations at December 31, 2018 amounting to \$3,307,000 (2017 - \$3,465,000) are not reflected in the Consolidated Financial Statements. Payments made to the Ontario Realty Corporation amounting to \$158,250 in 2018 (2017 - \$237,000) are reported in the Consolidated Statement of Operations.
- (c) The City is legislated under the Development Charges Act to fund Government of Ontario ("GO") Transit's Growth and Capital Expansion Plan. The obligation at December 31, 2018 of \$3,460,000 (2017 - \$3,460,000) is reported in the Consolidated Statement of Financial Position. Payments are collected through development charges and remitted to Metrolinx, an agency of the Government of the Province of Ontario. Payments made to Metrolinx in the amount of \$367,000 in 2018 (2017 - \$383,000) are reported in the Consolidated Statement of Operations.
- (d) The City has a contract with Waste Connections (formerly known as Progressive Waste Services) for the transfer, hauling and disposal of the City's solid waste, including the operations of the City's Transfer Stations and Community Recycling Centre. The term of the agreement is ten years and two months for the period of January 1, 2010 to February 29, 2020. The contract fees amounting to \$7,969,000 for 2018 (2017 - \$7,407,000) are reported in the Consolidated Statement of Operations.
- (e) The City has a contract with GFL Environmental Inc. for the provision of curbside/roadside collection of organics, garbage, leaf and yard, bulk waste for one-half of the City, including curbside/roadside recycling, automated recycling and bin waste collection for the entire City. The agreement ends on March 28, 2020 (with an option of one-year extension). Contract fees amounting to \$18,393,000 for 2018 (2017 - \$17,418,000) are reported in the Consolidated Statement of Operations.

City of Hamilton
Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

17. Contractual obligations (continued)

- (f) The City has lease agreements with Disabled and Aged Regional Transit System (D.A.R.T.S.) for the delivery of specialized transportation services. The duration of this agreement is for a term, commencing on the 1st day of July 2017, and ending on the 30th day of June, 2020 (the "Term"). Should extension or other form of renewal not be approved by City Council prior to the expiry of the Agreement at the end of the term, the Agreement will continue on a monthly basis until a new contract is signed or until cancelled on one hundred and twenty (120) calendar days' notice by either party. The annual contract fees amounting to \$20,622,000 for 2018 (2017 - \$17,031,000) are reported in the Consolidated Statement of Operations.
- (g) The City has executed lease agreements for administrative office space, parking lots and other land leases requiring annual payments in future years as they become due and payable in the amount of \$37,332,000 (2017 - \$50,676,000). The minimum lease payments for these leases over the next five years and thereafter are:

2019	\$ 7,417
2020	5,188
2021	3,413
2022	1,944
2023	1,995
2024 and thereafter	17,375
Total	<u>\$ 37,332</u>

- (h) The City has a Credit Facility Agreement dated March 14, 2012 with a Canadian chartered bank to borrow up to \$117,740,000, consisting of \$65,000,000 in a revolving demand facility, and two non-revolving term facilities in the amounts of \$38,000,000 and \$14,740,000.

On May 8, 2012, the City took a drawdown of \$38,000,000 and \$14,740,000 from the two non-revolving term facilities, by undertaking two term loans. No other amounts have been drawn from the Credit Facility Agreement and therefore, as at December 31, 2018, the City has \$65,000,000 in a revolving demand facility.

The first term loan of \$14,740,000 was paid in full on May 8, 2017. The second term loan has an original principal of \$38,000,000, a term of 15 years, and an annual principal repayment of \$2,533,000. As at December 31, 2018, the remaining principal balance for the second term loan and \$22,802,000 (2017 - \$25,335,000). The interest cost for the City is based on the 30-day Banker's Acceptance rate. These loans are included in Long term liabilities – "Municipal Operations on the Statement of Financial Position."

18. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City has entered into an agreement with the Ontario Lottery and Gaming Corporation (OLG) whereby quarterly contributions are received based on a percentage of gaming revenues estimated at \$5,300,000 per year.

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

19. Public liability insurance

The City has undertaken a portion of the risk for public liability, as a means of achieving cost effective risk management. As a result, the City is self-insured for public liability claims up to \$250,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$250,000 to a maximum of \$50,000,000 per claim or occurrence.

The City has reported liabilities for insurance claims on the Consolidated Statement of Financial Position in the amount of \$20,292,000 (2017 - \$20,512,000). Claim expenses for the year in the amount of \$7,930,000 (2017 - \$10,062,000) are reported as expenses in the Consolidated Statement of Operations.

20. Contingent liabilities

The City has outstanding contractual obligations with its unionized employee groups as of December 31, 2018. An estimated liability has been recorded on the Consolidated Statement of Financial Position to fund the three outstanding settlements. In December 2018 two of these unionized groups reached a settlement and subsequent to December 31, 2018 both were paid the outstanding retroactive payments.

21. Tangible Capital Assets

Details of the tangible capital assets are included in the Schedule of Tangible Capital Assets (pages 2-35 and 2-36). The City has tangible capital assets valued at cost in the amount of \$8,982,686,000 (2017 - \$8,558,911,000) and a net book value of \$5,676,581,000 (2017 - \$5,429,864,000). The net book value of the tangible capital assets valued as at December 31, 2018 is as follows:

	<u>2018</u>	<u>2017</u>
General		
Land	\$ 357,211	\$ 333,818
Land improvements	157,312	152,325
Buildings	817,598	756,160
Vehicles	137,501	128,600
Computer hardware and software	13,572	11,821
Other	95,871	99,540
Infrastructure		
Roads	1,293,193	1,261,223
Bridges and structures	184,387	183,422
Water and wastewater facilities	398,743	403,647
Underground and other networks	<u>1,861,011</u>	<u>1,789,334</u>
Net Book Value	5,316,399	5,119,890
Assets under construction	360,182	309,974
Balance at the end of the year	<u>\$ 5,676,581</u>	<u>\$5,429,864</u>

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

21. Tangible Capital Assets (continued)

Included are leased tangible capital assets with a net book value of \$3,360,000 (2017 - \$3,979,000), gross cost for 2018 is \$10,822,000 (2017 – 10,822,000) and accumulated amortization of \$7,462,000 (2017 – 6,843,000). In addition, the City has works of arts and historical treasures including sculptures, fine art, murals, cemetery crosses, cenotaphs, cannons and artillery that are preserved by the City but are not recorded as tangible capital assets.

22. Reporting by Business Segment

The Consolidated Financial Statements provide a summary of the revenues and expenses for all of the services provided to the residents and businesses in the City of Hamilton as defined in the reporting entity (Note 1).

Certain allocation methodologies are employed in the preparation of segmented financial information. Services are funded primarily by taxation and user fees. Taxation revenue is allocated to the general government segment. Certain government grants, user charges and other revenues have been allocated based upon the same allocation as the related expenses. User fees are allocated based upon the segment that generated the fee.

Revenues and expenses are reported by the following functions and services:

- General government: Office of the Mayor and council, corporate administration including fleet and facilities
- Protection services: police, fire, conservation authorities
- Transportation services: roads, winter maintenance, traffic, parking, transit
- Environmental services: water, wastewater, storm water, waste management collection, diversion & disposal
- Health services: public health, cemeteries and emergency medical services/ambulance
- Social and family services: general assistance, hostels, homes for the aged, services to aged persons, child care services
- Social housing: public housing, non-profit housing, rent supplement programs
- Recreation and cultural services: parks, recreation programs, recreation facilities, golf courses, marinas, museums, libraries, tourism and HECFI.
- Planning and development: planning, zoning, commercial and industrial development and residential development

Financial information about the City's business segments is included in the Schedule of Operations for Business Segments (pages 2-37 and 2-38).

23. Liability for Contaminated Sites

The City of Hamilton estimates liabilities of \$9,308,000 as at December 31, 2018 for remediation of various lands using a risk-based approach (2017 - \$5,701,000). Total future undiscounted expenditures are estimated at \$10,023,000. The liabilities result from past industrial uses. Future expenditures are based on agreements with third parties, where available, as well as estimates. Future expenditures have been discounted using a 4% discount rate. The amount of estimated recoveries is nil (2017 – nil).

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

24. Budget figures

The 2018 operating budget and capital financing for the housing corporation was approved by the CityHousing Hamilton Board at a meeting on December 12, 2017. The 2018 operating budget and capital financing for municipal operations was approved by City Council at a meeting on March 9, 2018.

The budget figures conform to the accounting standards adopted in CPA Canada Public Sector Accounting Handbook section *PS1200 Financial Statement Presentation*. As such, the budget figures presented in the consolidated financial statements differ from the presentation approved by City Council. A summary reconciliation follows:

City of Hamilton

Notes to Consolidated Financial Statements

For the year ended December 31, 2018 (all numbers in columns are in thousands of dollars)

24. Budget figures (continued)

	<u>2018</u>
Revenue	
Council Approved Gross Revenue Operating Budget - Municipal	\$ 1,676,736
Council Approved Gross Revenue Capital Budget - Municipal	455,498
	<u>2,132,234</u>
Board Approved Gross Revenue Operating Budget - Housing Corporation	59,705
Board Approved Gross Revenue Capital Budget - Housing Corporation	8,400
	<u>68,105</u>
Adjustments to Revenues	
Less: Transfers from reserves and reserve funds Operating Budget Municipal Operations	(9,327)
Less: Transfers from reserves and reserve funds Capital Budget Municipal Operations	(38,623)
Less: Transfers from capital fund to current fund - Municipal Operations	(171,823)
Less: Transfers from capital fund to current fund - Housing Corporation	(8,400)
Less: Long term debt financing Capital Budget	(29,008)
Add: Donated tangible capital assets	46,862
Less: Reclassification - Municipal Operations	(50)
Add: Reserve & reserve funds	23,585
Add: Confederation Park and Westfield Heritage Village Consolidation	2,809
Less: Elimination for consolidation of Housing Corporation	(20,670)
	<u>(204,645)</u>
Consolidated	<u>\$ 1,995,694</u>
Expenses	
Council Approved Gross Expenditure Operating Budget - Municipal	\$ 1,676,736
Council Approved Gross Expenditure Capital Budget - Municipal	455,498
	<u>2,132,234</u>
Board Approved Gross Expenditure Operating Budget - Housing Corporation	59,705
Board Approved Gross Expenditure Capital Budget - Housing Corporation	8,400
	<u>68,105</u>
Adjustments to Expenditures	
Less: Debt principal repayment - Municipal Operations	(37,749)
Less: Debt principal repayment - Housing Corporation	(5,705)
Less: Transfers to reserves and reserve funds - Municipal Operations	(55,734)
Less: Transfers to capital from current funds - Municipal Operations	(171,823)
Less: Tangible capital assets - Municipal Operations	(375,231)
Less: Tangible capital assets - Housing Corporation	(8,400)
Less: Reclassification - Municipal Operations	(50)
Add: Change in employee future benefits and other obligations	5,153
Less: Change in solid waste landfill liability	47,385
Add: Amortization expense for tangible capital assets	196,431
Add: Confederation Park and Westfield Heritage Village Consolidation	2,584
Less: Elimination for consolidation of Housing Corporation	(29,543)
Add: Loss on disposition of tangible capital assets	12,038
	<u>(420,644)</u>
Consolidated	<u>\$ 1,779,695</u>

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2018 (all numbers in columns are in thousands of dollars)

2018 Schedule of Tangible Capital Assets

	General						Infrastructure				Assets Under Construction	TOTAL
	Land	Land Improvements	Buildings	Vehicles	Computer	Other	Roads	Bridges & Other Structures	W/WW Facilities	W/WW/SW Linear Network		
Cost												
Balance, Jan 1, 2018	\$ 333,818	\$ 316,660	\$ 1,342,796	\$ 289,081	\$ 19,862	\$ 162,448	\$ 2,381,454	\$ 244,981	\$ 776,505	\$ 2,381,332	\$ 309,974	\$ 8,558,911
Additions, Betterments & Transfers in 2018	28,671	14,427	97,128	32,219	6,424	11,878	71,459	4,291	14,763	71,710	55,355	408,325
Disposals & Writedowns in 2018	(5,278)	(606)	(4,156)	(7,902)	(1,982)	(1,431)	(3,715)	(127)	(88)	(979)	(5,147)	(31,411)
Donations & Contributions in 2018	-	1,809	-	-	-	20	11,777	-	-	33,255	-	46,861
Balance, Dec 31, 2018	\$ 357,211	\$ 332,290	\$ 1,435,768	\$ 313,398	\$ 24,304	\$ 172,915	\$ 2,460,975	\$ 249,145	\$ 791,180	\$ 2,485,318	\$ 360,182	\$ 8,982,686
Accumulated Amortization												
Balance, Jan 1, 2018	\$ -	\$ 164,335	\$ 586,636	\$ 160,481	\$ 8,041	\$ 62,908	\$ 1,120,231	\$ 61,559	\$ 372,858	\$ 591,998	\$ -	\$ 3,129,047
Amortization in 2018	-	11,128	35,558	23,216	4,673	14,910	50,782	3,288	19,588	33,288	-	196,431
Amortization on Disposals in 2018	-	(485)	(4,024)	(7,800)	(1,982)	(774)	(3,231)	(89)	(9)	(979)	-	(19,373)
Balance, Dec 31, 2018	\$ -	\$ 174,978	\$ 618,170	\$ 175,897	\$ 10,732	\$ 77,044	\$ 1,167,782	\$ 64,758	\$ 392,437	\$ 624,307	\$ -	\$ 3,306,105
Net Book Value Dec 31, 2018	\$ 357,211	\$ 157,312	\$ 817,598	\$ 137,501	\$ 13,572	\$ 95,871	\$ 1,293,193	\$ 184,387	\$ 398,743	\$ 1,861,011	\$ 360,182	\$ 5,676,581
Assets Under Construction	\$ -	\$ 35,310	\$ 59,212	\$ 2,226	\$ 5,612	\$ 4,372	\$ 25,426	\$ 2,334	\$ 120,851	\$ 104,839	\$ 360,182	
Total	\$ 357,211	\$ 192,622	\$ 876,810	\$ 139,727	\$ 19,184	\$ 100,243	\$ 1,318,619	\$ 186,721	\$ 519,594	\$ 1,965,850	\$ -	\$ 5,676,581

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2018 (all numbers in columns are in thousands of dollars)

2017 Schedule of Tangible Capital Assets

	General						Infrastructure				Assets Under Construction	TOTAL
	Land	Land Improvements	Buildings	Vehicles	Computer	Other	Roads	Bridges & Other Structures	W/WW Facilities	W/WW/SW Linear Network		
Cost												
Balance, Jan 1, 2017	\$ 315,467	\$ 304,272	1,321,748	296,495	\$ 17,461	\$ 156,733	\$ 2,324,278	\$ 242,556	\$ 751,248	\$ 2,322,628	\$ 199,680	\$ 8,252,566
Additions, Betterments & Transfers in 2017	25,610	11,965	35,844	19,036	4,952	11,842	52,063	2,468	25,778	49,175	112,183	350,916
Disposals & Writedowns in 2017	(7,259)	(227)	(14,796)	(26,450)	(2,551)	(6,127)	(1,966)	(43)	(521)	(959)	(1,889)	(62,788)
Donations & Contributions in 2017	-	650	-	-	-	-	7,079	-	-	10,488	-	18,217
Balance, Dec 31, 2017	\$ 333,818	\$ 316,660	\$ 1,342,796	\$ 289,081	\$ 19,862	\$ 162,448	\$ 2,381,454	\$ 244,981	\$ 776,505	\$ 2,381,332	\$ 309,974	\$ 8,558,911
Accumulated Amortization												
Balance, Jan 1, 2017	\$ -	\$ 153,935	\$ 560,352	\$ 162,709	\$ 6,403	\$ 53,243	\$ 1,070,717	\$ 58,343	\$ 354,364	\$ 561,086	\$ -	\$ 2,981,152
Amortization in 2017	-	10,448	33,267	23,209	4,189	15,793	51,362	3,244	18,739	31,871	-	192,122
Acc'd Amortization Transfers in 2017	-	-	-	-	-	-	-	-	-	-	-	-
Amortization on Disposals in 2017	-	(48)	(6,983)	(25,437)	(2,551)	(6,128)	(1,848)	(28)	(245)	(959)	-	(44,227)
Balance, Dec 31, 2017	\$ -	\$ 164,335	\$ 586,636	\$ 160,481	\$ 8,041	\$ 62,908	\$ 1,120,231	\$ 61,559	\$ 372,858	\$ 591,998	\$ -	\$ 3,129,047
Net Book Value Dec 31, 2017	\$ 333,818	\$ 152,325	\$ 756,160	\$ 128,600	\$ 11,821	\$ 99,540	\$ 1,261,223	\$ 183,422	\$ 403,647	\$ 1,789,334	\$ 309,974	\$ 5,429,864
Assets Under Construction	\$ -	\$ 31,104	\$ 80,871	\$ 724	\$ 3,479	\$ 3,933	\$ 26,110	\$ 2,943	\$ 71,674	\$ 89,136	\$ 309,974	
Total	\$ 333,818	\$ 183,429	\$ 837,031	\$ 129,324	\$ 15,300	\$ 103,473	\$ 1,287,333	\$ 186,365	\$ 475,321	\$ 1,878,470	\$ -	\$ 5,429,864

City of Hamilton Notes to Consolidated Financial Statements

As at December 31, 2018 (all numbers in columns are in thousands of dollars)

2018 Schedule of Operations for Business Segments

	General Government	Protection Services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	TOTAL 2018
Revenue										
Taxation	\$ 888,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 888,229
Government grants and contributions	2,062	8,743	58,980	27,356	57,898	245,885	48,728	3,397	1,725	454,774
User charges	6,474	5,855	59,377	220,704	3,236	16,262	270	23,272	12,187	347,637
Development charges and subdivider contributions	2,425	876	15,577	80,854	-	-	-	13,226	6,745	119,703
Donations of tangible capital assets	-	-	11,777	33,256	-	-	-	1,829	-	46,862
Investment income	14,179	1,495	2,502	10,128	61	186	512	1,564	474	31,101
Income from Government Business Enterprises	24,285	-	-	-	-	-	-	-	-	24,285
Other	26,971	26,304	12,758	3,975	62	29	54,154	7,725	5,498	137,476
Total	\$ 964,625	\$ 43,273	\$ 160,971	\$ 376,273	\$ 61,257	\$ 262,362	\$ 103,664	\$ 51,013	\$ 26,629	\$ 2,050,067
Expenses										
Salaries and benefits	\$ 68,567	\$ 276,046	\$ 112,122	\$ 45,102	\$ 79,509	\$ 77,282	\$ 15,808	\$ 75,922	\$ 29,694	\$ 780,052
Interest on long term debt	919	657	3,375	4,176	417	396	1,463	1,183	91	12,677
Materials supplies services	39,276	19,095	45,645	37,834	7,639	8,054	17,116	28,289	4,734	207,682
Contracted services	27,045	3,316	51,036	119,033	3,608	85,444	23,422	15,484	13,543	341,931
Rents and financial expenses	6,332	1,941	8,245	5,915	2,055	2,558	1,502	5,432	570	34,550
External transfers	282	7,392	-	1,466	15	133,783	39,253	7,414	933	190,538
Amortization	8,656	8,215	77,003	59,798	3,152	2,323	6,680	27,602	2,999	196,428
Interfunctional transfers	(71,052)	7,565	22,579	10,947	6,473	6,979	649	11,639	4,221	-
Total	\$ 80,025	\$ 324,227	\$ 320,005	\$ 284,271	\$ 102,868	\$ 316,819	\$ 105,893	\$ 172,965	\$ 56,785	\$ 1,763,858
Annual Surplus	\$ 884,600	\$ (280,954)	\$ (159,034)	\$ 92,002	\$ (41,611)	\$ (54,457)	\$ (2,229)	\$ (121,952)	\$ (30,156)	\$ 286,209

City of Hamilton
Notes to Consolidated Financial Statements

As at December 31, 2018 (all numbers in columns are in thousands of dollars)

2017 Schedule of Operations for Business Segments

	General Government	Protection Services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	TOTAL 2017
Revenue										
Taxation	\$ 876,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 876,880
Government grants and contributions	3,735	7,990	43,248	5,845	56,550	242,234	31,910	1,398	1,875	394,785
User charges	5,888	5,493	58,278	212,157	3,030	16,123	646	22,235	11,124	334,974
Development charges and subdivider contributions	131	1,506	25,162	14,447	-	-	-	6,308	2,759	50,313
Donations of tangible capital assets	-	-	7,079	10,488	-	-	-	650	-	18,217
Investment income	12,860	1,774	1,981	8,818	40	159	1,157	871	410	28,070
Income from Government Business Enterprises	134,914	-	-	-	-	-	-	-	-	134,914
Other	24,783	25,772	12,207	1,473	72	31	47,647	17,082	2,316	131,383
Total	\$ 1,059,191	\$ 42,535	\$ 147,955	\$ 253,228	\$ 59,692	\$ 258,547	\$ 81,360	\$ 48,544	\$ 18,484	\$ 1,969,536
Expenses										
Salaries and benefits	\$ 63,037	\$ 265,325	\$ 108,156	\$ 41,524	\$ 77,895	\$ 82,205	\$ 14,766	\$ 74,066	\$ 28,429	\$ 755,403
Interest on long term debt	747	793	3,922	4,228	439	477	1,490	1,237	109	13,442
Materials supplies services	50,618	19,871	40,882	45,775	6,386	8,386	12,164	29,017	4,938	218,037
Contracted services	11,648	3,981	60,478	76,484	3,431	78,136	19,703	14,195	7,305	275,361
Rents and financial expenses	2,958	2,338	9,809	5,778	1,901	4,418	4,943	6,323	3,953	42,421
External transfers	466	5,766	-	1,618	11	133,583	45,290	5,938	1,569	194,241
Amortization	7,446	7,847	78,548	57,223	3,076	2,135	6,259	26,564	3,024	192,122
Interfunctional transfers	(66,187)	6,643	24,479	6,858	5,986	5,878	526	11,689	4,128	-
Total	\$ 70,733	\$ 312,564	\$ 326,274	\$ 239,488	\$ 99,125	\$ 315,218	\$ 105,141	\$ 169,029	\$ 53,455	\$ 1,691,027
Annual Surplus (Deficit)	\$ 988,458	\$ (270,029)	\$ (178,319)	\$ 13,740	\$ (39,433)	\$ (56,671)	\$ (23,781)	\$ (120,485)	\$ (34,971)	\$ 278,509

Section 3

City of Hamilton Consolidated Financial Statements for the Trust Funds Cemetery and General Trusts December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the consolidated financial statements of the Trust Funds – Cemetery and General Trusts of the City of Hamilton (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations for the year then ended
- and notes to the 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 financial position of the Entity as at December 31, 2018, and its results of operations 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 auditors’ report.

We are independent of the Entity 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.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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 represent 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 23, 2019

City of Hamilton
Trust Funds – Consolidated

As at December 31, 2018

Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash	\$ 4,096,219	\$ 2,240,189
Investments (Note 2)	13,918,360	14,446,656
Due From City of Hamilton - Cemetery (Note 3)	1,199,667	1,336,704
Due From City of Hamilton - Other Trust Funds (Note 3)	<u>49,741</u>	<u>48,471</u>
Total Financial Assets	<u>\$ 19,263,987</u>	<u>\$ 18,072,020</u>
Liabilities		
Deposits	<u>475,556</u>	<u>408,958</u>
Accumulated surplus	<u>\$ 18,788,431</u>	<u>\$ 17,663,062</u>

Statement of Operations

Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
Revenues		
Cemetery lots and interments	\$ 746,383	\$ 758,783
Investment income	562,378	529,940
Other Revenue	<u>2,300</u>	<u>-</u>
Total revenue	<u>\$ 1,311,061</u>	<u>\$ 1,288,723</u>
Expenses		
Transfer to other trust funds	\$ 167,859	\$ 191,866
Other	<u>17,833</u>	<u>12,947</u>
Total expenses	<u>\$ 185,692</u>	<u>\$ 204,813</u>
Annual surplus	<u>\$ 1,125,369</u>	<u>\$ 1,083,910</u>
Accumulated surplus at the beginning of the year	<u>17,663,062</u>	<u>16,579,152</u>
Accumulated surplus at the end of the year (note 4)	<u>\$ 18,788,431</u>	<u>\$ 17,663,062</u>

See accompanying notes to the financial statements

City of Hamilton

Trust Funds

Notes To The Financial Statements

As at December 31, 2018

1. Significant accounting policies

The financial statements of the City of Hamilton Trust Funds (the "Trust Funds") are the representation of management prepared in accordance with Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

(a) Basis of Consolation

These consolidated statements reflect the revenues, expenditures, assets and liabilities of the following trust funds:

Fieldcote Farmer (Ancaster)
Dundas Knowles Bequest
Hamilton F. Waldon Dundurn Castle
Dundas Ellen Grafton
Ancaster Fieldcote Livingstone-Clarke
Ancaster Fieldcote Shaver
Hamilton Balfour Estate Chedoke
Cemetery Trust Funds
Municipal Election Surplus

(b) Basis of Accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
 - (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable.
 - (iii) Revenues on the cemetery lots are recognized upon transfer of title of the deed.
-

2. Investments

The total investments recorded at the lower of cost or market value in the Statement of Financial Position are \$13,918,360 (2017 - \$14,446,656). These investments have a market value of \$14,615,707 (2017 - \$15,389,152) at the end of the year.

3. Due from City of Hamilton

The amount due from the City of Hamilton is non-interest bearing with no fixed repayment terms.

City of Hamilton
Trust Funds
Notes To The Financial Statements
As at December 31, 2018

4. Accumulated Surplus

	<u>2018</u>	<u>2017</u>
The accumulated surplus consists of:		
Cemeteries	<u>\$ 18,135,887</u>	<u>\$ 17,010,339</u>
Other		
Fieldcote Farmer (Ancaster)	336,169	336,655
Knowles Bequest (Dundas)	249,634	250,666
F. Walden Dundurn Castle (Hamilton)	6,422	6,264
Ellen Grafton (Dundas)	7,829	7,686
Fieldcote Livingstone-Clarke (Ancaster)	5,155	5,155
Fieldcote Shaver (Ancaster)	5,155	5,155
Municipal Election (Hamilton)	35,117	6,889
Balfour Estate Chedoke (Hamilton)	7,063	34,253
	<u>\$ 652,544</u>	<u>\$ 652,723</u>
	<u>\$ 18,788,431</u>	<u>\$ 17,663,062</u>

City of Hamilton
Trust Funds – Cemetery

As at December 31, 2018

Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash	\$ 3,794,622	\$ 1,967,119
Investments	13,617,154	14,115,474
Due From City of Hamilton	<u>1,199,667</u>	<u>1,336,704</u>
Total Financial Assets	<u>\$ 18,611,443</u>	<u>\$ 17,419,297</u>
Liabilities		
Deposits	<u>\$ 475,556</u>	<u>\$ 408,958</u>
Accumulated surplus	<u>\$ 18,135,887</u>	<u>\$ 17,010,339</u>

Statement of Operations

Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
Revenues		
Cemetery lots and interments	\$ 746,383	\$ 758,783
Investment income	547,044	516,646
Other Revenue	<u>2,300</u>	<u>-</u>
Total revenue	<u>\$ 1,295,727</u>	<u>\$ 1,275,429</u>
Expenses		
Transfer to other trust funds	\$ 158,443	\$ 182,577
Other	<u>11,736</u>	<u>11,019</u>
Total expenses	<u>\$ 170,179</u>	<u>\$ 193,596</u>
Annual surplus	<u>\$ 1,125,548</u>	<u>\$ 1,081,833</u>
Accumulated surplus at the beginning of the year	<u>17,010,339</u>	<u>15,928,506</u>
Accumulated surplus at the end of the year	<u>\$ 18,135,887</u>	<u>\$ 17,010,339</u>

See accompanying notes to the financial statements

City of Hamilton
Trust Funds – Other

As at December 31, 2018

Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash	\$ 301,597	\$ 273,070
Investments	301,206	331,182
Due From City of Hamilton	49,741	48,471
	<hr/>	<hr/>
Total Financial Assets	\$ 652,544	\$ 652,723
	<hr/>	<hr/>
Accumulated surplus	\$ 652,544	\$ 652,723

Statement of Operations

Year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
Revenues		
Investment income	\$ 15,334	\$ 13,294
	<hr/>	<hr/>
Total revenue	\$ 15,334	\$ 13,294
	<hr/>	<hr/>
Expenses		
Transfer to other trust funds	\$ 9,416	\$ 9,289
Other	6,097	1,928
	<hr/>	<hr/>
Total expenses	\$ 15,513	\$ 11,217
	<hr/>	<hr/>
Annual surplus (deficit)	\$ (179)	\$ 2,077
	<hr/>	<hr/>
Accumulated surplus at the beginning of the year	652,723	650,646
	<hr/>	<hr/>
Accumulated surplus at the end of the year	\$ 652,544	\$ 652,723

See accompanying notes to the financial statements

Section 4

City of Hamilton Financial Statements for the Trust Funds – Homes for the Aged December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

Opinion

We have audited the financial statements of the Trust Funds – Homes for the Aged of the City of Hamilton (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- and notes to the 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 financial position of the Entity as at December 31, 2018, and its results of operations 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 auditors’ report.

We are independent of the Entity 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.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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 represent 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 24, 2019

City of Hamilton
Trust Funds – Homes for the Aged

As at December 31, 2018 with comparative information for 2017

Statement of Financial Position
As at December 31, 2018

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	Total 2018	Total 2017
Financial assets						
Cash	\$ 20,428	\$ 34,027	\$ 19,205	\$ 127,909	\$ 201,569	\$ 190,151
Investments	-	-	-	271,022	271,022	262,244
Total Financial Assets	\$ 20,428	\$ 34,027	\$ 19,205	\$ 398,931	\$ 472,591	\$ 452,395
Liabilities						
Due to (from) City of Hamilton	-	-	-	89,766	89,766	-
Accumulated surplus	\$ 20,428	\$ 34,027	\$ 19,205	\$ 309,165	\$ 382,825	\$ 452,395

Statement of Operations
Year ended December 31, 2018

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	Total 2018	Total 2017
Revenue						
Residents' deposits	\$ 107,210	\$ 118,879	\$ 3,972	\$ 20,357	\$ 250,418	\$ 252,433
Investment income	-	-	335	11,071	11,406	7,380
Donations	-	-	869	-	869	1,035
	<u>107,210</u>	<u>118,879</u>	<u>5,176</u>	<u>31,428</u>	<u>262,693</u>	<u>260,848</u>
Expenses						
Maintenance payments	-	19,786	-	-	19,786	18,335
Residents' charges	105,712	84,704	3,200	15,229	208,845	214,881
Payments to estates	7,751	5,055	-	-	12,806	12,801
Program purchases	-	1,060	-	89,766	90,826	-
	<u>113,463</u>	<u>110,605</u>	<u>3,200</u>	<u>104,995</u>	<u>332,263</u>	<u>246,017</u>
Annual surplus (deficit)	(6,253)	8,274	1,976	(73,567)	(69,570)	14,831
Accumulated surplus at the beginning of the year	26,681	25,753	17,229	382,732	452,395	437,564
Accumulated surplus at the end of the year	\$ 20,428	\$ 34,027	\$ 19,205	\$ 309,165	\$ 382,825	\$ 452,395

See accompanying notes to the financial statements.

City of Hamilton
Trust Funds – Homes for the Aged
Notes to the Financial Statements
December 31, 2018

1. Purpose of Trust Funds

The various Trust Funds administered by The Corporation of the City of Hamilton are established for the following purposes:

Macassa and Wentworth Lodge Resident Trusts

These Trust Funds are established for residents to receive their funds and to pay for their various charges including monthly maintenance payments.

Macassa and Wentworth Lodge Other Trusts

These Trust Funds are established for the receipts of funds from donations and fund raising activities. The funds are to be used for the benefit of lodge residents over and above normal capital and operating expenses of the lodges.

2. Significant accounting policies

The financial statements of the Trust Funds of The City of Hamilton are the representation of management prepared in accordance with Canadian public sector accounting standards.

Basis of accounting

The Trust Funds follow the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as result of receipt of goods and services and/or the creation of a legal obligation to pay.

3. Investments

The total investments recorded at the lower of cost or market value in the Statement of Financial Position are \$271,022 (2017 - \$262,244). These investments have a market value of \$280,511 (2017 - \$275,519) at the end of the year.

The Corporation of City of Hamilton

Audit Findings Report for the year ended
December 31, 2018

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants

July 11, 2019

kpmg.ca/audit



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Executive summary



Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of Council, in your review of the results of our audit of the consolidated financial statements ("the financial statements") of The Corporation of the City of Hamilton ("the City") as at and for the year ended December 31, 2018.



Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report that was presented to the A&F Committee.



Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the audit committee / general committee;
- Obtaining evidence of the Council's approval of the financial statements;
- Receipt of the signed management representation letter (to be signed upon approval of the financial statements);
- Receipt of legal letter responses;

We will update the general committee, and not solely the Chair (as required by professional standards), on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

*This Audit Findings Report should not be used for any other purpose or by anyone other than the General Committee and City Council. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Executive summary



Adjustments and differences

For the City financial statements, we did not identify differences that remain uncorrected. We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.



Accounting estimates

Overall, we are satisfied with the reasonability of accounting estimates.

The areas of estimation relate to: contingent liabilities and contaminated sites, valuation related to contributed TCA acquisitions and accruals for employee future benefits.

See pages 10-12



Significant accounting policies and practices

The City adopted five new public sector accounting standards in the current year: See pages 13 and 14 for considerations regarding the implementation of the new standards in the current year financial statements.



Control and other observations

No significant deficiencies in internal control over financial reporting came to our attention.



Independence

We are independent with respect to the City of Hamilton (and its related entities), within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation. We are independent and have extensive quality control and conflict checking processes in place.

Audit risks and results

We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with management in the Audit Plan, as well as any additional significant risks identified.

Significant financial reporting risk

- Fraud risk from management override of control
-
- As this risk is not rebuttable, our audit methodology incorporated the required procedures in professional standards to address this risk.
 - These procedures included the testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.
 - We did not identify any issues or concerns regarding management override of controls.

Significant financial reporting risk

- Fraud risk from revenue recognition
-
- Our audit methodology incorporated the required procedures in professional standards to address this risk.
 - These procedures included testing of journal entries and other adjustments, substantively testing revenues (both recognized and amounts held as deferred at year end), and recalculating management's determination of deferred revenue – obligatory reserve funds through auditing management's methodology.
 - We did not identify any issues related to fraud risk associated with revenue recognition.



Audit risks and results

Significant findings from the audit regarding other areas of focus are as follows:

Area of focus

- Tangible capital assets ("TCA")

Our response and significant findings

- During our substantive testing of tangible capital asset additions, we noted that the City recognized \$455.2M (2017 - \$369.1M) in total additions, which is comprised of \$11.1M (2017 - 7.6M) of assets capitalized from work in progress ("WIP") and \$46.8M (2017 - \$18.2M) relating to assets capitalized from developer contributions
- We reviewed on a sample basis the additions to tangible capital assets and noted that management has correctly capitalized the additions from work in progress to capital assets and developer contributed assets. Developer contributed assets were appropriately valued.
- In our testing, we reviewed the contributions from developers and others recognized on the statement of operations and accumulated surplus and noted that management has appropriately recognized the related revenue.
- No exceptions were noted during testing.

Audit risks and results

Significant findings from the audit regarding other areas of focus are as follows:

Area of focus

- Revenue recognition and deferral policies including grants

Our response and significant findings

- We performed substantive testing over the recognition of developer contributions and charges earned
- During our testing, we noted that the City recognized \$27M of deferred revenue earned
- We obtained the deferred revenue continuity schedule and selected samples for testing to determine if the selected amounts had been recognized in the current year in accordance with the appropriate legislation or agreements that the revenues pertain to
- Based on our testing, we conclude that deferred revenue was recognized appropriately
- No exceptions were noted during testing

Audit risks and results

Area of focus

- Landfill Liability and liability for contaminated sites

Our response and significant findings (continued)

Landfill liability

- The City owns and operates one open landfill site and owns and maintains 12 closed landfill sites. The present value of the expected closure and post closure care costs of the open landfill site and present value of monitoring and capital rehabilitation costs of the closed landfill sites have been reported as a liability on the Consolidated Statement of Financial Position.
- All closure costs for the open landfill site and post closure care costs for the closed sites were based upon management estimates, adjusted by 3.5% inflation. The costs were discounted back to December 31, 2018 using a discount rate of 4.5%.
- We reviewed and assessed management assumptions and reviewed the report prepared by management's expert.

Liability for contaminated sites

- We reviewed management's process for identifying potential contaminated sites and reviewed management's listing of contaminated sites and the analysis against the prescribed criteria to determine if a liability should be recorded.
- We gained an understanding and assessed the reasonability of the remediation estimates for contaminated sites deemed to be relevant to this standard and performed a recalculation of the present value of the determined liability.
- Where applicable, we obtained the reports procured from subject matter experts by management and evaluated the reasonability of the applied discount and inflation rates.
- We concur with management's assumptions and did not find any audit misstatements.

Audit risks and results

Area of focus

- Investments and related income

Our response and significant findings (continued)

- All investment activities shall be in compliance with the regulations (Section 418 of the Municipal Act, 2001 and Ontario Regulation 438/97, Eligible Investments and Related Financial Agreement). There is a risk of material misstatement related to accuracy, valuation and ownership
- We obtained third party confirmations from the financial institutions holding the investments and ensure that management's records agreed in value.
- We performed substantive analytical testing over investment income and noted the amount of related income earned in the current year was reasonable.





Audit risks and results

Area of focus

- Operating expenditures

Our response and significant findings (continued)

- Risk surrounding the completeness, existence and accuracy of reported expenses and accruals.
- We completed various substantive audit procedures over operating expenditures, including payroll and employee benefits expenditures.
- We performed a detailed comparison of operating expenditures to budget and used the variances to determine the extent of testing to perform.
- No misstatements related to operating expenses were identified during our testing.



Accounting estimates

Certain figures in the consolidated financial statements contain elements requiring the use of judgment and assumptions that management makes about the future, and other sources of estimation uncertainty, at the end of the reporting period. These judgments and estimates have a risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year.

We have summarized our assessment of the subjective areas.

Item

Contingent Liabilities and contaminated sites

See discussion below

KPMG comment

Contingent Liabilities:

- The CPA Handbook PS 3300 Contingent Liabilities requires that the City recognize a liability when “...it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.”
- At any point in time, the City is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, contract settlements etc.
- We reviewed the City’s assessments of contingent liabilities and the process employed to develop and record the estimated liabilities. Where applicable, we met with the individuals responsible for the process and are satisfied that the methodology used is consistent with the approach taken in prior years and has been appropriately reviewed.
- As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management’s best estimates of exposure given the information presently available.



Accounting estimates continued

KPMG comment (con't)

Contaminated Sites:

- We reviewed management's processes for updating the contaminated sites liability including:
 - Updated list of property owned by the City and assessment of productive use
 - Enquiries regarding unexpected events occurring during the year that resulted in contamination
 - Assessment of new liabilities that should be recorded
 - Assumptions used in determining the liability balance
- We reviewed financial statements for disclosures and presentation.
- No misstatements were identified.



Accounting estimates continued

Item	Balance
------	---------

Valuation related to contributed TCA acquisitions	\$ 46.8M
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KPMG comment

- Contributed assets are normally tangible capital assets that have been donated or transferred to the municipality. The City received \$46.8M (2017 - \$18.2M) of donated and contributed assets.
- PSAB 3150 *Tangible Capital Assets* indicates that contributed assets are to be measured at fair value which may be determined by using the market value or appraised value. If the fair value cannot be determined, the asset should be recorded at a nominal value.
- KPMG obtained a listing of all contributed assets and performed substantive testing by corroborating the fair values recorded by management to third party appraisals or market research.
- No exceptions were noted during testing



Accounting estimates continued

Item	Balance
Employee future benefits obligation	\$ 373.1M

KPMG comment

Employee future benefits:

- The City provides certain employee benefits which will require funding in future periods. These benefits include long-term disability, benefits under the Workplace Safety Insurance Board ("WSIB") Act and extended health and dental benefits for early retirees. The liability for these future benefits has been determined by actuarial valuation
- We obtained the current year's valuation update of the obligation from management's third party actuary and performed procedures to verify the significant assumptions and inputs
- We ensured management's reporting of the estimate was accurate based on the expert's valuation and that the appropriate disclosures were made within the financial statements
 - a) Based on our testing, we conclude that EFB obligation was recognized appropriately
 - b) We placed reliance on the actuary and evaluated their credentials
- No exceptions were noted during testing

Significant accounting policies

Adoption of accounting standards

The following new significant accounting policies and practices were selected and applied during the period as per the requirement of Public Sector Accounting Standards. These accounting policies will be applied prospectively.

Our response and significant findings

For the year ended December 31, 2018, the City is required to adopt the following new public sector accounting standards (PSAS) :

PS 2200 – Related Party Disclosures

- This standard defines related parties and requires disclosure of material transactions occurring between related parties at a value that is different from that which would have been arrived at if the parties were unrelated.
- The City has internal policies over procurement and conduct that address conflicts of interest and transactions with individuals or parties at non-arms' length. We held discussions with management who informed us that there were no material related party transactions that were not transacted at fair value during the year. Our findings from our review of Council and committee meeting minutes were consistent in this regard. At the completion of the audit, we will obtain from management a signed representation letter indicating that there were no related parties or transactions not identified to us or disclosed in the financial statements.

PS 3420 – Inter-Entity Transactions

- There are no inter-entity transactions to consider as there are no commonly-controlled entities to the City.

PS 3380 – Contractual Rights

- Contractual rights, which are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future, must be disclosed and described. As at December 31, 2018, there were a number of contracts for funding support, shared services, and leases. The aggregate amounts for each of these types of contracts are disclosed in note 21 to the financial statements.



Our response and significant findings (con't)

- For a sample of contracts, we verified the maximum amount available to the City, ensured that amounts are to be earned in future periods, and recalculated the future portions by deducting actual revenues earned to date on the contracts.

PS 3320 – Contingent Assets


Contingent assets, which exist when an unresolved existing condition exists and an expected future event will resolve that uncertainty as to whether an asset exists, must be disclosed. Management has considered a number of circumstances, including litigation where the City is the plaintiff and situations with the potential for recoveries. Management has not identified any contingent assets, which is supported by the City Solicitor. No disclosures are required.

PS 3210 – Assets

- Items meeting the expanded definition of assets must be recorded as assets in the statement of financial position. The City has recorded all such assets. This standard does not have a significant impact on the financial statements.

Technology in the audit

As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.

 Areas of the audit where Technology and D&A routines were used	
Tool	Our results and insights
Journal Entry Testing	<p>We utilized our proprietary D&A tool, IDEA, to evaluate the completeness of the journal entry population through a roll-forward of all accounts, analyze journal entries and determine sub-populations for more focused and risk-based testing, and apply certain criteria to sub-populations to identify potential high-risk journal entries for further testing.</p> <p>We did not identify any issues in regards to the completeness of journal entries. Moreover, we are satisfied with the results of our testing of specific relevant journal entries</p>

Adjustments and differences



Adjustments and differences identified during the audit have been categorized as "Corrected adjustments" or "Uncorrected differences". These include disclosure adjustments and differences.

Professional standards require that we request of management and the audit committee that all identified adjustments or differences be corrected. We have already made this request of management.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Uncorrected differences

We did not identify differences that remain uncorrected.

Current developments and audit trends

Title	Details	Link
Public Sector Update - connection series	Public Sector Accounting Standards are evolving – Get a comprehensive update on the latest developments from our PSAB professionals. Learn about current changes to the standards, active projects and exposure drafts, and other items.	Contact your KPMG team representative to sign up for these webinars.
Comprehensive Accounting Advisory	A program to assist your Finance team in meeting their CPD requirements of their professional bodies. The program includes 10 hours of in-depth CPD-eligible training tailored to your Finance team and an annual licence to access KPMG Learning's extensive online course catalogue with 100+ courses.	Contact your KPMG team representative to sign up for Comprehensive Accounting Advisory.

Our discussions with you, our audit opinion and what KPMG is seeing in the marketplace—both from an audit and industry perspective—indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

Thought Leadership	Overview	Links
Accelerate	Accelerate is a KPMG trends report and video series that includes the perspective of subject matter leaders from across KPMG in Canada on seven key issues impacting organizations today that are disrupting the audit committee mandate.	Link to report
The Blockchain shift will be seismic	Blockchain technology is a focused disruptor of the very foundations of external and internal audit: financial recordkeeping and reporting. This Audit Point of View article offers insight on how blockchain technology is impacting business and what audit committees should be thinking about to prepare for certain risks.	Link to report
Audit Quality 2017	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	Link to report
Cyber defense in depth	High walls alone won't defend the castle Assume that you have been compromised and work on what needs to be done to address it.	Link to report



Current developments and audit trends

Public Sector Accounting Standards

The following are upcoming changes that will be effective in future periods. We have provided an overview of what these standards are and what they mean to your financial reporting so that you may evaluate any impact to your future financial statements.

Standard	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2021 (<i>for the City's 2022 year end</i>). – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity would have to: <ul style="list-style-type: none"> • consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022 (<i>for the City's 2023 year end</i>). – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.

	<ul style="list-style-type: none"> - The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
<p>Financial Instruments and Foreign Currency Translation</p>	<ul style="list-style-type: none"> - New accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> have been approved by PSAB and are effective for years commencing on or after April 1, 2021 (<i>for the City's 2022 year end</i>). - Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the government's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. - Hedge accounting is not permitted. - A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations. - Based on stakeholder feedback received, PSAB is considering certain scope amendments to PS 3450 <i>Financial Instruments</i>. An exposure draft with the amendments is expected to be issued in December 2018. The proposed amendments are expected to include the accounting treatment of bond repurchases, scope exclusions for certain activities by the federal government, and improvements to the transitional provisions.
<p>Employee Future Benefit Obligations</p>	<ul style="list-style-type: none"> - PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits. - Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans. - The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.
<p>Public Private Partnerships ("P3")</p>	<ul style="list-style-type: none"> - A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets. - A Statement of Principles ("SOP") was issued in August 2017 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. An Exposure Draft of the new standard is expected to be issued in December 2018. - The SOP proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.

- The SOP proposes the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.
- The infrastructure would be valued at cost, with a liability of the same amount if one exists. Cost would be measured by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.

Concepts Underlying Financial Performance

- PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.
- A Statement of Concepts (“SOC”) and Statement of Principles (“SOP”) were issued for comment in May 2018 and has closed.
- The SOC proposes a revised, ten chapter conceptual framework intended to replace PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.
- The SOP includes principles intended to replace PS 1201 *Financial Statement Presentation*. The SOP proposes:
 - Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets.
 - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
 - Restructuring the statement of financial position to present non-financial assets before liabilities.
 - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities).
 - A new provision whereby an entity can use an amended budget in certain circumstances.
- Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.

International Strategy

- PSAB is in the process of reviewing its current approach towards International Public Sector Accounting Standards. This project may result in changes to the role PSAB plays in setting standards in Canada.
 - A consultation paper was released for comment in May 2018 and has closed. The consultation paper described the decision-making criteria PSAB expects to consider in evaluating the international strategy that best serves the public sector. It also introduced four proposed international strategies that PSAB considers to be viable.
-

Appendices



Appendix 1: Required communications



Appendix 2: Audit Quality and Risk Management



Appendix 3: Background and professional standards

Appendix 1: Required communications



In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit.

These include:



Auditors' Report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.



Management representation letter

In accordance with professional standards, copies of the management representation letter are provided to the Audit Committee. Management has provided you with a copy of the representation letter for the audit of the financial statements.

Appendix 2: Audit Quality and Risk Management



KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the six key elements of our quality control system.

Visit our [Audit Quality Resources page](#) for more information including access to our most recent [Audit Quality Report](#).

Other controls include:

- Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits
- Technical department and specialist resources provide real-time support to audit teams in the field

We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.

We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.

All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



We do not offer services that would impair our independence.

The processes we employ to help retain and develop people include:

Assignment based on skills and experience

Rotation of partners

Performance evaluation

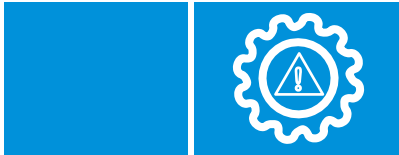
Development and training

Appropriate supervision and coaching

We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.

Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 3: Background and professional standards



Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.



kpmg.ca/audit



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CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	July 11, 2019
SUBJECT/REPORT NO:	Audit Report - Housing Services Division: Capital (AUD19004) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brigitte Minard CPA, CA, CIA, CGAP 905-546-2424 x3107 Sana Malik CIA, CCSA, CFE 905-546-2424 x4886
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATIONS

- (a) That the Management Responses as detailed in Appendix "A" of Report AUD19004 be approved; and
- (b) That the General Manager of Healthy and Safe Communities be directed to instruct the appropriate staff to have the Management Responses (attached as Appendix "A" to Report AUD19004) implemented.

EXECUTIVE SUMMARY

The 2016-18 Audit Work Plan approved by Council included an audit of the Housing Services Division. The 'Housing Continuum' for the City of Hamilton encompasses:

- Supports for people who are homeless
- Emergency Shelter
- Housing with Supports (Supported, Supportive and Transitional Housing)
- Social Housing (including Rent Geared to Income, Rent Supplement programs, etc.)
- Affordable Rental (Market)
- Affordable Homeownership

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Audit Report – Housing Services Division: Capital (AUD19004)
(City Wide) - Page 2 of 4**

The Housing Division within the City of Hamilton has not been audited at the division-wide level, previously a program-specific approach was taken. As part of the audit planning phase, all areas of the Housing Division were reviewed, meetings were held with Division Management and a preliminary risk assessment was performed.

Due to the size and complex nature of the Housing Services Division, it has been determined that the audit will be conducted as a series of projects that will vary in size and complexity, with each project focusing on a different area of the Division and being reported on separately. Based on the preliminary risk assessment, the first area selected for audit was Capital Funding within Social Housing.

Recommendations were made to identify opportunities to improve documentation, enhance management oversight over capital program administration, and obtain better value for money from the Asset Planner system.

The results of this audit are presented in a formal Audit Report (Appendix “A” to Report AUD19004) containing observations, recommendations and management responses.

Alternatives for Consideration – Not Applicable**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

This audit was scheduled as part of the 2016-2018 audit work plan approved by Council. The audit fieldwork was completed in Q4 2018. The results of this audit are attached as Appendix “A” to Report AUD19004.

The Audit, Finance and Administration Committee receives and approves audit reports as part of its responsibilities for the oversight of governance.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None.

**SUBJECT: Audit Report – Housing Services Division: Capital (AUD19004)
(City Wide) - Page 3 of 4**

RELEVANT CONSULTATION

Appendix “A” to Report AUD19004 includes management responses provided by the management responsible for the administration of the Capital Funding within the Housing Services Division.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**Capital Funding**

The scope of this audit was capital funding within the Social Housing program. There has been an influx of capital funding since 2016, primarily from the Provincial Government. The programs implemented since 2016 include the following:

1. Social Housing Apartment Retrofit Program (SHARP) (\$7.1 million over 2 years)
2. Social Housing Improvement Program (SHIP) (\$11 million over 2 years)
3. Social Housing Apartment Improvement Program (SHAIP) (\$12 million for year one of SHAIP and up to \$17 million for year two through four). With the closure of the Cap and Trade program by the Ontario government, years 2-4 of SHAIP funding were cancelled in 2018.
4. Green On (\$550,000) – This program was cancelled, and no funding was received.
5. There is also the Poverty Reduction Fund approved by council which will provide Housing Services and CityHousing Hamilton \$1 million per year for 10 years respectively. In addition, block funding is to be provided by the City in the amount of \$500,000/year. The block funds are subject to Council approval each year.
6. The city purchased a software solution called “Asset Planner” to monitor building conditions, etc.

For this audit, the SHARP and SHIP projects were selected due to the large dollar value of the programs. Both had projects that were in the execution phase during audit fieldwork. Both of these programs have requirements that are set by the Housing Services Division, along with requirements from the Provincial Government.

Audit Objectives:

This audit had two objectives:

Objective 1: Evaluate whether Housing Services is effectively allocating and managing capital funding provided to Housing Providers, as per program requirements.

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**SUBJECT: Audit Report – Housing Services Division: Capital (AUD19004)
(City Wide) - Page 4 of 4**

Objective 2: Evaluate and determine if the Asset Planner, a computer application and management tool, is strategically utilized for informed management decision-making.

The focus was on compliance/operational testing for SHARP/SHIP projects, as this required assessment before a value-for-money lens could successfully be applied. Audit Services also performed a high-level value-for-money assessment of the Asset Planner software.

Audit Findings and Recommendations:

Audit Services made six recommendations to strengthen and improve documentation, enhance management oversight over capital program administration and obtain better value for money from the Asset Planner system. These recommendations can be found on Page 9 of Appendix “A” to Report AUD19004.

Management agreed with all six of the recommendations and provided management responses for implementation. Management responses can be found in the attached Audit Report (Appendix “A” to Report AUD19004).

ALTERNATIVES FOR CONSIDERATION

Not applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD19004

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**CITY OF HAMILTON
AUDIT REPORT
HOUSING SERVICES – CAPITAL FUNDING**

INTRODUCTION

Safe, affordable and appropriate housing is vital to the well-being of individuals and communities across the City of Hamilton. Housing influences many aspects of life, including personal health, educational achievement, social connections, employment opportunities and community identity.

“Everyone has a home...home is the foundation.” This is the collective mandate that has been endorsed by the City of Hamilton and the Hamilton community. The City of Hamilton as Service Manager under the Housing Services Act, 2011 (HSA) is required to establish and administer local policies and procedures for social housing and housing programs in Hamilton. The ‘Housing Continuum’ for the City of Hamilton, which includes all types of housing, encompasses:

- Supports for people who are homeless
- Emergency Shelters
- Housing with Supports (Supported, Supportive and Transitional Housing)
- Social Housing (including Rent Geared to Income, Rent Supplement program, etc.)
- Affordable Rental (Market)
- Affordable Homeownership

Social Housing refers to rental housing developed with the assistance of government and subsidized by Municipal and Federal government for individuals, families and seniors with low to moderate incomes, or people with special needs who can live with support in the community. There are currently 42 Social Housing Providers in the City of Hamilton. Hamilton's aging social housing stock is in dire need of capital funding and suffers from a significant backlog in repairs. As of 2018, social housing in Hamilton will need about \$632 million in maintenance and repairs by 2027.

In December 2013, Hamilton City Council approved the 10-year Housing and Homelessness Action Plan. The Action Plan is a 10-year solution, focused on a person-centered approach that establishes strategies, targets, and outcomes for addressing affordable housing and homelessness issues in the community.¹ The mandate of the Action Plan is focused on implementing 54 strategies that fall under five outcome areas and require collective action by all stakeholders and community members.²

The five outcomes and targets of the 10-year plan are:

¹ Housing and Homelessness Action Plan – 2014 Report to the Community

² Housing and Homelessness Action Plan in Hamilton – Annual Report to Province - 2016

- **Supply: More affordable housing in Hamilton to meet the need and demand.**

Targets:

- 300 new affordable rental housing units per year, of which:
 - At least 25% in areas not adequately served by affordable ownership housing
 - At least 10% for persons with disabilities
 - At least 10% for large families
 - At least 50% that meet deep affordability (affordable to households up to the 40th income percentile)
 - At least 10% attached to housing supports

- **Affordability: People's housing affordability, stability and choice is increased.**

Targets

- Reduction in social housing waitlist by 50% by 2023
- 100% density and housing type targets designated in approved secondary plans achieved
- Reduction in rental households paying more than 50% of income on rent by 15% by 2023 (based on 2021 Census – this represents three census periods and a 5% drop for each census)
- 2,100 new housing allowances by 2023

- **Supports: People have the individualized supports they need to help them obtain and maintain housing.**

Targets

- Each emergency shelter sector (men's, women's, youth and family) identify and achieve annual targets for shorter shelter stays
- No one is discharged into a shelter or onto the street from an institutional setting
- 100% of the social housing providers in Hamilton adopt eviction prevention practices by 2014

- **Quality: People living in housing that is good quality, safe and suitable for their needs.**

Targets

- 100% of social housing providers implement community development plans by 2018
- Incidents of bed bugs complaints are reduced by 25% by 2018
- Incidents of bed bug re-infestation in social housing is reduced by 50% by 2023
- 3,500 residential units are rehabilitated by 2023, of which:
 - 2,000 are rental

- 1,500 are ownership (300 are modified for persons with disabilities)
- **Equity: People receive respectful, quality services within a "user-friendly" system and experience equality in housing.**

Targets

- The City of Hamilton Housing Services Division adopts a citizen engagement model by 2015
- All service providers with a funding relationship with the Housing Services Division of the City of Hamilton demonstrate citizen engagement by 2018
- Tenant-led applications to the Landlord and Tenant Board increase to 20% by 2018
- Uncontested eviction hearings decrease to 25% by 2018

AUDIT SCOPE

The Housing Division within the City of Hamilton has not been audited at the division-wide level, previously a program-specific approach was taken. As part of the audit planning phase, all areas of the Division were reviewed, meetings were held with Division management and a preliminary risk assessment was performed. Due to the size and complex nature of the Housing Services Division, it has been determined that the audit will be conducted as a series of projects that will vary in size and complexity, with each project focusing on a different area of the Division and being reported on separately. Based on the preliminary risk assessment, the first area selected for audit was Social Housing.

Capital Funding

Social Housing Administration funds, monitors and supports all social housing providers that own and operate social housing (including CityHousing Hamilton). In addition, this section oversees "Access to Housing" which maintains a central waiting list for subsidized housing units across the City. "Access to Housing" was previously outsourced and brought in-house to the "Social Housing" portfolio in April 2017 as the City determined that there was an opportunity to better integrate existing services and infrastructure. Other legislated tasks include managing the Ontario Community Housing Assistance Program (OCHAP), rent supplement programs, Municipal Housing Allowance, and capital funding.

The scope of this audit reviewed capital funding within the Social Housing program. There has been an influx of capital funding since 2016. A new Senior Project Manager was added to the team in 2017, to handle all capital funding projects. Prior to this arrangement, capital funding was managed by the Housing Officers for their individual housing portfolios.

The programs, all provincially funded, that have been implemented since 2016 include the following:

1. Social Housing Apartment Retrofit Program (SHARP) (\$7.1 million over 2 years)
2. Social Housing Improvement Program (SHIP) (\$11 million over 2 years)
3. Social Housing Apartment Improvement Program (SHAIP) (\$12 million for year one of SHAIP and up to \$17 million for year two through four). With the closure of the Cap and Trade program by the Ontario government, years 2-4 of SHAIP funding were cancelled in 2018.
4. Green On (\$550,000) – This program was cancelled, and no funding was received.
5. There is also the Poverty Reduction Fund approved by council which will provide Housing Services and CityHousing Hamilton \$1 million per year for 10 years respectively. In addition, block funding is to be provided by the City in the amount of \$500,000/year. The block funds are subject to Council approval each year.
6. The city purchased a software solution called "Asset Planner" to monitor building conditions, etc.

The audit was comprised of operational and compliance testing of the SHARP and SHIP projects as these were higher dollar value projects and nearing their project completion stage. During the planning phase of the audit, Housing Services management was in the initial stages of executing SHAIP; hence this funding was not selected for audit review. Audit Services also performed a high-level value for money review of the management tool, called the Asset Planner.

AUDIT OBJECTIVES

The objectives of this audit were to determine if the City's use of capital funding meets legislative requirements.

Objective 1: Evaluate whether Housing Services is effectively allocating and managing capital funding provided to Housing Providers, as per program requirements.

Objective 2: Evaluate and determine if the Asset Planner, a computer application and management tool, is strategically utilized for informed management decision-making.

The scope of this audit included all areas within the Housing Services Division from January 2016 – December 2018. Historical information from previous calendar years was used for comparative benchmarking purposes or for specific audit procedures where applicable.

METHODOLOGY

The audit included the following types of work:

- Review of applicable policies, procedures, reports, agreements and legislation
- Interviews with various City personnel
- Examination of reports, transactions and supporting documents and
- Assessment of the level of control and oversight exercised by management.

The audit relied on publicly available information as well as procedures, accounting records, and other documents as well as explanation and interviews with personnel to form the basis of the audit report and recommendations.

AUDIT FINDINGS

1. Social Housing Apartment Retrofit Program (SHARP)

The City of Hamilton received funding of \$7.17M from the Social Housing Authority Retrofit Program (SHARP) for allocation to Social Housing Providers with eligible housing projects in Hamilton. The program objective is the reduction of greenhouse gas emissions. The observations are outlined as follows:

- Only City Housing Hamilton (CHH) and Victoria Park were eligible and applied for the SHARP funding. Victoria Park owns and operates "The Village", which consists of two buildings that met the eligibility criteria for SHARP. Victoria Park submitted five project proposals at The Village. Out of the five projects, the biggest project for building cladding for \$1.9M did not meet the application requirement as the proposed completion date was beyond the program guideline completion date. Another project did not meet the criteria as it related to water savings, which was out of scope. The three remaining projects were in scope but were not supported with Green House Gas (GHG) emission reduction estimates and therefore not considered for funding.

After the application deadline of November 18, 2016, the applications were reviewed, and letters were sent out to City Housing Hamilton (CHH) and Victoria Park on November 22, 2016. 100% of the \$7.17M funding was allocated to the thirteen projects submitted by CHH.

- Audit Services reviewed the applications submitted by the two Social Housing Providers and noted that although Victoria Park did not provide the estimated reductions in GHG, they had specialists determine their savings and were willing to perform the required pre-retrofit audit. CityHousing Hamilton's figures of greenhouse gas emissions reductions were based on estimates; however Audit Services could not find supporting documents for these estimates. There was no evidence that Housing Services Division sought clarification or questioned the submissions sent by CHH or Victoria Park. We determined that there was an improvement opportunity for management to document correspondence with

Social Housing Providers related to their submissions and to enhance oversight over review of supporting documentation.

- The Housing Services Division informed Audit Services that they performed an evaluation then allocated funding based on the submissions, knowledge of current facts and communication with the Social Housing Providers. However, Audit Services could not substantiate that or conclude on the comprehensiveness of the process because there was no documented evidence. According to the "Call for Applications" guidelines, an Evaluation Committee should have been established to undertake the evaluation and selection process.
- The payment structure required CHH to submit certain documents such as pre-retrofit audit, WSIB and insurance, for the initial 42.5% of funding to be released. Audit Services found that not all required documents were submitted, even though the funding was released.
- CHH was required to provide quarterly progress reports on the state of the retrofit and financial reports; no such reports were received by the Housing Division. Without these reports, the Housing Service Division can't meet the Ministry of Municipal Affairs and Housing reporting requirements.

2. Social Housing Improvement Program (SHIP)

The Province of Ontario announced Federal/Provincial housing investments under the 2016 Social Infrastructure Fund (SIF) to improve the quality and increase the supply of affordable housing while also stimulating economic growth. The program targeted capital repairs and improved water and energy efficiency in existing social housing units. Hamilton's funding allocation for the program was \$11.5M and was distributed to 47 projects across various Social Housing Providers. CHH received funding for 14 out of the 47 projects (30%) amounting to 55% of the total funding allocation.

According to the Ministry of Municipal Affairs and Housing Program Guidelines for SHIP funding the Housing Services Division was responsible for selecting and approving all eligible SHIP projects, monitoring progress and completion of projects and quality of work.

Audit Services reviewed 11 of 47 total projects funded (10 projects belonged to City Housing and one to another Social Housing Provider) amounting to \$5.2 million or 45% of the total value of the program and the following was observed:

- Management indicated that funding was allocated to various Social Housing Providers via multiple meetings amongst management staff where each project was reviewed to determine eligibility. However, there was no documented evidence substantiating that an evaluation of applications was conducted by the Housing Services Division. According to the Call for Applications, a SHIP Review

Committee should have been established to undertake the evaluation and selection process.

- The funding applications submitted by CityHousing Hamilton did not have any supporting documentation for the capital retrofit funding requested, as required by the Call for Applications. There was no documented correspondence from the Housing Services Division seeking justification or clarity on the submission.
- The Milestone and Payment schedule required Social Housing Providers to submit certain documents for the initial advance funding to be released. It was noted that not all necessary documents were submitted prior to release of advance funding. According to the Ministry of Municipal Affairs and Housing Program Guidelines for SHIP funding, the Housing Services Division must flow funds to the housing providers based on pre-established project milestones for their respective projects.
- For 10 of the 11 projects reviewed by Audit Services, no invoices had been received by the Housing Services Division as of August 2018. As per the provincial guidelines, repairs should have commenced within three months of the date of funding commitment which was December 2016. Without invoices or any other evidence, we could not determine if repairs had initiated as per provincial guidelines.

Based on the findings stated above, not all the projects met Ministry of Municipal Affairs and Housing and Housing Services Division's own requirements. The process for evaluating and overseeing the administration of capital grants requires improvement.

3. Asset Planner

Asset Planner is a web-based software platform that provides housing providers and social housing managers with a capital planning tool to help them better understand and track the physical condition of their portfolio of buildings and to make informed decisions about capital expenditures. It was purchased so the advanced decision-making capabilities of the system could assist City of Hamilton in making strategic capital investments.

In 2015, the City of Hamilton began paying the subscription fee for Asset Planner software and for training. The annual invoice is based on the number of housing units multiplied by the base price. The total invoice amount for 2018 was \$38,720 for 5,145 units. From 2016-2018, the total amount spent on the software was \$110,842.

The following was observed:

- The Housing Services Division issued a purchase order and approved invoices without signing any formal written contract with the vendor of the software, namely Housing Services Corporation (HSC) and without the involvement of Information Technology Division. Accordingly, in 2018, the number of units and base price stated on the invoice increased however Audit Services could not validate the invoice changes due to lack of a formal contract.
- Asset Planner software was not being used to its full potential and the functionality and capability of the tool was not being completely utilized. There is no procedure or monitoring tool to ensure accuracy of changes to the system or when the changes should be made.
- CityHousing Hamilton which has approximately half of the approximately 14,000 social housing units is using another version of the same software. However, the two systems cannot be amalgamated as initially presumed. Management needs to strategically review how they will be using the software for making informed decisions given the current set up of two different versions of the same software.
- Value for Money: Audit Services reviewed the Asset Planner from a cost effectiveness perspective. This perspective includes considering economy, efficiency and effectiveness. The following observations were noted:

Efficiency: Having two separate systems for CityHousing Hamilton and other Social Housing Providers creates extra work. At this time, the city has not yet merged the data from both systems to understand the complete capital funding requirements.

Economy and Effectiveness: The City began paying for the tool in 2015. It has been three years and the capability of the software is not yet fully understood nor fully utilized. Audit Services could not ascertain if the Asset Planner has shown any value or assisted in better informed decisions since the time it was acquired.

RECOMMENDATIONS

Social Housing Apartment Retrofit Program (SHARP) and Social Housing Improvement Program (SHIP)

1. The evaluation conducted by the Housing Services Division should be documented; all underlying documentation of how and why funds were allocated needs to be fully supported. Social Housing Providers should be requested to provide clarity for any assumptions and estimates. Any follow up questions or clarifications should be maintained on file.
2. The payment structure needs to be clear and realistic on the expectations from the Social Housing Provider and internally within the Housing Services Division. For example, if the Social Housing Provider submits invoices to demonstrate work in progress or that work is complete, the Division needs to establish the criteria for review of invoices and the release of funds.
3. Management needs to work with Social Housing Providers to ensure quarterly reporting and other reporting requirements are met. Any follow up, correspondence or meeting with Social Housing Providers regarding status of project work should be documented.
4. It is recommended that Management work with Social Housing Providers to ensure all work is initiated as per Provincial guidelines and as per the timelines committed to by the Social Housing Provider when requesting funding. Evidence of follow ups and meeting minutes should be documented.

Asset Planner

5. It is recommended that Management work with Housing Services Corporation (Asset Planner vendor) in formalizing the contract. Management should also review the invoice for accuracy annually and commit to involving the Information Technology Division with such major purchases especially considering the possible need of integration with CHH.
6. That management strategically consider how to make best use of Asset Planner. Checks and balances should be put in place regarding responsibilities and timelines for updating the system. Data from the two systems, City Housing Hamilton and Asset Planner, should be amalgamated for enhanced decision-making.

CONCLUSION & NEXT STEPS

Objective 1: Evaluate whether Housing Services is effectively allocating and managing capital funding provided to Housing Providers, as per program requirements.

Audit Services concludes that while management worked swiftly to obtain capital funding within short timeframes for the City, improvements were required in the of the decision-making process and allocation of funds to Social Housing Providers. Management review of capital funding requests requires enhanced involvement and oversight to ensure supporting documentation is sufficient. It is recommended that Management improve monitoring of the overall programs (such as timeline spanning from the project initiation to completion of work and related payments) to ensure the program meets legislative and City requirements.

Objective 2: Evaluate and determine if the Asset Planner, a computer application and management tool, is strategically utilized for informed management decision-making.

Audit Services concluded that it is undetermined if the Asset Planner tool is being used most efficiently or whether value for money is being achieved. Going forward, it is recommended that management understand the true usefulness of the tool and how it aligns with management's long-term goals.

MANAGEMENT RESPONSES:

The Housing Services Division is the Service Manager for social housing administration, providing oversight to 12,888 social housing units across Hamilton. Funding management and monitoring is a key function within the social housing portfolio.

Housing Services staff executed an application process to allocate Provincial funding (SHIP and SHARP) in accordance with Procurement Policy 22, Schedule B(b) – "Accommodations provided as part of City approved programs and projects for the homeless and others living in poverty". Management agrees with the recommendations given the context provided. The findings of the audit highlight an opportunity for the Social Housing Administration unit to outline a process for the evaluation and allocation of funding, which includes increased rigor in documentation, contract monitoring and financial reconciliation. In 2019, Housing Services staff will develop a procedural guide which will ensure appropriate documentation of funding related activities. While the capital funding programs discussed in this audit are ending within the next year, these findings will inform the planning delivery of future capital programs.

SHARP

Housing Services staff underwent an application process to allocate the funding. The information provided in the project proposals were assessed against the Provincial guidelines. Only those projects which met these criteria were considered for funding. The evaluation committee was not struck as there was enough funding for all eligible projects.

SHIP

Housing Services staff underwent an application process to allocate the funding. The information provided in project proposals were evaluated by a committee which met on three separate occasions to review the proposals. Project proposals were only required to meet eligibility terms as outlined by the Province therefore a rigorous evaluation exercise was not undertaken.

Asset Planner

Asset Planner provides a repository for all building condition assessments for social housing providers, except for City Housing Hamilton which oversees their own due to the volume of units in their portfolio. While there may be opportunity to improve efficiencies by having all information stored on one centralized database, it is not a Service Manager requirement. Housing Services staff has access to the CHH database and information is centralized through an excel spreadsheet as required.

The Social Housing Administration unit will explore the feasibility of maximizing asset planner's functions to carry out service manager responsibilities.