



**City of Hamilton**  
**AUDIT, FINANCE AND ADMINISTRATION COMMITTEE**  
**AGENDA**

**Meeting #:** 20-004  
**Date:** June 18, 2020  
**Time:** 9:30 a.m.  
**Location:** Due to the COVID-19 and the Closure of City Hall

All electronic meetings can be viewed at:

City's Website:  
<https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas>

City's YouTube Channel:  
<https://www.youtube.com/user/InsideCityofHamilton> or Cable 14

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

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**1. APPROVAL OF AGENDA**

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

**2. DECLARATIONS OF INTEREST**

**3. APPROVAL OF MINUTES OF PREVIOUS MEETING**

3.1 February 20, 2020

**4. COMMUNICATIONS**

**5. CONSENT ITEMS**

5.1 Various Advisory Committee Minutes:

5.1.a Hamilton Aboriginal Advisory Committee - November 7, 2019

5.1.b Hamilton Aboriginal Advisory Committee - January 16, 2020

- 5.1.c Hamilton Mundialization Committee - January 15, 2020
- 5.1.d Lesbian, Gay, Bisexual, Transgender and Queer Advisory Committee - January 21, 2020
- 5.1.e Hamilton Status of Women Advisory Committee - September 26, 2019
- 5.1.f Hamilton Status of Women Advisory Committee - November 5, 2019
- 5.1.g Hamilton Status of Women Advisory Committee - February 27, 2020
- 5.1.h Advisory Committee for Immigrants and Refugees - September 12, 2019
- 5.1.i Advisory Committee for Immigrants and Refugees - January 9, 2020
- 5.1.j Advisory Committee for Immigrants and Refugees - February 13, 2020
- 5.1.k Committee Against Racism - November 26, 2019
- 5.2 2019 Annual Report on Commodity Price Hedging (FCS20050) (City Wide)
- 5.3 Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042) (City Wide)
- 5.4 Hamilton Future Fund Investment Performance Report - December 31, 2019 (FCS20047) (City Wide)
- 5.5 Reserve / Revenue Fund Investment Performance Report - December 31, 2019 (FCS20048) (City Wide)
- 5.6 Cemetery Trust Accounts Investment Performance Report – December 31, 2019 (FCS20049) (City Wide)
- 5.7 2018 Audited Financial Statements for City of Hamilton Business Improvement Areas (BIAs) (FCS20051) (City Wide)
- 5.8 Professional and Consultant Services Roster 2019-2020 (PW20037 / PED20118 / FCS20058) (City Wide)

## **6. WRITTEN DELEGATIONS**

- 6.1 Correspondence from John Stirling, respecting a \$14,400.00 Park Dedication Fee for a 1 apartment unit in a commercial building

## **7. STAFF PRESENTATIONS**

## **8. DISCUSSION ITEMS**

- 8.1 2019 City of Hamilton Financial Report and Audited Financial Statements (FCS20052) (City Wide)
- 8.2 Computer and Technology Acceptable Use Policy (FCS20053) (City Wide)
- 8.3 Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide)
- 8.4 City Auditor Reporting of Serious Matters to Council Policy (AUD20003) (City Wide)

## **9. MOTIONS**

## **10. NOTICES OF MOTION**

## **11. GENERAL INFORMATION / OTHER BUSINESS**

### 11.1 Amendments to the Outstanding Business List:

#### 11.1.a Items to be Removed:

2018 United Way Funding Review (Item 13.1)  
Added: February 7, 2019 at AF&A - Item 13.1  
Completed: February 20, 2020 AF&A - Item 10.3  
OBL Item: M

Supply of Raw Water to 690 Strathearne Avenue North (FCS18049(b))  
Added: February 7, 2019 at AF&A - Item 10.1  
Completed: March 20, 2020 at GIC - Item 14.5  
OBL Item: 19-B

Transit Program Initiative (Added Item 11.3)  
Added: August 15, 2019 at AF&A - Item (g)(i)  
Completed: June 3, 2020 at Council - Item 15.4(b)  
OBL Item: 19-L

Everyone Rides Initiative Pilot Project (PW16086)  
Added: September 14, 2016 at Council  
Completed: June 3, 2020 at Council  
OBL Item: E

## **12. PRIVATE AND CONFIDENTIAL**

12.1 Closed Minutes - February 20, 2020 (Distributed under separate cover)

Pursuant to Section 8.1, Sub-sections (b), (e) and (f) of the City's Procedural By-law 18-270, as amended, and Section 239(2), Sub-sections (b), (e) and (f) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to personal matters about an identifiable individual, including municipal or local board employees; litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; and advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

**13. ADJOURNMENT**





## AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 20-003

9:30 a.m.

February 20, 2020

Council Chambers

Hamilton City Hall

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

**Also Present:** Mayor F. Eisenberger  
Councillor S. Merulla

### THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

**1. Redaction of Personal Information on items before Council and/or Committee (CL20002) (City Wide) (Item 7.1)**

**(Collins/Pearson)**

That Report CL20002, respecting the Redaction of Personal Information on items before Council and/or Committee, be received.

**CARRIED**

**(Clark/Ferguson)**

That staff be directed to invite Brian Beamish, the Information and Privacy Commissioner (IPC) and a representative from the Municipal Property Assessment Corporation (MPAC) to a future General Issues Committee to address concerns with current regulations which limit Ward Councillor's access to resident information.

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

YES - Ward 5 Councillor Chad Collins  
 YES - Chair - Ward 1 Councillor Maureen Wilson  
 YES - Ward 15 Councillor Judi Partridge  
 YES - Ward 13 Councillor Arlene VanderBeek  
 YES - Ward 12 Councillor Lloyd Ferguson  
 YES - Ward 11 Councillor Brenda Johnson  
 YES - Ward 10 Councillor Maria Pearson  
 YES - Ward 9 Councillor Brad Clark

**2. Hate Related Activities on City of Hamilton Properties (LS19031 / PW19068(b) / CM19006(b)) (City Wide) (Item 7.3)**

**(Collins/Clark)**

That Report LS19031 / PW19068(b) / CM19006(b), respecting Hate Related Activities on City of Hamilton Properties, be received.

**CARRIED**

**3. City of Hamilton Water and Wastewater / Storm Arrears Policy Minor Amendment (FCS20018) (City Wide) (Item 7.4)**

**(Partridge/VanderBeek)**

That the amended Water and Wastewater / Storm Arrears Policy as attached in Appendix "A" to Report FCS20018, be approved effective March 1, 2020.

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

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**4. Citizen Committee Report - Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee - Additional Committee Members (Item 10.1)**

**(Collins/Clark)**

That staff be directed to commence a recruitment process for the selection of additional members for the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee.

**Result: Motion CARRIED by a vote of 9 to 0, as follows:**

YES - Ward 5 Councillor Chad Collins  
YES - Mayor Fred Eisenberger  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**5. Citizen Committee Report - Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee - Hamilton Police Services Board Appointee (Item 10.2)**

**(Collins/Ferguson)**

That the Citizen Committee Report from the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee, respecting the Hamilton Police Services Board Appointee, be received and no further action taken.

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

YES - Ward 5 Councillor Chad Collins

YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**6. Grants Sub-Committee Report 20-001 - February 10, 2020 (Item 10.3)**

**(Johnson/Collins)**

**(i) City Enrichment Fund 2020 Workplan (GRA19005) (City Wide) (Item 5.1)**

That Report GRA19005, respecting the City Enrichment Fund 2020 Workplan, be received.

**(ii) United Way Update (GRA19003) (City Wide) (Item 6.1)**

That Report GRA19003, respecting the United Way Update, be received.

**(iii) City Enrichment Fund Update (GRA20002) (City Wide) (Item 6.2)**

That the overall 2019 City Enrichment Fund surplus (attached as Appendix "A" to Report 20-001, in the amount of \$82,047, be transferred to the City Enrichment Fund Reserve #112230.

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

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**7. Process for Addressing Development Charge (DC) Concerns (FCS20007) (City Wide) (Item 10.4)**

**(Collins/Johnson)**

That Report FCS20007, respecting the Process for Addressing Development Charge (DC) Concerns, be received.

**Result: Motion CARRIED by a vote of 7 to 0, as follows:**

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge

YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
CONFLICT - Ward 9 Councillor Brad Clark

**8. Policy 11 Single Source Provider for TYMCO Sweeper DST-4 (PW20006(a)) (City Wide) (Added Item 10.5)**

**(Collins/Partridge)**

- (a) That pursuant to the City's Procurement Policy By-Law 17-064 (Policy #11 – Non-Competitive Procurements) a single source purchase of a TYMCO Sweeper DST-4 for use on bike lanes and other smaller City streets at the approximate cost of \$310,000 be awarded to The Equipment Specialists Inc. and funded from Project ID's 4031821350 and 4031921350;
- (b) That pursuant to the City's Procurement Policy By-Law 17-064 (Policy #14 – Standardization) the DST-4 Sweeper, as manufactured by TYMCO and supplied by The Equipment Specialist Inc., be added to the standardization list of Fleet Equipment and Parts; and,
- (c) That the General Manager of Public Works be authorized to negotiate, enter into and execute all required documentation to give effect thereto with The Equipment Specialists Inc. in a form satisfactory to the City Solicitor.

**Result: Motion CARRIED by a vote of 7 to 1, as follows:**

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
NO - Ward 9 Councillor Brad Clark

**9. Governance Review Sub-Committee Report 20-001 - February 12, 2020 (Added Item 10.6)**

**(Pearson/Clark)**

**(i) Civil Marriage Solemnization (CL19012(a)) (City Wide) (Item 10.1)**

- (a) That the City of Hamilton provide Civil Marriage Solemnization services as of April 6, 2020, using current resources;
- (b) That the Proposed 2020 User Fees and Charges respecting Civil Marriage Ceremony services attached as Appendix 'A' to Governance Review Sub-Committee Report 20-001, be approved, and included in Schedule 'A' of the By-law to Establish Certain 2020 User Fees and Charges for Services, Activities or the Use of Property;

- (c) That a By-law to Authorize Civil Marriage Solemnization Services and To Delegate the Authority to Solemnize Marriages in the City of Hamilton attached as Appendix 'B' to Governance Review Sub-Committee Report 20-001, which has been prepared in a form satisfactory to the City Solicitor, be enacted by Council; and
- (d) That staff report back to the Governance Review Sub-Committee within a one year period to provide an update on Civil Marriage Solemnization services.

**(ii) Appointment of the City of Hamilton Integrity Commissioner and Lobbyist Registrar (FCS20016) (City Wide) (Item 10.2)**

- (a) That Principles Integrity be appointed as the Integrity Commissioner and Lobbyist Registrar for the City of Hamilton for the remainder of the current council term with an option to renew for an additional term of council and that the Mayor and City Clerk be authorized and directed to enter into an agreement to the satisfaction of the City Solicitor; and
- (b) That the City Clerk be directed to prepare the necessary by-laws for Council approval for the appointment of Principles Integrity as the City of Hamilton Integrity Commissioner and Lobbyist Registrar; and
- (c) That the costs associated with the Integrity Commissioner and Lobbyist Registrar be funded through IC-Lobbyist Registrar (Account Number 300400).

**(iii) Recording of In Camera Sessions (Referred from the January 22, 2020 Meeting of Council) (Item 11.2)**

WHEREAS the Ontario Ombudsman recommends that all municipalities make audio recordings or video recordings of all meetings – both open and closed – to ensure a thorough record;

WHEREAS there are now 23 Ontario municipalities that have implemented either audio or audiovisual recordings of their closed meetings;

WHEREAS an audio or audiovisual recording of in-camera meetings provides a clear and accessible record for closed meeting investigators to review;

WHEREAS such recordings of closed meetings will assist the municipality in quickly demonstrating that Council and staff did not stray from the legislated requirements during closed meetings; and,

WHEREAS such recordings of closed meetings will provide a complete record to be used by the municipality and/or Councillors for future references as needed;

THEREFORE, BE IT RESOLVED:

That the City Manager be directed to report back to the Governance Review Sub-Committee within 90 days on the costs and policies to implement an audio recording system to be utilized for the recording of in-camera meetings; and the ways and means for the City Clerk to archive and protect such records.

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

- YES - Ward 5 Councillor Chad Collins
- YES - Chair - Ward 1 Councillor Maureen Wilson
- YES - Ward 15 Councillor Judi Partridge
- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark

**10. Development Charge (DC) Section 20 Complaint Hearing (LS20009 / FCS20024) (City Wide) (Added Item 10.7)**

**(Collins/Pearson)**

- (a) That Development Charge (DC) Section 20 Complaint Hearing Report LS20009/ FCS20024 be received; and,
- (b) That Development Charge (DC) Section 20 Complaint Hearing Appendix "A" to Report LS20009/ FCS20024 remain confidential.

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

- YES - Ward 5 Councillor Chad Collins
- YES - Chair - Ward 1 Councillor Maureen Wilson
- YES - Ward 15 Councillor Judi Partridge
- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark

**FOR INFORMATION:**

**(a) CHANGES TO THE AGENDA (Item 2)**

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

**10. DISCUSSION ITEMS (Item 10)**

- 10.5 Policy 11 Single Source Provider for TYMCO Sweeper DST-4 (PW20006(a)) (City Wide)

- 10.6 Governance Review Sub-Committee Report 20-001 - February 12, 2020
- 10.7 Development Charge (DC) Section 20 Complaint Hearing (LS20009 / FCS20024) (City Wide)

**14. PRIVATE AND CONFIDENTIAL (Item 14)**

- 14.1 Appendix "A" to Report LS20009 / FCS20024 - Development Charge (DC) Section 20 Complaint Hearing (LS20009 / FCS20024) (City Wide)

**(Pearson/Clark)**

That the agenda for the February 20, 2020 Audit, Finance and Administration Committee meeting be approved, as amended.

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

NOT PRESENT - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
NOT PRESENT - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**(b) DECLARATIONS OF INTEREST (Item 3)**

Councillor Clark declared an interest to Item 10.4, respecting Process for Addressing Development Charge (DC) Concerns (FCS20007), as Sergio Manchia has a business interest with his son.

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

**(i) February 6, 2020 (Item 4.1)**

**(Clark/Partridge)**

That the Minutes of the February 6, 2020 meeting of the Audit, Finance and Administration Committee be approved, as presented.

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

NOT PRESENT - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
NOT PRESENT - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**(d) DELEGATION REQUESTS (Item 6)**

- (i) John Stirling, respecting a \$14,400.00 Park Dedication Fee for a 1 apartment unit in a commercial building (For a future meeting) (Item 6.1)**

**(Pearson/Ferguson)**

That the delegation request from John Stirling, respecting a \$14,400.00 Park Dedication Fee for a 1 apartment unit in a commercial building, be approved for a future meeting.

**Result: Motion CARRIED by a vote of 7 to 0, as follows:**

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
NOT PRESENT - Ward 13 Councillor Arlene VanderBeeck  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**(e) CONSENT ITEMS (Item 7)**

**(Partridge/Clark)**

That the following Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee Minutes, be received and referred to the In Camera portion of the meeting:

- (i) April 30, 2019 (Item 7.2(a))
- (ii) May 15, 2019 (Item 7.2(b))
- (iii) May 28, 2019 (Item 7.2(c))
- (iv) June 25, 2019 (Item 7.2(d))
- (v) July 16, 2019 (Item 7.2(e))
- (vi) August 20, 2019 (Item 7.2(f))
- (vii) August 27, 2019 (Item 7.2(g))
- (viii) September 17, 2019 (Item 7.2(h))
- (ix) October 15, 2019 (Item 7.2(i))
- (x) November 19, 2019 (Item 7.2(j))

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

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeeck  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark



**(f) DISCUSSION ITEMS (Item 10)**

**(i) Citizen Committee Report - Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee - Hamilton Police Services Board Appointee (Item 10.2)**

Councillor Ferguson will be officially requesting that the incorrect information found within the Citizen Committee Report from the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee, respecting the Hamilton Police Services Board Appointee be redacted.

Once received by the City Clerk, the incorrect information within Citizen Committee Report - Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee - Hamilton Police Services Board Appointee will be redacted and the agenda republished.

**(Clark/Pearson)**

That the Citizen Committee Report from the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee, respecting the Hamilton Police Services Board Appointee, be referred to the In Camera portion of the meeting.

**Result: Motion CARRIED by a vote of 9 to 0, as follows:**

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES – Mayor Fred Eisenberger  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

For disposition of this matter, refer to Item 5.

**(ii) Process for Addressing Development Charge (DC) Concerns (FCS20007) (City Wide) (Outstanding Business List Item) (Item 10.4)**

**(Collins/Johnson)**

That staff be directed to look at options and alternatives that are not included in Report FCS20007, respecting the Process for Addressing Development Charge (DC) Concerns, and report back to the Audit, Finance and Administration Committee with these alternatives.

**Result: Motion CARRIED by a vote of 7 to 0, as follows:**

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek

YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
CONFLICT - Ward 9 Councillor Brad Clark

For disposition of this matter, refer to Item 7.

**(g) PRIVATE AND CONFIDENTIAL (Item 14)**

**(VanderBeek/Collins)**

That Committee move into Closed Session respecting Items 7.2(a) through 7.2(j), Item 10.2, and Item 14.1 Appendix 'A' to Item 10.7, pursuant to Section 8.1, Sub-sections (b), (e) and (f) of the City's Procedural By-law 18-270, and Section 239(2), Sub-sections (b), (e) and (f) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to personal matters about an identifiable individual, including municipal or local board employees; litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; and advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

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

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**(i) Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee Minutes (Items 7.2(a) through 7.2(j))**

For disposition of this matter, please refer to Item (e)(i) through (e)(x).

**(ii) Citizen Committee Report - Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee - Hamilton Police Services Board Appointee (Item 10.2)**

For disposition of this matter, please refer to Item 5 and (f)(i).

**(iii) Appendix "A" to Report LS20009 / FCS20024 - Development Charge (DC) Section 20 Complaint Hearing (Item 14.1)**

For disposition of this matter, please refer to Item 10.

**(h) GENERAL INFORMATION / OTHER BUSINESS (Item 13)**

**(i) Amendments to the Outstanding Business List (Item 13.1)**

**(Pearson/VanderBeek)**

That the following amendment to the Outstanding Business List, be approved:

**(a) Item to be Removed (Item 13.1(a)):**

Sergio Manchia, Urbancore Developments Inc., respecting the DC liability for the proposed self storage facility at 9 Aeropark Boulevard known as Upper James Self Storage and 54 Dundas Street, Waterdown, Waterdown Mini Storage Inc (Added Item 8.1 November 7, 2019 AF&A Agenda Item (f)(i) Item 10.4 on today's agenda OBL Item: 19-Q

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

YES - Ward 5 Councillor Chad Collins  
YES - Chair - Ward 1 Councillor Maureen Wilson  
YES - Ward 15 Councillor Judi Partridge  
YES - Ward 13 Councillor Arlene VanderBeek  
YES - Ward 12 Councillor Lloyd Ferguson  
YES - Ward 11 Councillor Brenda Johnson  
YES - Ward 10 Councillor Maria Pearson  
YES - Ward 9 Councillor Brad Clark

**(i) ADJOURNMENT (Item 15)**

**(Pearson/Ferguson)**

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 12:14 p.m.

**CARRIED**

Respectfully submitted,

Councillor Wilson, Chair  
Audit, Finance and Administration  
Committee

Angela McRae  
Legislative Coordinator  
Office of the City Clerk





# Hamilton

## MINUTES

### Aboriginal Advisory Committee Thursday, November 7, 2019 – 5:30 P.M. City Hall, 71 Main St. W., Room 264

**Present:** Scott Cruickshank, Marilyn Wright, Connie Bellamy, Laura Workman, Cat Cayuga, Patty Lawlor (non-voting)

**Regrets:** Allan Loft, Deborah Elmes

**Also Present:** Betsy Pocop – Human Rights, Diversity & Inclusion (staff)  
Jay Adams – HSR, (Re)Envision the HSR Campaign  
Nicole Smith – Extinction Rebellion  
Two McMaster University students

#### Opening

- L. Workman did an opening

#### Welcome and Introductions

- All were welcomed

#### 1. Changes to the Agenda

- Order of items changed – presentations to occur prior to approval of previous minutes and committee business

#### Motion #1

##### L. Workman/ S. Cruickshank

That the Aboriginal Advisory Committee accepts the November 7, 2019 agenda, as amended.

**CARRIED**

#### 2. Declaration of Interest

- There were no declarations of interest

#### 3. Approval of Previous Minutes

##### 3.1 October 3, 2019

- Indicate P. Lawlor as ally, non-voting member
- Amendment to discussion regarding October 3<sup>rd</sup> presentation – Hamilton Collaborative Partnership

**Motion #2****C. Bellamy/L. Workman**

That the Aboriginal Advisory Committee accepts the minutes of October 3, 2019, as amended.

**CARRIED****4. Presentations****4.1 (Re)Envision the HSR Campaign**

- J. Adams presented
- The project has been underway since winter 2019
- Now looking at potential changes to routes, etc
- Want to understand the transit experience felt in various communities
- Suggestion made for extension of services to more rural locations
- Suggestion made for a conversation with larger Indigenous communities, including service providers and Six Nations representatives, potentially have the Committee facilitate the discussion

**4.2 Extinction Rebellion**

- N. Smith presented
- Shared an overview of the Extinction Rebellion group's principles and values
- It is a direct action organization that challenges government in a bold way
- Looking to make connections with wider Indigenous communities
- Open to further discussion with the Committee

**5. Discussion Items****5.1 Business Arising from Previous Minutes**

- M. Wright has extended invitation to Aboriginal youth to attend a future committee meeting for them to see how the Committee operates
- P. Lawlor in touch with HPL; Shelly Hill and P. Lawlor to meet with HPL representatives
- Thank you letters for book display partners have been sent to B. Pocop and M. Wright for review
- Potentially update the display cabinet with new items– further discussion to occur

**5.2 2020 Budget**

- Request for \$3550.00 for 2020

**Motion #3****C. Cayuga/L. Workman**

That the 2020 Aboriginal Advisory Committee budget request be approved.

**CARRIED****5.3 Urban Indigenous Strategy Update**

- Item deferred to December meeting

**5.4 Equity Toolkit**

- Item deferred
- Section 1 to be discussed at December meeting

**5.5 Mayor's Meeting re: Hate Crimes**

- No update or information available

**6. Announcements/ Information Sharing**

- M. Wright requested to invite two Aboriginal youth to the December 2019 meeting and future meetings to have youth more involved with the committee

**7. Closing**

- L. Workman did a closing

**8. Adjournment**

Meeting adjourned at 7:50pm

**Next Meeting**

- Next meeting scheduled for Thursday, December 5, 2019







# Hamilton

## MINUTES

### Aboriginal Advisory Committee Thursday, January 16, 2020 – 5:30 P.M. City Hall, 71 Main St. W., Room 264

**Present:** Scott Cruickshank, Marilyn Wright, Laura Workman, Cat Cayuga, Patty Lawlor (non-voting)

**Regrets:** Allan Loft, Deborah Elmes, Connie Bellamy

**Also Present:** Betsy Pocop – Human Rights, Diversity & Inclusion (staff)  
Shelly Hill and Nicole Jones– Urban Indigenous Strategy

#### 1. Ceremonial Activities

- S. Hill did an opening

#### 2. Approval of Agenda

- Addition of item 10. 5 – Election of Chair and Vice-Chair for 2020

#### Motion #1

##### L. Workman/ C. Cayuga

That the Aboriginal Advisory Committee accepts the January 16, 2020 agenda, as amended.

**CARRIED**

#### 5. Declaration of Interest

- There were no declarations of interest

#### 4. Approval of Minutes of Previous Minutes

##### 4.1 November 7, 2019

- Item 5.1 – clarification that M. Wright extended invitation to two Aboriginal youth to attend a future meeting
- Item 6 – M. Wright has invited the two youth to the December meeting to observe how the committee operates
- Second point under item 6 removed – related to event in October

#### Motion #2

##### L. Workman/ C. Cayuga

That the Aboriginal Advisory Committee accepts the minutes of November 7, 2019, as amended.

**CARRIED**

**5. Communications**

- None

**6. Delegation Requests**

- none

**7. Consent Items**

- none

**8. Public Hearings/Delegations**

- none

**9. Staff Presentations****9.1 Urban Indigenous Strategy**

- S. Hill and N. Jones provided an update
- Urban Indigenous Strategy will be going to SLT on January 31 to propose action items
- 6 working groups developed as a result of the implementation plan
- S. Hill and N. Jones to present to the Committee at the next meeting about the implementation plan
- A total of \$1700 was raised through the Exhibit held at Dundurn Castle
- On February 11, staff will meet with police services about aligning their anti-racism strategy with the Urban Indigenous Strategy, also initiatives for the future
- Initiatives for 2020: Indigenous Staff Day and doc series with guest speakers
- S. Hill and P. Lawlor met with HPL staff to discuss possible display for 2020 at the library; S. Hill has been reaching out to artists and encourages committee members to share with artists they may know who may be interested in displaying their work.

**10. Discussion Items****10.1 Business Arising from Previous Minutes**

- M. Wright will connect with Six Nations Chief and representatives to follow up on meeting with HSR representative and invite them to attend in February to discuss transit
- Thank you letter for partners in book display have been sent out
- P. Lawlor removed personal items from display cabinet; members will need to discuss and decide what items to place in the cabinet; invite S. Hill and N. Jones if there are items they would like to display, including items related to the Urban Indigenous Strategy

**10.2 Equity Toolkit**

- Item deferred

**10.3 Member Resignation**

- The Committee was advised that member, Deborah Elmes, has resigned.
- Members expressed gratitude for D. Elmes contribution to the work of the committee and requested a card be sent to D. Elmes

**Motion #3****C. Cayuga/L. Workman**

That the Aboriginal Advisory Committee regrettably accepts the resignation of member, Deborah Elmes.

**CARRIED****10.4 Elections of Chair and Vice Chair for 2020**

- Item deferred

**11. Motions**

- none

**12. Notices of Motion**

- none

**13. General Information/Other Business**

- M. Wright shared that there will be a Full Moon Ceremony at Princess Point on February 10, 2020 at 6pm; women are invited to attend to make prayers for the water

**14. Private and Confidential**

- None

**15. Adjournment**

- L. Workman provided a closing

Next Meeting: Thursday, February 6, 2020





# Hamilton

## Minutes

### Hamilton Mundialization Advisory Committee

Wednesday, January 15, 2020 – 6:00 p.m.

Hamilton City Hall, Room 192

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<b>Present:</b>	Anthony Macaluso, Pat Semkow, Bob Semkow, Rein Ende, Rosemary Baptista, Jan Lukas
<b>Regrets:</b>	Freja Gray
<b>Also, Present:</b>	Jessica Bowen, Staff Liaison Paul Di Clemente, Staff Liaison Nabila Akbary, Admin. Assistant Talent and Diversity
<b>Guests:</b>	N/A

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### Welcome & Introductions

A. Macaluso provided the Land Acknowledgment.

#### 1. Approval of the Agenda

(J. Lukas / P. Semkow)

That the agenda of January 15, 2020 be approved as presented.

**CARRIED**

#### 2. Declaration of Conflict of Interest

None declared

#### 3. Approval of Minutes

3.1 Minutes of November 20, 2019

(B. Semkow / R. Ende)

That the minutes of November 20, 2019 be approved as presented.

**CARRIED**

#### 4. Presentations

N/A

#### 5. Discussion Items

##### 5.1 Election of Chair

- As per Volunteer Advisory Committee Handbook must elect Chair and Vice-Chair annually.

**(J. Lukas / R. Ende)**

**Motion:** The Mundialization Committee elects Anthony Macaluso as Chair of the Mundialization Committee.

**CARRIED**

##### 5.2 Election of Vice Chair

- Bob Semkow nominates Rein Ende for Vice Chair, Rein Ende declines.
- Rein Ende nominates Rosemary Baptista as Vice Chair, Rosemary accepts.

**(R. Ende / A. Macaluso)**

**Motion:** The Mundialization Committee elects Rosemary Baptista as Vice Chair of the Mundialization Committee.

**CARRIED**

##### 5.3 2020 Activity Plan

- 2020 Event Planning
  - Committee members to contact community contact to initiate planning of event.
- Hiroshima Nagasaki
  - Advertisement to start as soon as possible by nomination form both by hard copy distribution and Web Form.
  - Hard copy packages from nominees be sent to Diversity and Inclusion office within the City of Hamilton.
  - Deadline for all hard copy and web nominees be submitted by April 28, 2020 and presentation to Council be planned for end of May 2020.
  - Press release plan to be implemented as soon as possible.
  - Some options for distribution of hard copy nomination forms can be libraries and recreation centers throughout the City of Hamilton.

##### 5.4 Correspondence from Dina Honig, Hamilton Immigration Partnership Council (HIPC), respecting a Request for Study/Research Ideas for HIPC's Research and Evaluation Committee Recommendation: Be received

**(B. Semkow / R. Ende)**

That the correspondence from Dina Honig, Hamilton Immigration Partnership Council (HIPC), respecting a Request for Study/Research Ideas for HIPC's Research and Evaluation Committee, be received.

**CARRIED**

## **6. Other Business**

### **6.1 Information Sharing**

#### **Hamilton Mundialization Website**

- Macaluso confirmed website is present and will need to be updated. Initiate a meeting with individual responsible for the set up the website to be invited to the February meeting next month.

#### **Photo Contest:**

- Three winners chosen by the judging panel. The three individuals from the judging panel be presented with a \$25.00 gift card from Tim Hortons as 'thank you'.

#### **(A. Macaluso / R. Baptista)**

**Motion:** Purchase of three gift cards from Tim Hortons with the dollar value of \$25.00.

**CARRIED**

- A date to be planned to have winners of photo contest be invited to Council.
- To inform the respected Ward Councillor of the photo contest winner who resides within their ward.
- To keep note for the future photo contest: 'one entry submission per person'

#### **Ancaster Community Food Drive 2020**

- Please circulate communication flyer to respected communities and individuals in order to receive volunteers and donations.

#### **Burlington Mundialization Committee**

- To receive more information on a subcommittee formed to model the United Nations.

#### **Prayer Breakfast**

- To be held at La Luna and tickets can be purchased \$25.00 per person.

#### **(A. Macaluso / R. Baptista)**

Ticket purchase of up to \$200.00 for Prayer Breakfast.

**CARRIED**

#### **Carnevale Di Venezia - Good Shepherd**

- An event in collaboration with Hamilton's CIBPA, Sons & Daughters of Italy and Festialia Boards.

**7. Adjournment  
(R. Ende / B. Semkow)**

The Mundialization Committee adjourned at 8:09 p.m.

**CARRIED**

**Next Meeting: February 19, 2020, Hamilton City Hall, Room 192**





# Hamilton

## MINUTES

**LGBTQ Advisory Committee** Tuesday,

January 21, 2020

6:00 PM - 8:40 PM

City Hall, 71 Main Street West, Room 192

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**Present:** James Diemert, Autumn Getty (Recording Secretary), Freja Gray, Lisa-Marie Johnston, Cameron Kroetsch (Chair), Jake Maurice, Violetta Nikolskaya (Vice Chair), Mitch Ray-Borsc, Maureen Wilson (City Council Appointee)

**Regrets:** Alex Kaulback, Terri Wallis, Kyle Weitz

**Absent:** Kristin Cavarzan

**Staff:** Nabila Akbary (Diversity and Inclusion), Jessica Bowen (Diversity and Inclusion)

**Guests:** Ben ElzingaCheng (Cooper, Sandler, Shime & Bergman LLP), Kendall Ferdinand, Ashley Letts (Steel City Inclusive Softball Association), Chris Ritsma (Hamilton Cycling Committee), Faye Thomas, Lex Tyllard, members of the public

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### 1. **Welcome / Introductions**

Committee members and guests were welcomed and there was a round of introductions.

## **2. Land Acknowledgement**

V. Nikolskaya provided a Land Acknowledgement.

## **3. Elections**

The Committee was advised by staff that they had received correspondence from the office of the City Clerk that each Advisory Committee must conduct elections at the first meeting of every calendar year.

### **3.1 Election of Chair**

**(V. Nikolskaya / A. Getty)**

That C. Kroetsch was unanimously acclaimed Chair of the LGBTQ Advisory Committee for 2020.

**CARRIED**

### **3.2 Election of Vice Chair**

**(A. Getty / C. Kroetsch)**

That V. Nikolskaya was unanimously acclaimed Vice Chair of the LGBTQ Advisory Committee for 2020.

**CARRIED**

### **3.3 Election of Recording Secretary**

**(V. Nikolskaya / C. Kroetsch)**

That A. Getty was unanimously acclaimed Recording Secretary of the LGBTQ Advisory Committee for 2020.

**CARRIED**

#### **4. Declarations of Conflicts of Interest**

J. Diemert, A. Getty and C. Kroetsch declared conflicts of interest related to item 8.4.

#### **5. Procedural Business**

##### **5.1 Motion to Approve the Formal Agenda**

**(M. Ray-Borsc / F. Gray)**

That the LGBTQ Advisory Committee approve the agenda for today's meeting as distributed.

**CARRIED**

##### **5.2 Motion to Approve the Informal Agenda**

**(F. Gray / A. Getty)**

That the LGBTQ Advisory Committee approve the agenda for today's meeting as distributed with the following additions / amendments:

- 5.7 - Request to delegate at the Committee's February meeting from Greg Tedesco, Housing Services, City of Hamilton with respect to feedback on the Point-in-Time Connection survey
- 8.5 - Resignation of A. Kaulback

**CARRIED**

**5.3 Motion to Approve the Minutes of November 19, 2019**

**(F. Gray / V. Nikolskaya)**

That the LGBTQ Advisory Committee approve the minutes from its November 19, 2019 meeting as distributed.

**CARRIED**

**5.4 Motion to Rescind the Approval of the Minutes**

**(J. Diemert / M. Ray-Borsc)**

That the LGBTQ Advisory Committee rescind any previous approval of its minutes from April 30, 2019 to October 15, 2019.

**CARRIED**

**5.5 Motion to Approve the Minutes from April 30, 2019 to October 15, 2019 except for the minutes from May 15, 2019**

**(V. Nikolskaya / F. Gray)**

That the LGBTQ Advisory Committee approve the minutes of its April 30, 2019; May 28, 2019; June 25, 2019; July 16, 2019; August 20, 2019; August 27, 2019; September 17, 2019; and October 15, 2019 meetings as distributed.

**CARRIED**

Discussion: The office of the City Clerk has requested changes to the May 15, 2019 minutes. The Committee will vote on and discuss the approval of those minutes separately.

## 5.6 Motion to Approve the Minutes from May 15, 2019

**(F. Gray / J. Diemert)**

That the LGBTQ Advisory Committee approve the minutes of its May 15, 2019 meeting as distributed.

**CARRIED**

Discussion: The Committee did not approve the changes requested by the office of the City Clerk. The City Clerk provided a rationale for the requested changes and cited both the potential release of personal information and a potential violation of the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA). Members voiced a concern that it was not up to them to interpret MFIPPA or any other legislation. Despite this, members read and discussed the rationale and materials provided by the City Clerk (“Fact Sheet: What is Personal Information?” from the Information and Privacy Commissioner of Ontario dated October 2016). Members did not feel that the provided rationale or materials held any relevance with respect to the Committee’s Minutes especially as the content of its Minutes had been made public by the media in May 2019. Members voiced concerns that none of the information in its Minutes should be considered personal but should be classified as “business information”. Members were especially vocal with respect to the second item that the City Clerk asked to be changed and were confused as to how this could be construed to identify any specific individual (in either a personal or business setting).

## 5.7 Approval of Presentations / Delegations

**(J. Diemert / V. Nikolskaya)**

That the following requests be deferred to the Committee's next meeting and added to the appropriate agenda(s):

- Request to delegate at today's meeting from Al Fletcher, Manager, Neighbourhood Development, City of Hamilton with respect to the Multi-Use Hub for Diverse and Marginalized Communities

That the following requests be approved and added to the appropriate agenda(s):

- Request to delegate at today's meeting from Ben ElzingaCheng, Cooper, Sandler, Shime & Bergman LLP with respect to the Hamilton Police Services Board's Independent Review of Pride 2019
- Request to delegate at today's meeting from Ashley Letts, Steel City Inclusive Softball Association, with respect to a softball league for members of Two Spirit & LGBTQTIA+ communities
- Request to delegate at the Committee's February meeting from Greg Tedesco, Housing Services, City of Hamilton with respect to feedback on the Point-in-Time Connection survey

**CARRIED**

## 6. Presentations / Delegations

### 6.1 **Delegation from Ben ElzingaCheng, Cooper, Sandler, Shime & Bergman LLP with respect to the Hamilton Police Services Board's Independent Review of Pride 2019**

Ben ElzingaCheng shared with the Committee that his firm, Cooper, Sandler, Shime & Bergman LLP is responsible for conducting the Independent Review of Pride 2019.

The delegate advised that his firm is trying to meet with as many community members as possible. He requested the Committee's participation and encouraged members to reach out to their networks so that the firm is able to hear from as many community voices as possible.

The review is expected to be completed by April 30, 2020 and will be presented publicly.

The firm is looking to have meetings between February and March. They will work with community members to meet when they are available and with the level of support they might require to participate in the meetings.

### 6.2 **Delegation from Ashley Letts, Steel City Inclusive Softball Association, with respect to a softball league for members of Two Spirit & LGBTQIA+ communities**

Ashley Letts advised that they are seeking to create a softball team in Hamilton for the LGBTQ community. This is a not-for-profit community league. The major costs associated with participating include equipment, uniforms, which will be approximately \$100.00 per player.

The delegate provided contact information to the group and advised that there is a Facebook group available to connect as well.

## **7. Recommendations**

### **7.1 Motion to Recommend that City Council Reappoint a Member of the Hamilton Police Services Board**

**(J. Diemert / F. Gray)**

That the Committee approve the Citizen Committee Report as distributed and submit it to City Council.

**CARRIED**

### **7.2 Motion to Recommend that City Council Appoint Additional Members to the LGBTQ Advisory Committee**

**(A. Getty / F. Gray)**

That the Committee approve the Citizen Committee Report as distributed and submit it to City Council.

**CARRIED**

### **7.3 Motion to write a Citizen Committee Report to Recommend that the Committee change the Standing Committee to which it Reports**

**(J. Diemert / F. Gray)**

That rather than vote on this matter at today's meeting the Committee add this motion to its Outstanding Business List.

**CARRIED**



Discussion: The Committee suggested that this work be done in coordination with the other Advisory Committees that report to the Audit, Finance and Administration Committee (Advisory Committee for Immigrants and Refugees, Committee Against Racism, Hamilton Aboriginal Advisory Committee, Hamilton Status of Women Committee, Mundialization Committee). The Committee also suggested that this coordination happen when the Chair and Vice Chair are going around to other Advisory Committees to talk with them about plans for an All Advisory Committee event. This motion would come back to the Committee once that work has been completed.

## **8. Regular Business**

### **8.1 Motion to Schedule the Committee's 2020 Retreat and Assign a Budget for its Expenses**

**(J. Diemert / M. Ray-Borsc)**

That the Committee defer this motion to its next meeting.

**DEFERRED**

Discussion: Dates of late April or early May were discussed. The Committee wasn't sure if a retreat was the right language here and wanted to ensure that training was a major component. The Chair and Vice Chair will confer about the budget with staff and bring more information back to the Committee's next meeting.

**8.2 Motion to Schedule an All Advisory Committees Event and Develop a Communications Strategy**

**(V. Nikolskaya / C. Kroetsch)**

That rather than vote on this matter at today's meeting the Committee add this motion to its Outstanding Business List.

**CARRIED**

Discussion: The Committee's Chair will do research on the other Advisory Committees and come back with a different, but related, motion at the Committee's next meeting.

**8.3 Motion to Schedule a Broader Community Consultation with Respect to the Multi-Use Hub for Diverse and Marginalized Communities**

**(J. Diemert / A. Getty)**

That the Committee disseminate the related survey link ([http://bit.ly/COH\\_CommunityHub](http://bit.ly/COH_CommunityHub)) via its social media channels before its next meeting.

**CARRIED**

**8.4 Motion to Donate \$250 to the Building Solidarity Panel Discussion being held on February 13, 2020**

**(V. Nikolskaya / F. Gray)**

That the Committee provide a financial contribution of \$250.00 to the Interfaith, Two Spirit, and LGBTQIA+ Panel Discussion on February 13, 2020 to assist with the cost of honoraria and accessibility.

**CARRIED**

## **8.5 Resignation of A. Kaulback**

**(F. Gray / V. Nikolskaya)**

That the Committee accept the resignation of A. Kaulback.

**CARRIED**

## **8.6 Motion to Delegate to the Hamilton Police Services Board at its Meeting on February 14, 2020**

**(J. Diemert / V. Nikolskaya)**

That the Committee delegate to the Hamilton Police Services Board on February 14, 2020 with respect to recommendations from its May 15, 2019 meeting and in relation to the surveillance of the Committee's event on June 18, 2019; that the Chair delegate on behalf of the Committee; and that the Chair read from the correspondence sent to the Hamilton Police Service Board and received at its December 2019 meeting.

**CARRIED**

## **9. Discussion Items**

### **9.1 Update from Working Group on Committee Selection (on hiatus)**

### **9.2 Update from Working Group on the Needs Assessment and Scheduling of its Next Meeting**

The Working Group met and discussed plans for continuing to connect with other interested community members. The next meeting of the Working Group will be on Monday, February 10, 2020 at 6:00 PM at the YWCA.

### **9.3 2020 Flag Raising Ceremony**

Members discussed options for what could be done in lieu of a “flag raising ceremony” since the sentiment of this event is focused around opening Pride month in Hamilton. The Committee would like to discuss working with Pride around this. The Chair will speak to its Board of Directors, of which he is a member, and report back at the Committee’s next meeting.

### **9.4 Continued Discussion of the Process for Renaming the Committee**

The Committee deferred this discussion to its next meeting.

### **9.5 Continued Discussion of Food at Committee Meetings**

The Committee deferred this discussion to its next meeting.

## **10. Notices**

## **11. Announcements**

- The Building Solidarity panel will be held on February 13, 2020 from 6:00 PM to 8:30 PM at 1 James Street North (McMaster Centre for Continuing Education) in Room 204

## **12. Adjournment**

**(J. Diemert / F. Gray)**

That, there being no further business, the meeting be adjourned at 8:40 PM.

**CARRIED**



Hamilton

**Minutes**

**Status of Women Advisory Committee**

**Thursday, September 26, 2019**

**City Hall, 71 Main St. W., Room 192**

**Present:** Yulena Wan, Jan Lukas, Stephanie Bertolo, Anna Davey, Autumn Getty, Doreen Ssenabulya, Deanna Allain,

**Regrets:** Marie Robbins, Stephanie Frisina, Katie Hood

**Also Present:** Betsy Pocop (staff liaison), Diversity and Inclusion Office

Councillor Nann

Presenters: Liz Conti, Jeanne Mayo, Sharon Pearson

**Chair:** Autumn Getty

**Welcome/Introductions**

A round of introductions and welcoming of members and guests.

**1. Approval of Agenda**

**(A.Getty/ A. Davey)**

- That the Status of Women Committee establish a Land of Acknowledgment in the future agendas moving forward

**CARRIED**

- Addition of items:
  - 5.8- Committee Membership Status
  - 5.1.1- Follow up on Councillor Nann's motion
  - 5.1.2- Meeting schedule
  - Combine items 5.2 and 5.6 and move to 5.6 only under Terms of Reference

**(D. Allain/ D. Ssenabulya)**

- That the Status of Women Committee accepts the agenda of September 26, 2019 as amended.

**CARRIED**

## 2. Declaration of Interest

- None

## 3. Approval of Minutes (D.Allain/ A.Davey)

That the Status of Women Committee accepts the minutes of June 27, 2019 as presented.

**CARRIED**

## 4. Presentations

### 4.1 Age Friendly Plan

- Presenters: Liz Conti, Jeanne Mayo, Sharon Pearson
- 2012- Council identified plan as strategic priority  
2013- The City of Hamilton and Seniors Advisory Committee partnered in community consultation with local aging population, resulting in 102 recommendations
- Looking at challenges and opportunities
- Feedback provided from committee members based on the seven age friendly plan goals with specific feedback in the areas of technology, civic engagement, getting around and housing

## 5. Business/ Discussion Items

### 5.1 Business Arising from Previous Minutes

#### 5.1.1 Councillor Nann's Motion

- Passed unanimously, staff will report back with timeline
- LGBTQ and Advisory Committee for Persons with Disabilities recommendations to standing committee is to increase number of members
- Ad hoc committee of council to oversee steering committee for EDI Framework

#### 5.1.2 Meeting Schedule

- Request was made to start meeting at 6pm rather than 5:30pm beginning in October 2019.

### (J. Lukas/ D. Allain)

That the Status of Women committee commence meetings at 6pm with potential to change the start time in the future.

**CARRIED**

### 5.2 2020 Budget

- Postpone request from reserve

- Identify items at next meeting for 2020 budget request

**(D. Allain/ D. Ssenabulya)**

The Status of Women Committee defer budget to October 2019

**CARRIED**

**5.3 Equity Toolkit Review and Standing Committee**

- Summary: Status of Women committee members began review of toolkit and provided feedback.
- Comments and feedback provided for the toolkit
- Committee agreed to set schedule for review of Equity Toolkit
  - section 1 and 2: review in October 2019
  - section 3 and 4: review in November 2019
  - section 5 and overall: review in January 2020

**5.4 Working Group Update and Review of Terms of Reference**

- A. Getty provided update
- Purpose was to engage community stakeholders for Terms of Reference
- Potential involvement: HCCI, Chair and Vice-Chair of LGBTQ Advisory Committee, Spectrum, YWAC, HWDSB

**5.5 2019 Workplan**

- Deferred

**5.6 Sisters in Spirit Vigil**

- Request was made for support

**(A.Davey/ D. Allain)**

That the Status of Women Committee supports the 2019 Sisters in Spirit Vigil with a financial contribution of up to \$300.

**CARRIED**

**5.7 Committee Membership Update**

**(D. Allain/ S. Bertolo)**

That Status of Women Committee accepts the resignation of committee member Erin O'Neil

**CARRIED**

**(J. Lukas/ D. Allain)**

That the Status of Women Committee receives the 4 month leave of absence request from member, Marie Robbins, and quorum be adjusted for that 4 months.

**CARRIED**

**6. Announcement and Information Sharing**

- None

**7. Adjournment**

**(A. Davey/ D. Allain)**

Motion to adjourn at 7:32pm

**CARRIED**

Next meeting scheduled for Thursday, October 24, 2019 at 6:00pm





Hamilton

**Minutes**

**Status of Women Advisory Committee**

**Tuesday, November 5, 2019**

**City Hall, 71 Main St. W., Room 192**

**Present:** Stephanie Frisina, Autumn Getty, Yulena Wan, Anna Davey, Deanna Allain

**Regrets:** Jan Lukas, Katie Hood, Stephanie Bertolo, Doreen Ssenabulya,

**Also Present:** Betsy Pocop (staff liaison), Diversity and Inclusion Office

**2020 Budget**

- Request to be made from reserves
- Funding from Committee reserves to support external community partners working to promote the safety and well-being of women-identified and non-binary Hamiltonians
- Potential childcare costs to be captured in the incidental costs of the budget

**(A. Davey/D. Allain)**

That, in addition to the base funding, a one-time budget allocation for 2020 of \$2,000, funded by the Status of Women reserve, be approved and referred to the 2020 budget process for consideration.

**CARRIED**

**(A. Getty/ A. Davey)**

If authorized, the Status of Women Committee requests a 1% budget increase for 2020.

**CARRIED**

**(D. Allain/Y. Wan)**

That the Status of Women Committee approves the 2020 budget submission.

**CARRIED**

**Adjournment**

**(D. Allain/A. Getty)**

Motion to adjourn at 6:50pm

**CARRIED**

Next meeting scheduled for Thursday, November 28, 2019 at 6:00pm.



Hamilton

NOTES

**Status of Women Advisory Committee**

Thursday, February 27, 2020

6:00 p.m.

City Hall, 71 Main Street West, Room 192

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Present: Autumn Getty, Anna Davey, Jan Lukas, Doreen Ssenabulya

Absent with  
Regrets: Stephanie Bertolo, Stephanie Frisina, Yulena Wan

Absent: Deanna Allain

Also, Present: Betsy Pocop, Staff Liaison, Diversity and Inclusion  
Nabila Akbary, Admin. Assistant, Diversity and Inclusion

Pursuant to Section 5.4(4) of the City of Hamilton's Procedural By-law 18-270 at 7:15pm the Staff Liaison to the Committee advised those in attendance that quorum had not been achieved within 30 minutes after the time set for the Status of Women Committee , therefore, the Staff Liaison to the Committee noted the names of those in attendance and the meeting stood adjourned.

Respectfully submitted,

Betsy Pocop  
Human Rights Specialist, Diversity  
and Inclusion





Hamilton

NOTES

**Immigrant and Refugee Volunteer Advisory  
Committee**

Thursday, September 12, 2019

6:30 pm

City Hall, 71 Main Street West, Room 192

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Present: Dina Honig, Aref Alshaikhahmed

Absent with  
Regrets: Waleed Aslam, Marie Robbins, Rami Safi

Absent: Anjum Chauhan, Leslyn Gombakomba, Al Karsten

Also Present: Jodi Koch, Director of Talent and Diversity  
Grace Maciak, Healthy and Safe Communities  
Nabila Akbary, Admin. Assistant Talent and Diversity

Pursuant to Section 5.4(4) of the City of Hamilton's Procedural By-law 18-270 at 7:15pm the Staff Liaison to the Committee advised those in attendance that quorum had not been achieved within 30 minutes after the time set for the Immigrant and Refugee Volunteer Advisory Committee, therefore, the Staff Liaison to the Committee noted the names of those in attendance and the meeting stood adjourned.

Respectfully submitted,

Jodi Koch  
Director of Talent and Diversity





Hamilton

NOTES

**Immigrant and Refugee Volunteer Advisory  
Committee**

Thursday, January 9, 2020

6:30 pm

City Hall, 71 Main Street West, Room 192

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Present: Leslyn Gombakomba, Rami Safi, Aref Alshaikhahmed

Absent with  
Regrets: Al Karsten, Dina Honig

Absent: Anjum Chauhan, Waleed Aslam

Also Present: Jodi Koch, Director of Talent and Diversity  
Rachelle Ihekwoaba, Senior Project Manager, Healthy  
and Safe Communities

Pursuant to Section 5.4(4) of the City of Hamilton's Procedural By-law 18-270 at 7:15pm the Staff Liaison to the Committee advised those in attendance that quorum had not been achieved within 30 minutes after the time set for the Immigrant and Refugee Volunteer Advisory Committee, therefore, the Staff Liaison to the Committee noted the names of those in attendance and the meeting stood adjourned.

Respectfully submitted,  
Jodi Koch  
Director of Talent and Diversity







Hamilton

NOTES

**Immigrant and Refugee Volunteer Advisory  
Committee**

Thursday, February 13, 2020

6:30 pm

City Hall, 71 Main Street West, Room 192

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Present: Rami Safi, Leslyn Gombakomba

Absent with  
Regrets: Dina Honig, Waleed Aslam

Absent: Anjum Chauhan, Aref Alshaikhahmed, Al Karsten

Also Present: Jodi Koch, Director of Talent and Diversity  
Paul Di Clemente, Staff Liaison, Diversity and Inclusion  
Grace Maciak, Case Manager, Healthy and Safe  
Communities

Pursuant to Section 5.4(4) of the City of Hamilton's Procedural By-law 18-270 at 7:16pm the Staff Liaison to the Committee advised those in attendance that quorum had not been achieved within 30 minutes after the time set for the Immigrant and Refugee Volunteer Advisory Committee, therefore, the Staff Liaison to the Committee noted the names of those in attendance and the meeting stood adjourned.

Respectfully submitted,

Jodi Koch  
Director of Talent and Diversity





Hamilton

**- MINUTES -**  
**COMMITTEE AGAINST RACISM**  
**Tuesday, November 26, 2019**  
**6:30 p.m. - 8:30 p.m.**  
**City Hall, 71 Main Street West, Room 192**

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**Present:** Marlene Dei-Amoah, Louic LeBlanc, Tyrone Childs, Shamini Jacob, Annie Law, Leslyn Gombakomba

**Regrets:** Phillip Jeffrey, Taimur Qasim

**Absent:** Sylvia Gill

**Also Present:** Jodi Koch – Director, Human Rights, Diversity and Inclusion  
 Councillor Brad Clark  
 Nabila Akbary - Admin. Assistant, Talent and Diversity  
 Guests: Conor Flood (HSR), Sonia Mrva (Hamilton Civic Museums), Kojo Dampsey, Debbie McMillan, Lynden George, Karl Anderson, Jovaune Rhodes

**Chair:** M. Dei-Amoah

**Welcome & Introductions**

Staff welcomed all in attendance and a round of introductions were done.

**1. Changes to the Agenda**

- i) Addition of item 5.6: CAR Brochure and item 5.7: Letter of support for John Howard Society Anti-Racism Action Plan

**L. LeBlanc / S. Jacob**

That the Committee Against Racism accepts the Meeting Agenda with additions for November 26, 2019.

**CARRIED**

**2. Declaration of Interest**

- i) None declared

**3. Approval of Minutes**

**L. LeBlanc / T. Childs**

That the Committee Against Racism accepts the Meeting Minutes of October 22, 2019 and November 12, 2019.

**CARRIED**

#### 4. Presentations

##### 4.1 Sonia Mrva, Hamilton Civic Museums

- A survey is currently available for members of the community which has been available the last 6 months. The survey is asking how Hamilton Civic Museums can be better at diversity and inclusion planning strategies.
- Focus on museums to have more inclusivity and diversity.
- Survey Link: [www.reimagineourmuseums.ca](http://www.reimagineourmuseums.ca)
- Sonia Mrva's email: [Sonia.Mrva@hamilton.ca](mailto:Sonia.Mrva@hamilton.ca)
- Library Card gains you access to museums at no cost
- Committee members asking for Sonia Mrva to return in 6 months' time (June 2020) for follow-up on survey and updates.

##### 4.2 Conor Flood, Hamilton Street Railway (HSR)

- A re-envision of HSR initiatives to support customers and community members. The HSR want to hear the voice of the customer and community members.
- Survey data compiled by McMaster University
- Transit experiences of community through many channels and initiatives.
- Seeking information from community members for HSR customer experience and innovation.

##### T. Childs / L. Gombakomba

That the Committee Against Racism accepts the presentations from both Hamilton Civic Museums and the Hamilton Street Railway.

**CARRIED**

#### 5. Business / Discussion Items

##### 5.1 Citizen Committee Report

- Staff J. Koch to speak: Citizen Committee to be submitted to Audit, Finance and Administration on December 5, 2019
- Report to have topic request as 'Transitional Model'
- Focus on the four services that the community wants to identify as priorities.

##### 5.2 HARRC Focus Group Summary

- An overview of the Survey Summary results.

##### 5.3 Terms of Reference

**DEFERRED**

##### 5.4 Grant Application

**DEFERRED**

**Committee Against Racism Minutes**

**November 26, 2019**

**Page 3 of 3**

- |            |                                     |                 |
|------------|-------------------------------------|-----------------|
| <b>5.5</b> | <b>Equity and Inclusion Toolkit</b> | <b>DEFERRED</b> |
| <b>5.6</b> | <b>CAR brochure</b>                 | <b>DEFERRED</b> |
| <b>5.7</b> | <b>John Howard Society</b>          | <b>DEFERRED</b> |

**6. Announcements and Information Sharing**

- i) None declared

**7. Adjournment**

**L. LeBlanc / T. Childs**

That the Committee Against Racism meeting adjourn at 9:24 p.m.

**Next meeting scheduled for Tuesday, January 28, 2020**





# INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	2019 Annual Report on Commodity Price Hedging (FCS20050) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	John Savoia (905) 546-2424 Ext. 7298
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

The City's Corporate Energy Policy stipulates the General Manager of Finance and Corporate Services reports to Council at least once each fiscal year with respect to any Energy Commodity agreements. In May 2014, Council approved a revision to the City's Corporate Energy Policy (refer to Report PW14050) which now incorporates the City's previously separate Energy Commodity Policy into one comprehensive policy.

## INFORMATION

Price volatility on commodity products purchased by the City presents both a budgeting challenge and a financial risk. While long-term, fixed price contracts can be tendered or negotiated for some products, other products are subject to market pricing at the time of the delivery of the product or the demand for the product is sufficiently uncertain that long-term commitments are not available or prudent.

The primary purpose of a commodity price hedging agreement is to provide price stability / cost certainty by fixing some portion of future commodity prices. A secondary purpose is to use hedging to lock in favourable pricing for commodity purchase commitments when other means, such as long-term contracts, are not practicable.

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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: 2019 Annual Report on Commodity Price Hedging (FCS20050)  
(City Wide) – Page 2 of 3**

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The primary objectives for the City's commodity price hedging program are as follows:

- Adhere to statutory requirements
- Promote financial flexibility
- Limit financial risk exposure

A commodity price hedging agreement may only be undertaken if the agreement follows the relevant sections of the *Municipal Act, 2001* and regulations thereunder.

Requirements include but are not limited to the following:

- a) The City may enter into a financial agreement only for the future delivery of some or all of a commodity or the future cost of an equivalent quantity of a commodity. A financial agreement shall not be entered into for the purpose of speculative investing; and
- b) The City is prohibited from selling or disposing of the financial agreement or an interest in the agreement. An exception to this requirement exists if there is a sale or change of use of real property to which the agreement applies, or the City ceases an activity for which the commodity was being acquired.

#### Reporting Requirements

The General Manager, Finance and Corporate Services, shall report to Council at least once each fiscal year with respect to any and all energy commodity price hedging agreements and other energy commodity agreements in place. The report shall contain, at a minimum, all requirements as set out in O. Reg. 653/05 (as it exists from time to time) and shall include:

- 1) A statement about the status of the energy commodity price hedging agreements during the period of the report, including a comparison of the expected and actual results of using the agreements;
- 2) A statement by the General Manager, Finance and Corporate Services, indicating whether, in his opinion, all the agreements entered during the period of the report are consistent with this Energy Commodity Policy relating to the use of financial agreements to address commodity pricing and costs;
- 3) An overview of any agreements with contract agents (including, without limitation, actual costs, services provided and frequency of use) and a statement by the General Manager, Finance and Corporate Services, indicating whether, in his opinion, all these agreements are consistent with this Energy Commodity Policy with respect to the use of contract agents;

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**SUBJECT: 2019 Annual Report on Commodity Price Hedging (FCS20050)  
(City Wide) – Page 3 of 3**

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- 4) An overview of any co-operative energy purchasing initiatives and / or agreements and a statement by the General Manager, Finance and Corporate Services, indicating whether, in his opinion, all these agreements are consistent with this Energy Commodity Policy with respect to the use of co-operative energy purchasing;
- 5) Such other information as Council may require; and
- 6) Such other information as the General Manager, Finance and Corporate Services, considers appropriate to include in the report.

Accordingly, Appendix “A” to Report FCS20050 provides the Treasurer’s Annual Statement on Commodity Price Hedging that includes statements as required per the reporting requirements.

Appendix “B” to Report FCS20050 provides the annual Report on Commodity Price Hedging authored by the City’s Office of Energy Initiatives. This Report, that forms the foundation for the Treasurer’s Annual Statement of Commodity Price Hedging, deals exclusively with the City’s energy commodity price hedging agreements and utility rate transactions for natural gas, electricity and fuel.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report FCS20050 – 2019 Treasurer’s Annual Statement on Commodity Price Hedging

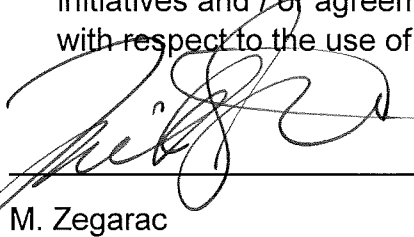
Appendix “B” to Report FCS20050 - 2019 Annual Energy Report on Commodity Price Hedging

JS/dt



## 2019 Treasurer's Annual Statement on Commodity Price Hedging

1. I warrant that, to the best of my knowledge, the 2019 Annual Energy Report on Commodity Price Hedging, Appendix "B" to Report FCS20050, provided to the Audit, Finance and Administration Committee on June 18, 2020, meets the reporting requirements as set out in O. Reg. 653/05 including a comparison of the expected and actual results of using commodity price hedging agreements;
2. I warrant that, to the best of my knowledge, all the agreements entered during the period of the report, are consistent with the City's Energy Commodity Policy relating to the use of financial agreements to address commodity pricing and costs;
3. I warrant that, to the best of my knowledge, agreements with contract agents are consistent with the City's Energy Commodity Policy with respect to the use of contract agents; and
4. I warrant that, to the best of my knowledge, co-operative energy purchasing initiatives and /or agreements are consistent with this Energy Commodity Policy with respect to the use of co-operative energy purchasing.



M. Zegarac  
General Manager, Finance and Corporate Services  
Corporate Services Department



2019 Annual Report on Commodity Price Hedging  
The Office of Energy Initiatives

June 2020

Tom Chessman  
Manager, Energy Initiatives  
Energy, Fleet & Facilities Management Division  
Public Works Department

**Introduction**

The City of Hamilton’s 2019 Annual Report on Commodity Price Hedging deals exclusively with the City’s energy commodity price hedging agreements and utility rate transactions for natural gas, electricity and fuel.

As defined in the Corporate Energy Policy, “Energy Commodities” means electricity, green power, natural gas, methane and all other petroleum based fuel products such as, diesel, bio-diesel, gasoline, fuel oil, propane and any other bulk commodity primarily used by the City for the purpose of heating and cooling of buildings and other structures, electricity generation, cogeneration demand response programs, smart grid programs and the fuelling of City fleets, as determined by the Manager of Energy Initiatives.

**Utility Rates and Commodity Strategies Results**

The utility rates and commodity strategies results include Global Adjustment (GA) rate changes and natural gas hedging programs. For the 2019 calendar year, there was a \$8.02 M cost benefit; \$7.25 M as a result of Class A and \$0.77 M savings from hedging of natural gas.

**Figure 1: 2019 Utility Rates and Commodity Strategies Results**

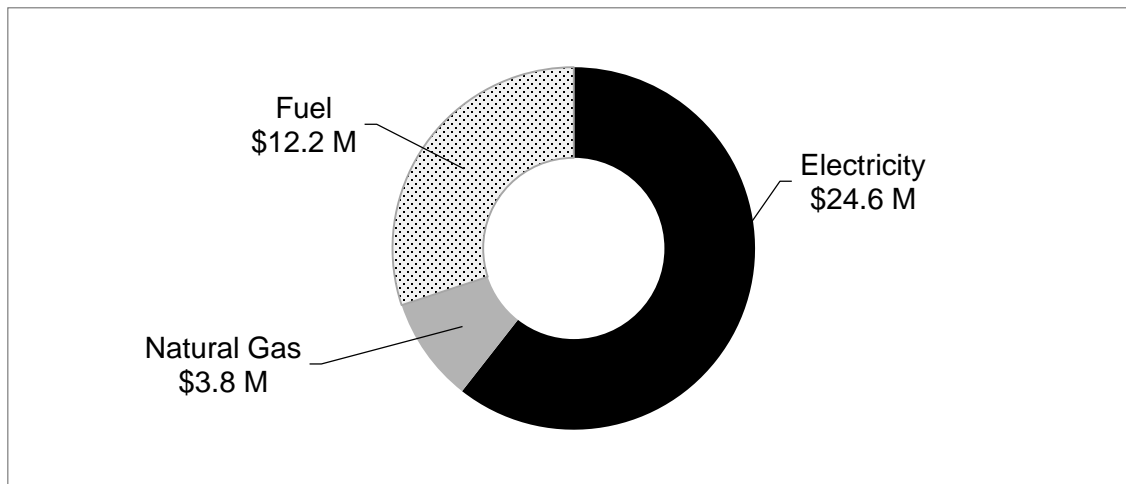
2019 Results	\$M	% Levy	% Rate
Global Adjustment	\$ 7.25	18%	82%
Natural Gas Hedging	\$ 0.77	90%	10%
Total	\$ 8.02	25%	75%

Further breakdown of these results can be found in the Global Adjustment and Natural Gas Risk Management sections in the report.

**Overall Costs**

In the City’s 2019 Annual Energy Report (refer to Report PW20024), the total actual energy costs for electricity, natural gas and fuels were reported at \$40.6 M. Overall, this is a 2.8% decrease from 2018 energy costs. The breakdown is shown in Figure 2.

**Figure 2: 2019 Total Energy Costs (Electricity, Natural Gas & Fuel) in Millions (M)**



The electricity and natural gas costs, including those from district heating and cooling are incurred by City-owned buildings / facilities, Hamilton Water, Public Works Operations and Street and Traffic lighting. It excludes CityHousing Hamilton. Utilities include Alectra Utilities, Hydro One and Enbridge Gas Inc. Sites with only partial data may be excluded. Fuel includes diesel, unleaded gasoline and compressed natural gas (CNG) for all Fleet, Operations and Transit vehicles but does not include Hamilton Police Services or DARTS.

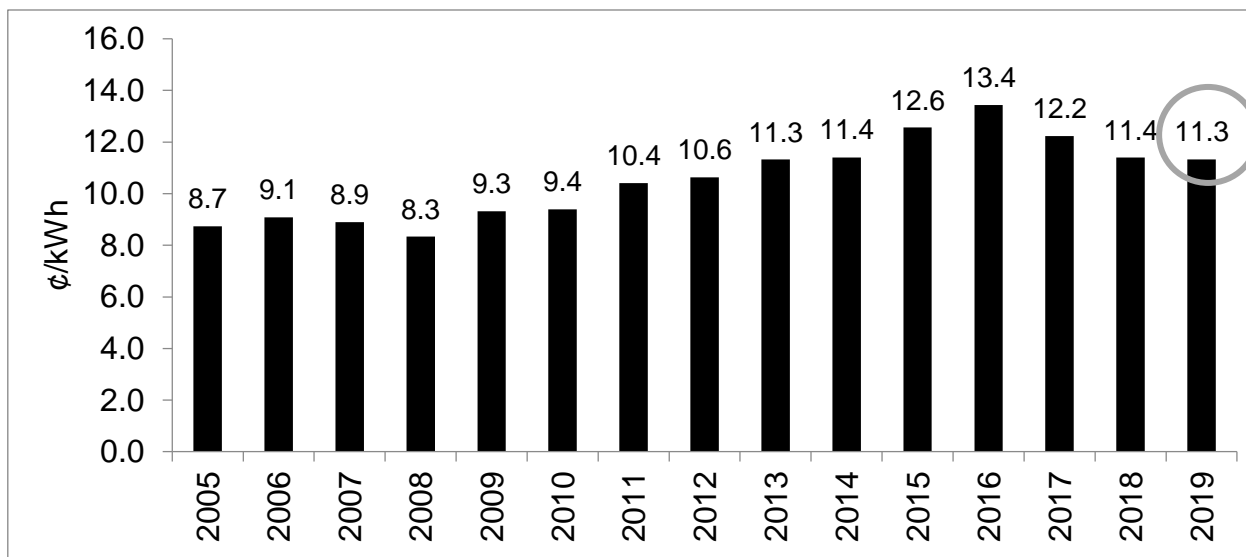
### **Electricity**

The electricity price comprises commodity, as well as, costs for distribution, transmission, regulatory and delivery. Hamilton is served by two local distribution companies (Alectra Utilities and Hydro One). Both Alectra Utilities and Hydro One are regulated by the Ontario Energy Board (OEB) and must get approval for any rate changes.

In 2019, the City's overall expenditure for electricity was \$24.6 M. Overall, electricity costs in 2019 decreased by less than 1% compared to 2018. There was a slight increase of less than 1% in overall consumption when compared to 2018. The City's overall average price of electricity per kilowatt-hour (kWh) decreased from 11.4 cents per kWh (¢/kWh) in 2018 to 11.3 ¢/kWh in 2019.

The average price for electricity, year over year, from 2005 to 2019 is outlined in Figure 3.

**Figure 3: City of Hamilton Annual Average Electricity Price (¢/kWh)**



There are a variety of factors that impact electricity cost, some of which are consumption, process changes, regulatory changes, market activity and weather. In 2019, consumption remained flat when compared to 2018, despite an increase in corporate sites included (square footage). Weather has an impact as temperatures during the summer months of 2019 were less volatile than in previous years, reducing the overall cooling demand. The cooling degree days in Hamilton were 37% lower in 2019 versus 2018 and 19% lower than the five-year average.

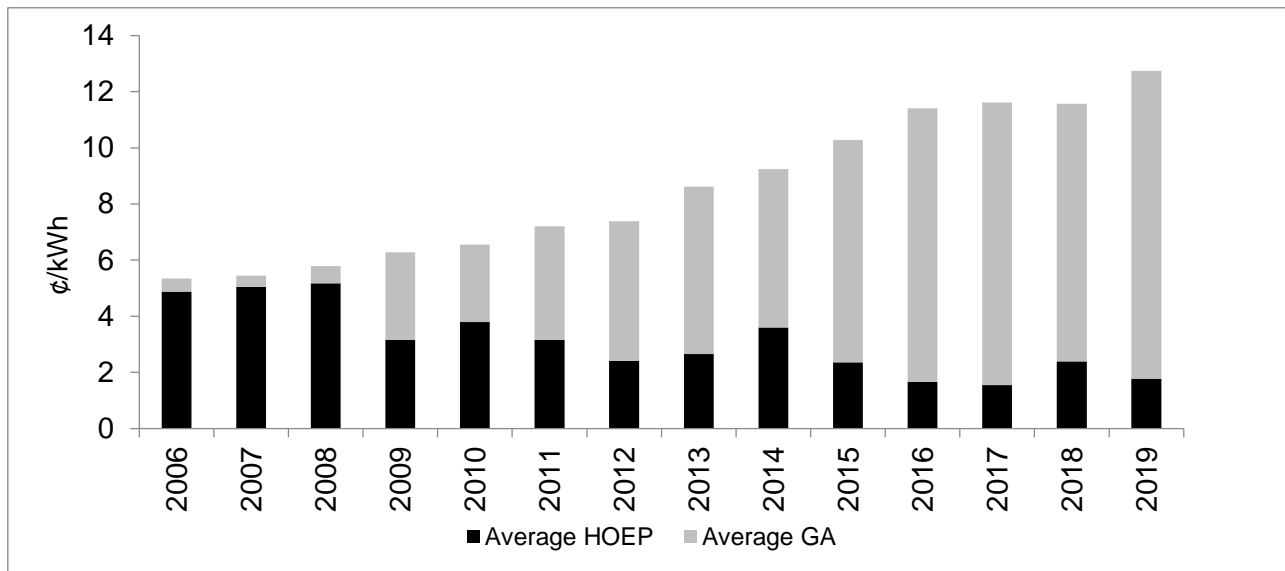
Costs remained on par with those in 2018, with a decrease of less than 1%. One of the major reasons was the continuation of rate relief programs for residential and commercial customers, which saw no increases to the regulatory electricity rates. The commodity rate portion of electricity prices, detailed below, did increase in 2019, but the impact overall was lessened by consumption, conservation projects and peak day demand-reducing activities.

The electricity market in Ontario itself is complex and volatile. Ontario's electricity commodity includes the Hourly Ontario Electricity Price (HOEP) and the Global Adjustment (GA). When the HOEP is low, the GA increases to cover the costs of generation. The monthly costs vary depending on consumer demand, the generation mix, weather conditions and how often each type of generation is offered into the market.

It is possible to fix the price on forward terms for the HOEP. However, doing so does little to protect against the greater fluctuations of the GA, which makes up the larger portion of commodity costs. Staff recommendations have been to not hedge against the HOEP due to unfavourable market conditions. While the HOEP has declined over recent years, this has been offset by significant increases to the price of the Global Adjustment, as illustrated in Figure 4.



**Figure 4: Electricity - Annual Average Price of HOEP and Global Adjustment**



The commodity portion of the electricity price includes HOEP and GA. The annual average HOEP in 2019 was 1.8 ¢/kWh which was a 26% decrease from 2018. The average GA price component in 2019 was 11.0 ¢/kWh. This represents a 19% increase over 2018. The overall combined commodity price for electricity (12.8 ¢/kWh) was a 10% increase over 2018.

### Global Adjustment

The Global Adjustment (GA) is a market mechanism to account for differences between the market price and the rates paid to regulated and contracted generators and for conservation and demand management programs. Most of the GA costs arise from contracts that the Independent Electricity System Operator (IESO) has with generators, many of which are a fixed price or guaranteed revenue agreements. There is no market mechanism to hedge specifically against the GA rate.

When spot prices (HOEP) are lower, the generator does not earn enough revenue from power sales to meet its revenue guarantees. In that case, the IESO pays the generator to make up this difference and the costs are recovered from consumers through the GA. Therefore, in a month when the market price of electricity is low, the GA will be higher and conversely when market prices are high, the GA will be lower.

For billing of the GA costs, most commercial consumers are on a Class B rate. Class B consumers pay a regulated GA rate set monthly and posted by the IESO. Eligible, high electrical demand customers can opt for a Class A rate. Class A rate customers pay the GA costs based on their percentage contribution to the total monthly provincial GA costs, calculated on the top five peaks during a peak setting period. Class A customers can impact their GA costs by reducing demand during peak periods, resulting in lower costs. Class A sites within the City include 900 Woodward Avenue, 850 Greenhill Avenue, FirstOntario Centre, CUP Operations and Tim Hortons Field. The site at 78 Kenilworth Avenue North was added on July 1, 2019 and 1579 Burlington Street East was removed as of July 1, 2019. The results for 2019 was a cost benefit of \$7.2 M as shown in Figure 5.

**Figure 5: Annual Global Adjustment Class A Results 2011-2019**

Year	Standard Global Adjustment Charge	Actual Global Adjustment Charge	Cost Benefit
2011	\$ 2,703,065	\$ 1,640,102	\$ 1,062,963
2012	\$ 3,852,903	\$ 2,354,335	\$ 1,498,568
2013	\$ 5,720,669	\$ 3,220,565	\$ 2,500,104
2014	\$ 5,574,562	\$ 3,127,867	\$ 2,446,695
2015	\$ 7,931,504	\$ 4,020,207	\$ 3,911,297
2016	\$ 9,132,962	\$ 4,450,757	\$ 4,682,206
2017	\$ 10,218,507	\$ 4,242,405	\$ 5,976,103
2018	\$ 10,417,523	\$ 4,012,950	\$ 6,404,572
2019	\$ 11,613,062	\$ 4,365,025	\$ 7,248,037
<b>TOTAL</b>	<b>\$ 67,164,757</b>	<b>\$ 31,434,212</b>	<b>\$ 35,730,546</b>

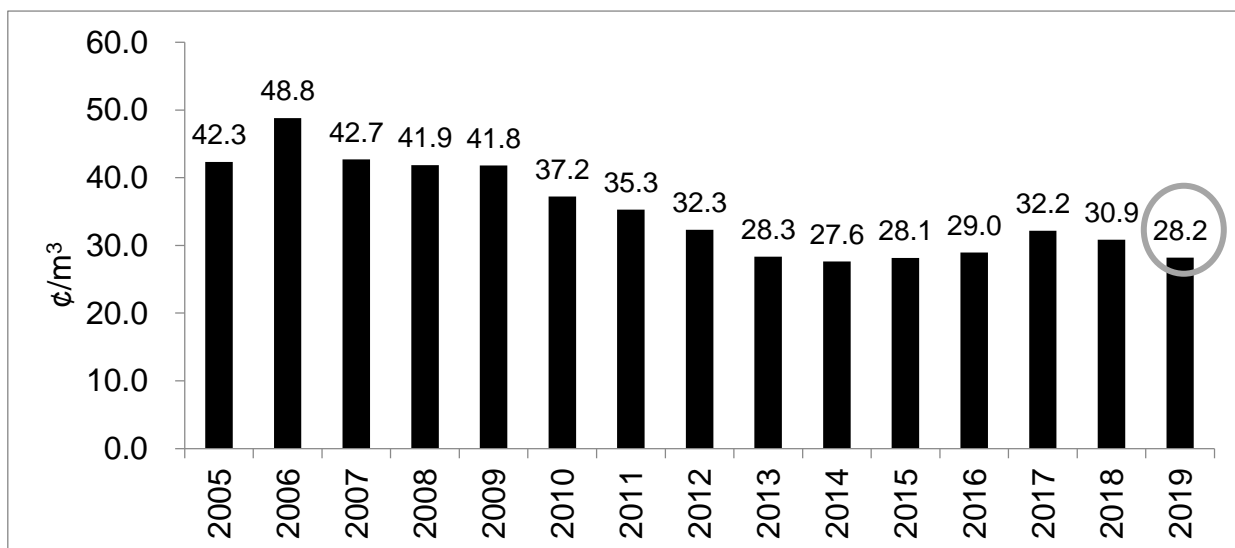
Note: Anomalies due to rounding

### Natural Gas

The natural gas price includes commodity, transportation, regulatory and delivery. Hamilton is served by one local distribution company, Enbridge Gas Inc. (formerly Union Gas Ltd.).

The City's overall expenditure for 2019 natural gas, including the commodity costs and utility charges for delivery, transportation and storage was \$3.8 M. This is a slight decrease of 0.7% from 2018 costs. There was an increase of 5.4% in natural gas consumption compared to 2018 totals. The overall average unit price was 28.2 cents per cubic metre ( $\text{¢}/\text{m}^3$ ), which was an 8.6% decrease compared to 2018's price of 30.9  $\text{¢}/\text{m}^3$ . The average price for natural gas, year over year, from 2005 to 2019 is outlined in Figure 6.

**Figure 6: City of Hamilton Annual Average Natural Gas Cost ( $\text{¢}/\text{m}^3$ )**



The higher consumption in 2019 can be largely attributed to the weather and the increase in heating degree days, which were 1% higher in 2019 compared to 2018 and 4% higher than the 5-year average. Although the consumption increased, costs themselves remained relatively stable. Ongoing hedging activity, described below in the Natural Gas Risk Management section, helped to mitigate any market fluctuations due to the colder weather.

Another impact to costs was the repeal of Ontario's Cap and Trade program in October 2018 and the subsequent introduction of the federal carbon charge in August of 2019. The federal carbon tax program, mandatory for provinces without a designated carbon reduction plan, was approved for April 2019 and implemented in Ontario starting August 2019. The federal carbon tax is charged per cubic metre of consumption on Enbridge Gas bills. Despite the increase in consumption in 2019, there were no carbon-related charges included on the natural gas utility invoices from January to August 2019, which helped mitigate the costs of natural gas. However, the federal carbon tax is set to increase annually and will negatively impact natural gas regulatory costs going forward.

### **Natural Gas Risk Management**

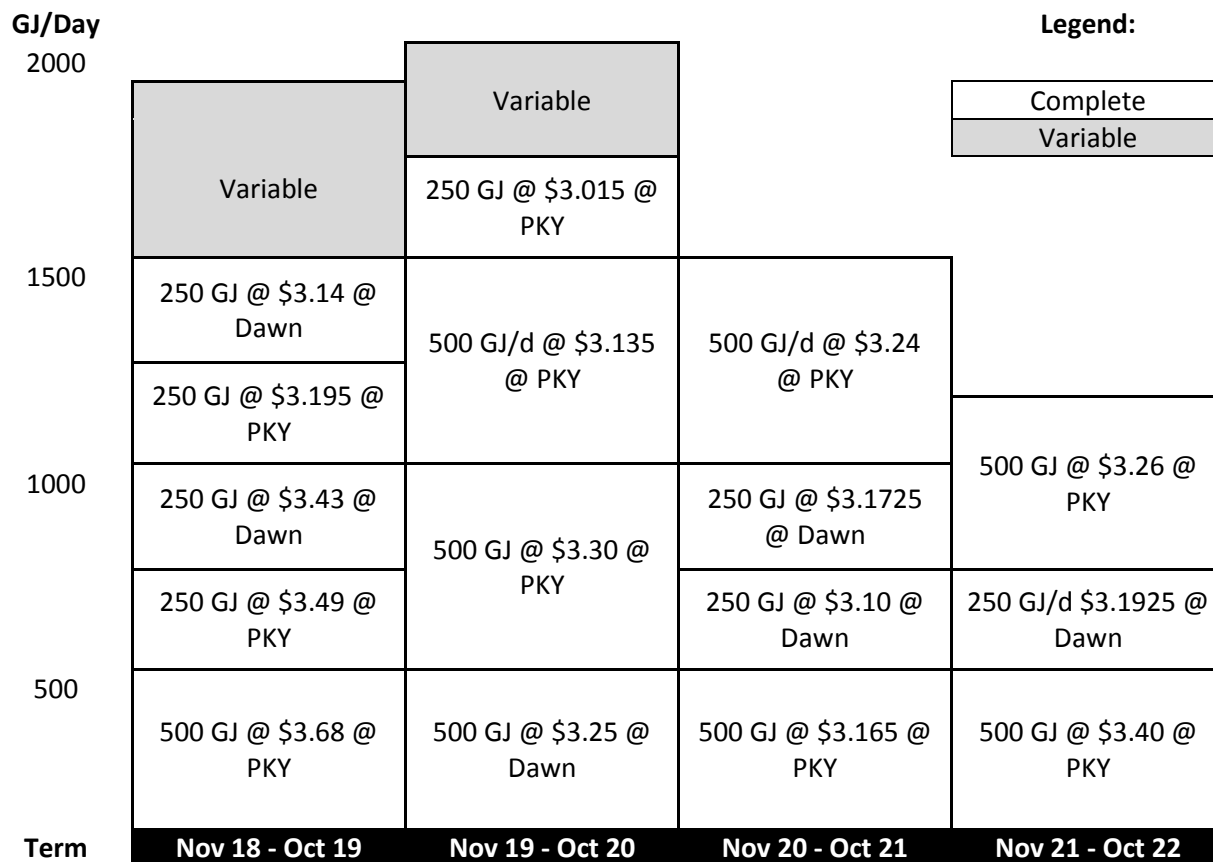
Natural gas can be a volatile commodity. There are many factors that can influence prices in natural gas markets including weather, supply, demand, geo-political events and changes to refining and extraction technologies. To maintain control of costs and minimize the degree of price volatility, the City has purchased its natural gas directly from the wholesale market (since June 2006). The City has supply agreements with multiple parties to allow for competitive purchasing.

Overall, the procurement strategy is dynamic as staff, in conjunction with industry experts and the retained consultancy firm, make purchasing decisions based on market conditions. A portion of natural gas supply may be purchased as much as two to three years in advance to protect against market volatility while other portions are purchased just a month or two in advance. Fixing the price on a portion of the City's natural gas volumes results in better budget predictability and protection against spot market fluctuations, particularly during extreme weather conditions or unforeseen market events.

The City purchases natural gas for City-owned facilities (excluding CityHousing Hamilton) and for compressed natural gas (CNG) for the Transit natural gas bus fleet. The average 2019 price for the natural gas commodity was only \$3.31 per gigajoule (GJ) (\$0.13/m<sup>3</sup>) including a blend of hedged and unhedged volumes. This does not include any Enbridge Gas charges such as delivery or storage which make up the total price.

For the majority of 2019, an average of 80% of natural gas supply was fully hedged. This was based on 2019 volume requirements. At the end of 2019, volumes were hedged for the periods starting November 1, 2019, November 1, 2020 and November 1, 2021. Figure 7 provides a profile of the completed hedges. Staff monitors the market and continues to develop strategies for purchasing into the forward terms to further capture agreeable market opportunities.

**Figure 7: Natural Gas Hedge Profile (as of December 2019)**

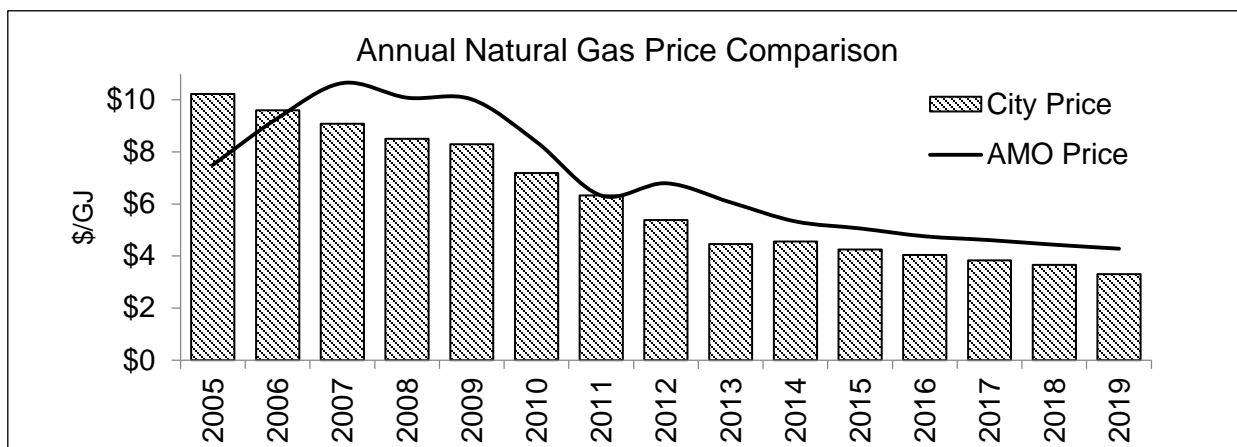


Notes on Figure 7:

- GJ/Day = Gigajoule per day
- PKY = Parkway Ontario delivery point
- Dawn = Union Dawn Ontario delivery point

To evaluate the performance of the hedging program, the City benchmarks its natural gas hedging activities against the procurement program offered by the Association of Municipalities of Ontario / Local Authority Services (AMO / LAS). Although the City has enough volume to allow for wholesale purchase from market suppliers, smaller municipalities may not have the volume or expertise to manage their own programs and may benefit from the highly valued AMO / LAS purchasing program. The City and AMO / LAS program comparison is shown in Figure 8 with overall results shown in Figure 9.

**Figure 8: Average Price Comparison of City to AMO/LAS Natural Gas Program**



**Figure 9: Performance of Natural Gas Hedging Activity Compared to AMO / LAS Program**

Natural Gas Hedging Performance Results	2019 Results	Cumulative Results*
Levy (Tax) Supported Budget	\$ 693,429	\$ 7,184,883
Rate Supported Budget	\$ 77,155	\$ 1,208,251
Total Cost Benefits:	\$ 770,584	\$ 8,393,134

\*Performance relative to AMO / LAS Natural Gas Hedging Program since 2007

Although hedging activities do serve to effectively manage the commodity portion of natural gas prices, controlling consumption plays a role in managing the overall costs of natural gas. Consumption reduction helps to mitigate the potential for increased costs of natural gas due to changes in utility or regulated rates (i.e. delivery, carbon programs), while further reducing the footprint of the City’s facilities by reducing carbon emissions.

**Natural Gas Agreements for Supply, Transportation, Storage and Delivery**

In 2019, the City had master agreements for natural gas supply in place with Shell Energy North America (Canada) Inc., EDF Trading North America, LLC, Tidal Energy Marketing Inc. and Royal Bank of Canada. All current supply counterparties have credit ratings that are compliant with the Corporate Energy Policy.

In addition, the City has contracts in place with Enbridge Gas that are required to facilitate the transportation, delivery and storage of the City’s natural gas supply. The utility agreements include a direct purchase agreement for City sites, a T1 rate storage contract for managing Transit CNG and M13 rate production contract for renewable natural gas.

## **Direct Purchase Agreements (DPA) with Enbridge Gas**

DPAs outline the terms of service for delivery of natural gas, including designated delivery points, contract volumes and storage. The parameters are shown below in gigajoules (GJ) which is the unit in which gas is purchased to meet the requirements. Prices and consumption data on Enbridge Gas bills are reported in cubic metres (1 GJ = ~26 cubic metres). In 2019, the agreements and parameters on contract renewal were:

- SA7020 for 1,297 GJ/day – 250 miscellaneous City natural gas accounts which run from November 1 to October 31 each year.
- T1 for 598 GJ/day (increased from 439 GJ/day as of September 2018) - for Transit's CNG bus fleet and transit site. The contract runs September 1 to August 31 each year.

Each DPA has its own specific delivery requirements, at different points along the variety of pipelines within North America and are reviewed and renewed annually. DPAs may also be amended throughout the year. For the T1 contract, additional volume (over the DCQ) is typically delivered to accommodate for increases in fleet size throughout the year.

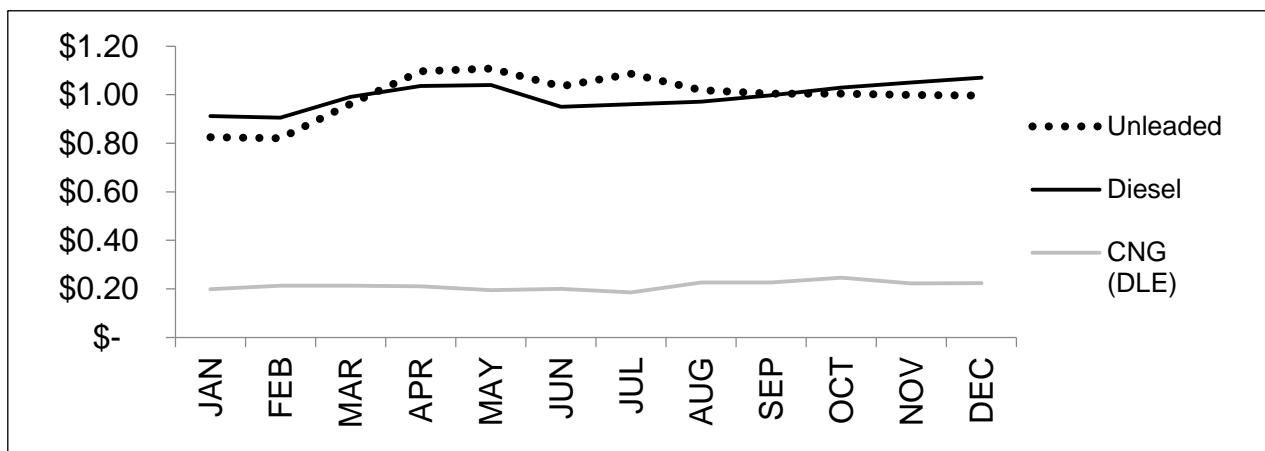
## **Compressed Natural Gas (CNG)**

Natural gas is also purchased for Transit's fleet of natural gas buses. The CNG station at the Mountain Transit Centre services the fleet of existing and growing number of natural gas buses for the City.

The CNG station operates under a natural gas storage contract (T1). The T1 contract is a daily-balanced contract with storage availability. The amount of storage volume is contracted annually and for the 2018 contract term (September 2018 to August 2019), the T1 was allotted 15,140 GJs of storage. The difference between the daily volumes purchased and consumed are injected or withdrawn from the storage account. The contract allows for greater flexibility in managing the supply but must be reviewed daily to adhere to specific storage parameters.

The Transit fleet of natural gas buses totalled around 140 by the end of 2019 and is expected to increase in the coming years. Natural Gas has a lower cost compared to diesel. However, it does operate at approximately 75% efficiency per diesel litre equivalent when compared to diesel bus usage. Despite its lower efficiency, its lower cost and lower GHG emissions is of benefit to the City. In 2019, the total cost of natural gas for the buses was \$1.37 M. Figure 10 shows the City's monthly fuel prices with CNG price converted to diesel equivalent (DLE).

**Figure 10: 2019 Monthly Average Fuel Prices for Diesel, Unleaded Gasoline and CNG**



\*Prices include Fleet charge of 3.4 cents per litre for diesel and gasoline.

When converted to diesel equivalent dollars and adjusting for efficiency, Transit spent \$3.29 M less in fuel costs using CNG buses than they would have using only diesel buses.

**Figure 11: 2019 Cost Benefit of CNG as Compared to Diesel**

CNG Diesel Litre Equivalent (DLE)		6,388,918
Number of DLE Litres of Diesel Required*		4,727,799
DSL cost at \$0.99/L (Average Fuel Price)	\$	4,661,610.18
2018 CNG Cost	\$	1,366,873.62
Avoided fuel cost by using CNG	\$	3,294,736.56

\* Average of CNG buses run at ~75% of DLE compared to average DSL bus.

### Traditional Fuel Supply

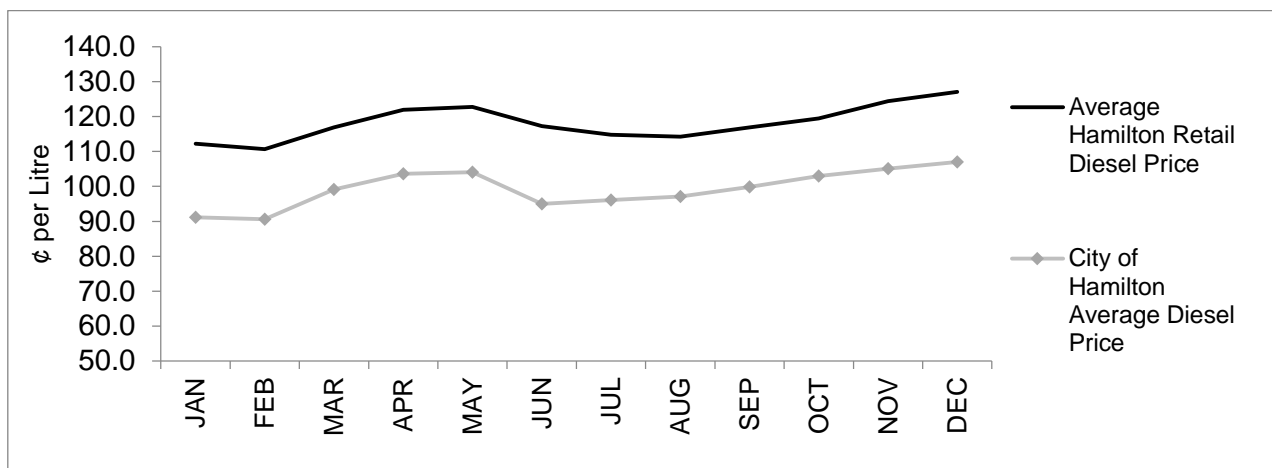
The City of Hamilton purchases diesel and gasoline fuel for its fleet of vehicles including buses, waste collection vehicles, snow removal trucks, street sweepers, forestry and parks vehicles, as well as, Fire and Emergency Services vehicles. In addition, the City purchases fuel for Hamilton Police Services.

In 2019, the City’s fuel procurement strategy involved utilizing a contractual bulk supply agreement with Suncor Energy Products Partnership. Fuel contracts are reviewed annually and based on pricing, deliverability and fuel types, the strategy can be adjusted accordingly.

The pricing arrangement for 2019 was based on the daily “rack” price of each required fuel type (diesel and gasoline) from a designated source terminal with negotiated discounts, delivery charges and taxes. Paying daily rack pricing for fuel assures customers are getting the lowest available price on the market for that day. Suncor Energy Products Partnership has a credit rating that is compliant with the Corporate Energy Policy.

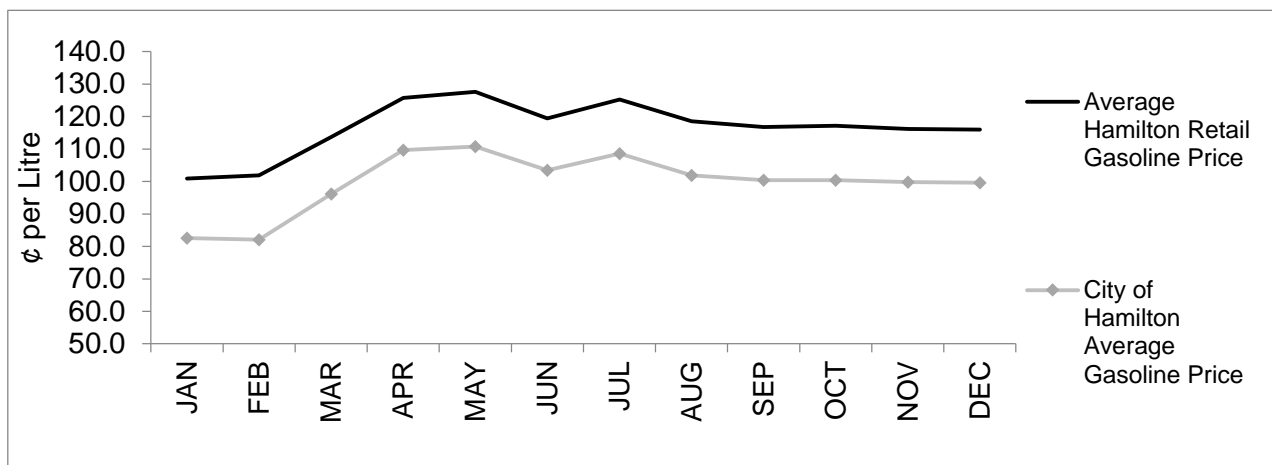
Wholesale purchase of diesel and gasoline offer lower prices than those at public fuel stations across the City. With data collected from reliable industry sources on average fuel pump prices in Hamilton, Figures 12 and 13 show the comparison between the average prices paid for diesel and gasoline purchased under City wholesale contracts versus the average retail prices paid at the pump ("Pump") by the public at fuel stations throughout Hamilton.

**Figure 12: 2019 Monthly Average Price of Diesel Paid by City versus at the Pump**



\*Average Canadian Diesel retail pump prices for Hamilton from data available by Kent Group Ltd read weekly.

**Figure 13: 2019 Monthly Average Price of Gasoline Paid by City versus at the Pump**



\*Average Canadian gasoline retail pump prices for Hamilton from data available by Kent Group Ltd read weekly.

Fuel purchases for diesel and gasoline, as reported in the 2019 Annual Energy Report (refer to Report PW20024), excludes Hamilton Police Services. City departments used approximately 8.6 million litres of diesel, a 6% reduction from 2018. City departments used approximately 2.4 million litres of gasoline, a 5% increase over 2018. A large part of the continued decrease in diesel usage can be attributed to the increase in CNG usage for Transit buses.



The 2019 budget prices for diesel and gasoline were set at \$1.06 per litre and \$1.08 per litre, respectively. For 2019, the average diesel and gasoline unit prices were under budget, with overall costs at 7% below budget. Figure 14 shows the 2018 results as compared to budget.

**Figure 14: 2019 Actual Fuel Consumption and Costs Compared to Budget**

Fuel Type	2019 Budget	2019 Actual	2019 Variance (Actual - Budget)	
Diesel Consumption (L)	8,741,311	8,595,617	-	145,695
Diesel Cost (\$)	\$ 9,265,790	\$ 8,478,640	-\$	787,150
Diesel Unit Price (\$)	\$ 1.06	\$ 0.99	-\$	0.07
Gasoline Consumption (L)	2,160,630	2,364,574		203,944
Gasoline Cost (\$)	\$ 2,333,480	\$ 2,357,059	\$	23,579
Gasoline Unit Price (\$)	\$ 1.08	\$ 1.00	-\$	0.08
Total Consumption (L)	10,901,942	10,960,191		58,249
Total Costs (\$)	\$ 11,599,270	\$ 10,835,699	-\$	763,571

Note: Anomalies due to rounding

Purchasing wholesale fuel does help insulate the City from some of the costs associated with pump prices, largely the marketing fees. However, City prices do include Fleet's fee of 3.4 cents per litre.

### Fuel Risk Management

Like other commodities, diesel and gasoline markets are volatile and are impacted by many localized and global geopolitical factors. One method to manage volatility is to hedge volumes for a forward term at a set price. This is typically achieved by utilizing a financial hedge to manage fluctuations in the market. Although the City has hedged in the past and staff continues to monitor related markets for favorable opportunities, no volumes were hedged in 2019 or are currently hedged.

### Operating Budget Variances - Commodity Stabilization Reserve (closed in 2019)

Considering the volatility of fuel costs, a Commodity Stabilization Reserve (110043) was established in 2011 by Council as a reserve to allow for energy related commodity budget over runs. During a review of reserves in 2019, the Commodity Stabilization Reserve (110043) was closed with the balance transferred to the Tax Stabilization Reserve (110046). Similar to other operating budget variances, surpluses and deficits in energy related commodity costs form part of the year end tax and rate operating budget variances and policies govern the disposition of all surpluses and deficits.

## **Contract Agents**

Managing the annual energy cost of over \$40 M requires continuous attention within an ever-changing energy industry. To maximize available expertise, the City uses outside consultants (Contract Agents) to assist staff in negotiating the unstable and complex energy commodity markets and associated regulatory frameworks. The use of these Contract Agents has proven valuable in that they are immersed daily in the energy commodity markets and have specialized expertise with respect to monitoring and responding to market changes. In 2019, the City had a professional services agreement with Agent Energy Advisors to assist with the day-to-day management of the City's natural gas portfolio. Additionally, the City reviews several market-based publications and engages with outside parties to further gather information on factors influencing pricing both domestically and globally.

## **Consistency with City Energy Commodity Hedging Policy and Goals**

The agreements executed during the reporting period are consistent with the City's Commodity Price Hedging Policy and Goals:

- The agreements have provided for a price of natural gas that was more stable and therefore, less risky than it would have been omitting the agreements;
- The actions taken through the authority of the Energy Commodity Policy have reduced uncertainty about energy costs, which have a direct impact on the City's financial position. It has also enabled staff to respond to favourable market conditions;
- Credit ratings for the City's primary commodity suppliers remain above the minimum threshold outlined in the policy;
- Commodity hedging provides municipalities with added flexibility to potentially mitigate or manage potential price fluctuations.



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

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Rosaria Morelli (905) 546-2424 Ext. 1390
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

### RECOMMENDATION(S)

That Report FCS20042 "Treasurer's Investment Report 2019 Fiscal Year by Aon", as provided to Council, be forwarded to the Hamilton Future Fund Board of Governors, for information.

### EXECUTIVE SUMMARY

In accordance with the *Municipal Act, 2001*, the regulations thereunder and the City of Hamilton's Statement of Investment Policies and Procedures (the "City's SIPP"), the Treasurer of the City of Hamilton (the General Manager of Finance and Corporate Services) is presenting to Council the City of Hamilton Reserve Funds Treasurer's Investment Report 2019 Fiscal Year (the "Treasurer's Report"), attached as Appendix "A" to Report FCS20042.

The Treasurer's Report is an investment report for the City of Hamilton Reserve Fund and the Hamilton Future Fund (the "Funds") for the City's fiscal year ending December 31, 2019 and is prepared by Aon on behalf of the Treasurer of the City of Hamilton.

All investments met the eligibility requirements as prescribed by Ontario Regulation 438/97 ("O. Reg. 438/97") and were made in accordance with the investment policies and goals, the City's SIPP, adopted by the City of Hamilton.

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**SUBJECT: Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042)  
(City Wide) – Page 2 of 8**

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## Investment Performance of the Funds

Report FCS20048 provides details on the investment performance of the Reserve Fund as at December 31, 2019. Report FCS20047 provides details on the investment performance of the Hamilton Future Fund as at December 31, 2019.

The market rates of return for the 12-month period ending December 31, 2019 were 4.97% for the Reserve Fund and 5.47% for the Hamilton Future Fund. The Reserve Fund outperformed the benchmark rate of return of 3.42% by 1.55%, attributed mostly to its overweight position in longer-dated bonds, which outperformed shorter-dated bonds during the year 2019. The Hamilton Future Fund outperformed the benchmark rate of return of 3.42% by 2.05%, attributed mostly to its overweight position in longer-dated bonds.

Market rate of return is based on security market value and includes net unrealized gains and losses, net realized gains and losses and income. The market rate of return is provided by RBC Investor & Treasury Services ("RBCITS"), which is also the City's custodian.

The annual rates of return on average cost for the 12-month period ending December 31, 2019 were 2.78% for the Reserve Fund and 2.71% for the Hamilton Future Fund. The rate of return on average cost uses original cost to value the securities and includes both income and net realized gains and losses but excludes net unrealized gains and losses.

## Investment in City of Hamilton Securities

During the fiscal year 2019, the City of Hamilton (City) was invested in its own long-term securities, which had a market value of \$3.2 M or a proportion of 0.31% of the total market value of the Reserve Fund as at December 31, 2019. As at December 31, 2018, the proportion was 0.33%. The bulk of the decline, in proportion, is primarily attributed to market fluctuation. The City had no other transactions in or disposals of its own securities during the fiscal year 2019 and was not invested in its own short-term securities, as was the case during fiscal year 2018.

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

Financial: Not Applicable.

Staffing: Not Applicable.

Legal: Not Applicable.

**SUBJECT: Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042)  
(City Wide) – Page 3 of 8**

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**HISTORICAL BACKGROUND**

In accordance with O. Reg. 438/97 and the City's SIPP, the Treasurer of the City shall prepare and present to Council each year, an investment report on the management of the City's Funds during the prior fiscal year that complies with section 8 (Investment report) of O. Reg. 438/97 and shall contain, but not be limited to, the following information:

- a statement about the performance of the investments for the Funds;
- a listing of the types of securities in which the portfolio invested during the period covered by the report;
- a listing of the securities and their credit ratings held by the portfolio at the date of the report;
- a description of the estimated proportion of the total investments of the City that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
- a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale of each security;
- a statement by the Treasurer as to whether or not, in his opinion, all investments are consistent with the investment policies and goals (the City's SIPP) adopted by the City;
- a statement by the Chief Investments Officer as to whether or not, in his or her opinion all investments are consistent with the investment policies and goals (the City's SIPP) adopted by the City;
- such other information that Council may require or that, in the opinion of the Treasurer, should be included.

The Investment report, prepared by Aon on behalf of the Treasurer, is the Treasurer's Report and is attached as Appendix "A" to Report FCS20042.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

In accordance with the *Municipal Act, 2001* and the City's SIPP, the Treasurer shall prepare and present to Council each year an investment report on the management of the City's Funds during the prior fiscal year.

**RELEVANT CONSULTATION**

On behalf of the Treasurer, Aon prepared the Treasurer's Report, attached as Appendix "A" to Report FCS20042.

**SUBJECT: Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042)  
(City Wide) – Page 4 of 8**

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**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Funds' Performance (Page 4 of the Treasurer's Report)

The market rates of return for the Reserve Fund and the Hamilton Future Fund are provided by RBCITS. Table 1 includes these performance returns of the Funds along with the benchmark return over each of the quarters of 2019, and over the one-year and three-year periods ending December 31, 2019, as follows:

**Table 1  
Funds' Performance (%) and Comparison with Benchmark**

	Q1 2019 %	Q2 2019 %	Q3 2019 %	Q4 2019 %	1 Year %	3 Year %
Benchmark	2.04	1.15	0.52	-0.32	3.42	1.87
Reserve Fund	2.93	1.67	0.65	-0.33	4.97	2.68
Hamilton Future Fund	3.25	1.83	0.75	-0.44	5.47	2.96
Reserve Fund Minus Benchmark	0.89	0.52	0.13	-0.01	1.55	0.81
Hamilton Future Fund Minus Benchmark	1.21	0.68	0.23	-0.12	2.05	1.09

The benchmark for the Funds is composed of 10% of the FTSE Canada 91-day Treasury Bill Index, 62.5% of the FTSE Canada Short-Term All-Government Bond Index and 27.5% of the FTSE Canada All-Government Bond Index.

For the one-year period ending December 31, 2019, the Reserve Fund outperformed the benchmark by 1.55% and the Hamilton Future Fund outperformed the benchmark by 2.05%. The outperformance of the Reserve Fund and of the Hamilton Future Fund is attributed to the overweight position in longer-dated bonds that outperformed shorter-dated bonds during 2019.

During the year in 2019, interest rates mostly declined in part due to a wave of easing central bank policies around the world (notably at the Federal Reserve in the U.S. and the European Central Bank in Europe) and due to concerns about trade tensions between the U.S. and China. The yield on the Government of Canada bond with a term to maturity of 10 years was 1.90% at the beginning of the year (2019), reached a low of 1.09% in mid-August and ended the year in 2019 at 1.70%.

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**SUBJECT: Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042)  
(City Wide) – Page 5 of 8**

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In the Treasurer's Reports prepared by Aon for the last consecutive ten years, Aon had reviewed and confirmed, for accuracy, the performance returns calculated by RBCITS. Aon's role in reviewing the performance determined by RBCITS had been intended as a temporary, not permanent, measure. Starting with this Treasurer's Report, Aon will discontinue performing the review and confirmation of performance returns given that RBCITS has been reporting accurate performance historically as confirmed by Aon.

**Types of Securities (Page 5 and Page 6 of the Treasurer's Report)**

The types of securities (and the entities who issue them) which municipalities are permitted to invest in are prescribed by legislation and regulations, including O. Reg. 438/97. Most of these securities and their issuers have been included by the City in its approved list of issuers, which is set out in the Sector and Issuer Limitations in the City's SIPP and is given on Page 5 of the Treasurer's Report.

**Portfolio Securities (Page 7, Page 8, Page 9 and Page 10 of the Treasurer's Report)**

As at December 31, 2019, the total market value (including net accruals) of the securities in the Reserve Fund was \$1,035,846,644 of which \$35,063,242 consists of investments in the One Investment Program. One Investment Program is jointly run by CHUMS (a subsidiary of the Municipal Finance Officers' Association of Ontario) and Local Authority Services (a corporation of the Association of Municipalities of Ontario). As at December 31, 2019, the City held shares with a market value of \$29,775,720 in the One Investment Program Equity Portfolio and held shares with a market value of \$5,287,522 in the One Investment Program Universe Corporate Bond Portfolio.

As at December 31, 2019, the total market value (including net accruals) of the securities in the Hamilton Future Fund was \$49,924,194 of which \$1,810,228 consists of investments in the One Investment Program Equity Portfolio. During the fiscal year 2019, the City was invested in its own long-term securities, which had a market value of \$3.2 M or a proportion of 0.31% of the total market value of the Reserve Fund as at December 31, 2019. As at December 31, 2018, the proportion was 0.33%. The decline in proportion is attributed to market fluctuation.

The City had no other transactions in or disposals of its own securities during fiscal year 2019. During fiscal year 2019, the City was not invested in its own short-term securities, as was the case during fiscal year 2018.

**Restrictions (Page 11 and Page 12 of the Treasurer's Report)**

Table 2, taken from the Treasurer's Report, shows that as at December 31, 2019, on a combined basis, the Funds were being managed in accordance with the minimum quality requirements, maximum quantity restrictions and all other imposed restrictions.

**SUBJECT: Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042)  
(City Wide) – Page 6 of 8**

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**Table 2  
Restrictions**

		Policy Complied With Yes / No
<b>Constraints</b>		
The City shall not invest more than 25% of the portfolio in short-term debt issued or guaranteed by the City		Yes
Total investment in “A” or equivalent rated debt on purchase must not exceed 35% of the market value of the City’s bond portfolio		Yes
The City shall not invest in a security that is expressed or payable in any currency other than Canadian dollars with exception of investments specified in Section 4.07 and footnote 6 of Appendix “A” of the SIPP.		Yes
The City shall not invest in a security issued or guaranteed by a school board or similar entity unless the money raised by issuing the security is to be used for school purposes		Yes
		Policy Complied With Yes / No
<b>Permitted Ranges</b>	(%)	
Federal issues	0-100	Yes
Provincial holdings in aggregate	0-100	Yes
Single province exposure	0-50	Yes
Individual non-federal / non-provincial holdings*	0-10	Yes
Non-federal / non-provincial holdings in aggregate	0-50	Yes
<b>Municipal issues*</b>		
Individual muni issue rated “AAA”	0-10	Yes
Individual muni issue rated “AA”	0-10	Yes
Individual muni issue rated “A”	0-5	Yes
Municipal holdings in aggregate	0-30	Yes
Banks and Credit Unions in aggregate	0-50	Yes
Short-term securities	0-50	Yes
Portfolio duration	1-6 Years	Yes

\* Except for City of Hamilton issues which have an upper limit of 25%

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**SUBJECT: Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042)  
(City Wide) – Page 7 of 8**

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Table 3, which is not contained in the Treasurer's Report, shows the Funds' credit exposure with respect to the approved issuers given in the City's SIPP.

**Table 3  
Credit Exposure<sup>1</sup> (%) – As at December 31, 2019**

Issuer of Sector	Reserve Fund	Hamilton Future Fund <sup>2</sup>	Combined Maximum Funds	Limit %
Cash or STIF	0.0%	3.2%	0.1%	
Canada				
Direct	1.0%	0.0%	1.0%	100%
Guarantee	6.8%	0.0%	6.5%	25%
Provinces				
Ontario	8.8%	20.9%	9.4%	50%
Other	38.1%	43.0%	38.4%	100%
Municipalities				
Hamilton	0.3%	0.0%	0.3%	25%
Other	18.5%	14.8%	18.3%	30%
Banks and Credit Union				50%
Schedule I	19.7%	15.0%	19.5%	50%
Credit Union	4.0%	0.0%	3.8%	8%
Asset Backed Securities	0.0%	0.0%	0.0%	25%
Corporate Bonds	0.0%	0.0%	0.0%	15%
Commercial Paper and Asset Backed Commercial Paper (ABCP)	0.0%	0.0%	0.0%	20%
One Investment Program				15%
Equity Portfolio	2.2%	3.1%	2.2%	
Universe Corporate Bond Portfolio	0.6%	0.0%	0.5%	
Total	100.0%	100.0%	100.0%	

Notes to Table 3:

<sup>1</sup> Credit Exposure refers to the par value of holdings in individual issuers or sectors as a percentage of the total par value of holdings in the fund.

<sup>2</sup> For the Hamilton Future Fund, Credit Exposure does not reflect the shares of the Hamilton Utilities Corporation, which are held in the Hamilton Future Fund custodial account with RBCITS.

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**SUBJECT: Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042)  
(City Wide) – Page 8 of 8**

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Activity and Transactions (Page 13 of the Treasurer's Report)

During the fiscal year 2019, the total dollar amount of cash inflows for the Reserve Fund were \$256.8 M, consisting of \$102.4 M in sales and maturities, \$27.8 M in investment income and \$126.6 M in contributions / transfers. Cash outflows were also \$256.8 M and consisted of \$122.0 M in purchases and \$134.8 M in distributions.

During the fiscal year 2019, the total dollar amount of cash inflows for the Hamilton Future Fund were \$3.8 M, consisting of \$1.3 M in sales and maturities, \$1.2 M in investment income and \$1.3 M in contributions / transfers. Cash outflows were also \$3.8 M and consisted of \$2.5 M in purchases and \$1.3 M in distributions.

Certificate by Chief Investments Officer (Page 14 of the Treasurer's Report)

The Chief Investments Officer has certified on page 14 of the Treasurer's Report that the Funds were managed in compliance with the *Municipal Act, 2001*, and in accordance with the terms, conditions and guidelines stipulated in the City's SIPP.

## **ALTERNATIVES FOR CONSIDERATION**

### **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 FCS20042 – City of Hamilton – Reserve Funds Treasurer's Investment Report 2019 Fiscal Year

RM/dt

# City of Hamilton—Reserve Funds Treasurer's Investment Report 2019 Fiscal Year

May 2020

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## Contents

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Introduction	3
Reserve Fund Performance and Future Fund Performance	4
Types of Securities	5
Portfolio Securities as at December 31, 2019	7
Activity and Transactions	13
Certificate by Chief Investments Officer	14

## Introduction

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As the acting Investment Consultant, Aon is engaged to prepare, on behalf of the Treasurer of the City of Hamilton ("City"), an investment report, referred to as the Treasurer's Report ("the report"), relating to the activities of the City of Hamilton Reserve Fund and the Hamilton Future Fund ("the Funds") during the prior fiscal year. The report will be presented to City Council in the second quarter of every calendar year.

The report is part of a broader governance oversight of the Funds, which includes financial audits, used to evaluate and monitor the various responsibilities that have been delegated by the Treasurer of the City of Hamilton ("City Treasurer") and City Council. More specifically, the overall objective of the report is to ensure that the Funds are managed in accordance with existing legislation that was in effect in 2019 and the guidelines set out in the Statement of Investment Policies and Procedures for the City of Hamilton Reserve/Revenue Funds and Trust Accounts ("SIP&P").

The report has been written in accordance with Section 1.11 of the SIP&P and shall contain:

- A statement about the performance of the portfolio of investments of the City during the period covered by the report;
- A listing of the types of securities in which the portfolio invested during the period covered by the report;
- A listing of the securities and their credit ratings held by the portfolio as at the date of the report;
- A description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;
- A record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale of each security;
- A statement by the Chief Investments Officer ("CIO") as to whether or not, in his or her opinion, all investments are consistent with the SIP&P adopted by the City;
- A statement by the treasurer as to whether or not, in his or her opinion, all investments are consistent with the SIP&P adopted by the City<sup>1</sup>; and
- Any other information that the council may require or that, in the opinion of the City Treasurer, should be included.

This report addresses only the activities of the City of Hamilton Reserve Fund and the Hamilton Future Fund. The Trust Accounts are not covered by this report.

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<sup>1</sup> In the executive summary of the staff report, Treasurer's Investment Report 2019 Fiscal Year by Aon (FCS20042) (City Wide), to which this report is attached as Appendix "A", the City treasurer states whether all investments met the eligibility requirements as prescribed by the Ontario Regulation 438/97 ("O. Reg. 438/97") and were made in accordance with the investment policies and goals adopted by the City of Hamilton's SIP&P.

## Reserve Fund Performance and Future Fund Performance<sup>2</sup>

The returns of the Funds are determined by RBC Investor & Treasury Services (“RBC”), who is also the City’s custodian, on a daily basis for the City of Hamilton Reserve Fund and on a monthly basis for the Hamilton Future Fund.

The Funds’ performance objective, as outlined in Section 4.10 of the SIP&P, is to outperform a benchmark portfolio constructed from a blend of returns composed of 62.5% of the FTSE Canada All-Government Short-Term Bond Index, 27.5% of the FTSE Canada All-Government Bond Index and 10.0% of FTSE Canada 91-Day Treasury Bill Index.

Benchmark	%
FTSE Canada All-Government Short-Term Bond Index	62.5
FTSE Canada All-Government Bond Index	27.5
FTSE Canada 91-Day Treasury Bill Index	<u>10.0</u>
	100.0

The performance returns of the Funds over each of the quarters of 2019, and over the one-, two-, three- and four-year periods ending December 31, 2019 are as follows:

### City of Hamilton Reserve Fund—Performance %

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	One Year	Two Years (annualized)	Three Years (annualized)	Four Years (annualized)
Reserve Fund	2.93	1.67	0.65	-0.33	4.97	3.39	2.68	2.38
Benchmark	2.04	1.15	0.52	-0.32	3.42	2.60	1.87	1.53
Value Added	0.89	0.52	0.13	-0.01	1.55	0.79	0.81	0.85

Over a one-year period, the City of Hamilton Reserve Fund’s return of 4.97% outperformed the benchmark return of 3.42% by 155 basis points.

### Hamilton Future Fund—Performance %

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	One Year	Two Years (annualized)	Three Years (annualized)	Four Years (annualized)
Future Fund	3.25	1.83	0.75	-0.44	5.47	3.69	2.96	2.62
Benchmark	2.04	1.15	0.52	-0.32	3.42	2.60	1.87	1.53
Value Added	1.21	0.68	0.23	-0.12	2.05	1.09	1.09	1.09

Over a one-year period, the Hamilton Future Fund’s return of 5.47% outperformed the benchmark return of 3.42% by 205 basis points.

<sup>2</sup> In previous reports, Aon had reviewed and confirmed, for accuracy, the performance calculated by RBC. Aon’s role in reviewing the performance determined by RBC was intended as a temporary measure with foresight for Aon to eventually discontinue this review. Starting with this report, Aon will discontinue to perform this review given that RBC has been reporting accurate performance historically.

## Types of Securities

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The City is only allowed to invest in securities permitted under Ontario Regulation 438/97: Eligible Investments, Related Financial Agreements and Prudent Investment under the Municipal Act, 2001, S.O. 2001, c. 25, that was in effect during 2019. As per Section 4.02 of the SIP&P, an Approved List of Investments ("Approved List") has been established by the City Treasurer and the CIO. All investments on the Approved List meet the eligibility requirements as prescribed by Ontario Regulation 438/97. The Approved List is as follows:

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### **Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

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Government of Canada  
Canadian Provincial Government  
Government of Canada Agency  
Canadian Provincial Agency  
Country other than Canada  
Canadian Municipality, including City of Hamilton  
School Board in Canada  
Municipal Finance Authority of British Columbia  
Canadian Corporation  
Banks in Canada  
Infrastructure Ontario  
International Bank for Reconstruction and Development  
Inter-American Development Bank  
Supranational Financial Institution  
Supranational Governmental Organization

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### **Deposit Receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

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Banks in Canada  
Credit Union with Guarantee

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### **Asset Backed Securities (ABS)**

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Asset Backed Securities  
Asset Backed Commercial Paper (ABCP)

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### **Negotiable Promissory Notes or Commercial Paper (other than ABS)**

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### **Forward Rate Agreements**

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### **One Investment Program<sup>3</sup>**

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**Security – gift in a will or non-charitable donation, and Shares of a Corporation as per footnotes 13 and 14 in Appendix A of the SIP&P.**

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<sup>3</sup> The One Investment Program is jointly run by CHUMS (a subsidiary of the Municipal Finance Officers' Association of Ontario) and Local Authority Services (a corporation of the Association of Municipalities of Ontario).

We have reviewed the custodian statements as well as the transactions that have occurred to determine the types of securities that were held by the Funds during the 2019 period. We can confirm that the types of securities that were held in the City of Hamilton Reserve Fund and the Hamilton Future Fund during 2019 are as listed as follows:

The types of securities held by the City of Hamilton Reserve Fund were as follows:

**City of Hamilton Reserve Fund—Types of Securities**

**Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

- Government of Canada
- Canadian Provincial Government
- Government of Canada Agency
- Canadian Municipality, including City of Hamilton
- Municipal Finance Authority of British Columbia

**Deposit receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

- Banks in Canada
- Credit Union with Guarantee

**One Investment Program**

- Equity Portfolio
- Universe Corporate Bond Portfolio

The types of securities held by the Hamilton Future Fund were as follows:

**Hamilton Future Fund—Types of Securities**

**Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

- Canadian Provincial Government
- Canadian Municipality

**Deposit Receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

- Banks in Canada

**One Investment Program**

- Equity Portfolio

In addition to the above list of securities, the Hamilton Future Fund has some monies invested in a private placement of 2,000 common shares of the Hamilton Utilities Corporation. As well, as at December 31, 2019, approximately 3.1% of funds were invested in a Short-Term Investment Fund ("STIF") of RBC. All securities were expressed or payable in Canadian dollars. The types of securities held by the City of Hamilton Reserve Fund and the Hamilton Future Fund during 2019 were all part of the Approved List.



## Portfolio Securities as at December 31, 2019

### City of Hamilton Reserve Fund

Below are The City of Hamilton Reserve Fund securities and credit ratings<sup>4</sup> as at December 31, 2019. As shown in the list below, the City of Hamilton Reserve Fund also held equity and fixed income investments through the One Investment Program. The City's Reserve Fund investment in the One Investment Program Equity Portfolio had a market value of \$29.8 million and book value of \$21.8 million; the City's investment in the One Investment Program Universe Corporate Bond Portfolio had a market value of \$5.3 million and book value of \$5.4 million.

As at December 31, 2019, City of Hamilton Reserve Fund held a market value of \$3.2 million or 0.31% of the Fund in City of Hamilton securities. Over the last year, the market value of City of Hamilton securities decreased by \$0.1 million from \$3.3 million as at December 31, 2018. The decrease was primarily due to market fluctuation. There were no transactions in City of Hamilton securities over the 2019 fiscal year.

Date	Issuer Name	Coupon Rate	Maturity Date	Market Price	Credit Rating	Portfolio Market Value (\$)	Portfolio Market Value (%)
<b>Federal and Federal Guarantee Bonds</b>							
31-Dec-19	Government of Canada	2.750	1-Jun-22	102.73	AAA	10,273,149.46	0.99%
31-Dec-19	Canada Housing Trust	2.650	15-Mar-22	102.59	AAA	22,570,486.09	2.18%
31-Dec-19	Canada Housing Trust	2.350	15-Jun-23	101.59	AAA	20,317,007.41	1.96%
31-Dec-19	Canada Housing Trust	2.550	15-Mar-25	103.53	AAA	10,352,932.05	1.00%
31-Dec-19	Canada Housing Trust	1.900	15-Sep-26	99.72	AAA	10,969,196.79	1.06%
31-Dec-19	Canada Housing Trust	2.350	15-Jun-27	102.00	AAA	5,099,940.55	0.49%
<b>Provincial and Provincial Guarantee Bonds</b>							
31-Dec-19	Province of Alberta	2.550	15-Dec-22	101.92	AA	20,383,709.82	1.97%
31-Dec-19	Province of Alberta	2.650	1-Sep-23	103.24	AA	6,194,222.67	0.60%
31-Dec-19	Province of Alberta	2.350	1-Jun-25	101.30	AA	7,597,674.53	0.73%
31-Dec-19	Province of Alberta	2.200	1-Jun-26	100.10	AA	6,005,708.66	0.58%
31-Dec-19	Province of Alberta	2.550	1-Jun-27	101.88	AA	8,150,274.83	0.79%
31-Dec-19	Province of Alberta	2.900	1-Dec-28	104.56	AA	4,182,264.89	0.40%
31-Dec-19	Province of Alberta	2.900	20-Sep-29	105.18	AA	15,250,687.64	1.47%
31-Dec-19	Province of British Columbia	3.700	18-Dec-20	101.97	AAA	10,196,979.18	0.98%
31-Dec-19	Province of British Columbia	2.700	18-Dec-20	101.02	AAA	4,040,782.47	0.39%
31-Dec-19	Province of British Columbia	3.250	18-Dec-21	102.87	AAA	22,630,689.74	2.18%
31-Dec-19	Province of British Columbia	2.700	18-Dec-22	102.48	AAA	8,198,738.53	0.79%
31-Dec-19	Province of British Columbia	2.300	18-Jun-26	101.24	AAA	10,123,886.02	0.98%
31-Dec-19	Province of British Columbia	2.550	18-Jun-27	102.56	AAA	8,205,159.94	0.79%
31-Dec-19	Province of Manitoba	3.850	1-Dec-21	104.05	AA	20,809,911.46	2.01%
31-Dec-19	Province of Manitoba	2.550	2-Jun-23	102.20	AA	16,862,492.14	1.63%
31-Dec-19	Province of Manitoba	2.450	2-Jun-25	101.84	AA	11,711,845.74	1.13%
31-Dec-19	Province of Manitoba	2.550	2-Jun-26	102.25	AA	14,826,658.18	1.43%
31-Dec-19	Province of Manitoba	2.600	2-Jun-27	102.24	AA	3,067,343.99	0.30%
31-Dec-19	Province of Manitoba	2.750	2-Jun-29	103.33	A	5,166,498.47	0.50%

<sup>4</sup> Credit ratings are provided by RBC. Credit rating data is collected from 3 major rating agencies (S&P, Moody's and DBRS) if available. "AA" includes AA-, AA, AA+ or an equivalent rating. "A" includes A-, A, A+ or an equivalent rating. Rating field will be blank if no rating is available. All results are based on highest available rating.

31-Dec-19	Province of New Brunswick	3.350	3-Dec-21	103.03	AA	5,151,727.57	0.50%
31-Dec-19	Province of New Brunswick	2.850	2-Jun-23	103.12	AA	13,585,790.65	1.31%
31-Dec-19	Province of New Brunswick	2.600	14-Aug-26	103.11	AA	5,155,666.11	0.50%
31-Dec-19	Province of New Brunswick	2.350	14-Aug-27	100.94	AA	6,561,158.23	0.63%
31-Dec-19	Province of Newfoundland	1.950	2-Jun-22	100.18	A	3,005,333.85	0.29%
31-Dec-19	Province of Newfoundland	2.300	2-Jun-25	100.57	A	5,028,534.40	0.49%
31-Dec-19	Province of Newfoundland	3.000	2-Jun-26	104.13	A	15,620,151.05	1.51%
31-Dec-19	Province of Newfoundland	2.850	2-Jun-28	102.72	A	4,108,925.30	0.40%
31-Dec-19	Province of Newfoundland	2.850	2-Jun-29	102.78	A	5,139,068.23	0.50%
31-Dec-19	Province of Newfoundland	3.300	17-Oct-46	108.09	A	3,242,677.00	0.31%
31-Dec-19	Province of Nova Scotia	2.150	1-Jun-25	100.46	AA	3,013,803.05	0.29%
31-Dec-19	Province of Nova Scotia	2.100	1-Jun-27	99.11	AA	6,937,628.89	0.67%
31-Dec-19	Province of Ontario	3.150	2-Jun-22	103.25	AA	33,041,378.60	3.19%
31-Dec-19	Province of Ontario	2.850	2-Jun-23	103.25	AA	20,649,724.52	1.99%
31-Dec-19	Province of Ontario	2.600	2-Jun-27	102.67	AA	21,559,850.47	2.08%
31-Dec-19	Province of Ontario	2.900	2-Jun-28	104.93	AA	15,739,553.42	1.52%
31-Dec-19	Province of Price Edward Island	3.700	2-Sep-20	102.45	AA	4,456,399.36	0.43%
31-Dec-19	Province of Quebec	3.500	1-Dec-22	104.86	AA	13,631,895.20	1.32%
31-Dec-19	Province of Quebec	3.000	1-Sep-23	104.73	AA	2,094,604.65	0.20%
31-Dec-19	Province of Quebec	3.750	1-Sep-24	108.93	AA	5,446,513.48	0.53%
31-Dec-19	Province of Quebec	2.600	6-Jul-25	104.13	AA	2,249,177.90	0.22%
31-Dec-19	Province of Quebec	2.500	1-Sep-26	103.01	AA	20,602,015.49	1.99%
31-Dec-19	Province of Quebec	2.750	1-Sep-27	104.62	AA	10,462,236.81	1.01%
31-Dec-19	Province of Quebec	2.750	1-Sep-28	104.82	AA	6,289,266.18	0.61%
31-Dec-19	Province of Saskatchewan	3.200	3-Jun-24	105.18	AAA	14,725,022.42	1.42%
31-Dec-19	Province of Saskatchewan	2.650	2-Jun-27	102.74	AA	16,437,721.32	1.59%
31-Dec-19	New Brunswick Municipal Finance Corp	3.050	20-Nov-20	101.11	AA	3,347,684.52	0.32%
31-Dec-19	New Brunswick Municipal Finance Corp	2.900	14-Jun-21	101.21	AA	3,418,739.14	0.33%
31-Dec-19	New Brunswick Municipal Finance Corp	3.300	15-May-23	103.66	A	3,584,491.27	0.35%
31-Dec-19	New Brunswick Municipal Finance Corp	2.950	8-Dec-23	100.89	A	4,650,157.11	0.45%

**Municipal Bonds**

31-Dec-19	City of Barrie	2.400	20-Jun-29	98.91	AA	3,265,905.97	0.32%
31-Dec-19	City of Hamilton	5.050	19-Jun-21	104.55	AA	3,197,073.65	0.31%
31-Dec-19	City of London	2.1	16-Mar-24	100.19	AAA	1,001,946.16	0.10%
31-Dec-19	City of London	2.650	2-Apr-27	101.74	AAA	5,310,863.75	0.51%
31-Dec-19	City of Montreal	3.500	1-Sep-23	106.24	AA	8,180,671.58	0.79%
31-Dec-19	City of Montreal	3.000	1-Sep-25	105.07	AA	6,304,384.72	0.61%
31-Dec-19	City of Montreal	2.750	1-Sep-26	103.63	AA	4,145,268.76	0.40%
31-Dec-19	City of Montreal	3.000	1-Sep-27	104.97	AA	4,198,784.15	0.41%
31-Dec-19	City of Montreal	2.300	1-Sep-29	99.15	AA	9,915,333.41	0.96%
31-Dec-19	City of Montreal	3.150	1-Dec-36	105.63	AA	4,225,212.37	0.41%
31-Dec-19	City of Montreal	3.5	1-Dec-38	110.87	AA	8,314,892.80	0.80%
31-Dec-19	City of Ottawa	3	23-Apr-23	99.95	AAA	5,159,447.99	0.50%
31-Dec-19	City of Ottawa	2	23-Apr-46	105.98	AAA	3,709,379.33	0.36%
31-Dec-19	City of Toronto	3.500	6-Dec-21	103.24	AA	5,161,788.20	0.50%
31-Dec-19	City of Toronto	3.400	21-May-24	105.63	AA	13,731,731.63	1.33%
31-Dec-19	City of Toronto	2.400	7-Jun-27	100.22	AA	10,021,944.96	0.97%
31-Dec-19	City of Toronto	2.650	9-Nov-29	101.94	AA	5,097,238.63	0.49%
31-Dec-19	City of Toronto	3.500	2-Jun-36	110.32	AA	3,309,635.62	0.32%
31-Dec-19	City of Vancouver	3.450	2-Dec-21	103.26	AAA	8,260,849.09	0.80%
31-Dec-19	City of Vancouver	3.750	24-Oct-23	106.94	AAA	4,277,567.52	0.41%
31-Dec-19	City of Vancouver	2.850	3-Nov-27	103.88	AAA	4,155,000.36	0.40%

31-Dec-19 City of Winnipeg	4.100	1-Jun-45	123.41	AA	3,948,998.15	0.38%
31-Dec-19 Municipal Finance Authority of BC	4.150	1-Jun-21	103.57	AAA	14,500,078.15	1.40%
31-Dec-19 Municipal Finance Authority of BC	2.150	3-Jun-24	100.51	AAA	5,266,848.81	0.51%
31-Dec-19 Municipal Finance Authority of BC	3.050	23-Oct-28	105.98	AAA	10,120,780.92	0.98%
31-Dec-19 Municipal Finance Authority of BC	2.550	9-Oct-29	101.98	AAA	10,095,942.61	0.97%
31-Dec-19 Niagara Regional Municipality	3.000	3-Jul-25	104.69	AA	3,140,666.71	0.30%
31-Dec-19 Quebec City	3.150	8-Dec-25	104.70	AA	2,617,591.01	0.25%
31-Dec-19 Regional Municipality of Peel	3.050	1-Dec-21	103.35	AAA	12,401,453.91	1.20%
31-Dec-19 Regional Municipality of Peel	3.500	2-Nov-26	100.09	AAA	5,504,953.20	0.53%
31-Dec-19 Regional Municipality of Halton	3.300	2-Jun-23	103.63	AAA	6,580,329.29	0.64%

**Schedule I Banks**

31-Dec-19 Bank of Montreal	2.840	4-Jun-20	100.59	AA	2,011,803.72	0.19%
31-Dec-19 Bank of Montreal	3.400	23-Apr-21	102.39	AA	10,239,121.88	0.99%
31-Dec-19 Bank of Montreal	2.120	16-Mar-22	100.61	AA	2,012,290.53	0.19%
31-Dec-19 Bank of Montreal	2.270	11-Jul-22	101.39	AA	2,027,719.94	0.20%
31-Dec-19 Bank of Montreal	2.890	20-Jun-23	102.36	AA	7,165,257.73	0.69%
31-Dec-19 Bank of Montreal	2.700	11-Sep-24	102.73	AA	5,136,370.61	0.50%
31-Dec-19 Bank of Montreal	4.609	10-Sep-25	113.53	AA	3,973,481.96	0.38%
31-Dec-19 Bank of Montreal	3.190	1-Mar-28	106.59	AA	14,390,230.31	1.39%
31-Dec-19 Bank of Nova Scotia	2.270	13-Jan-20	101.07	AA	7,074,888.00	0.68%
31-Dec-19 Bank of Nova Scotia	2.090	9-Sep-20	100.73	AA	6,043,945.81	0.58%
31-Dec-19 Bank of Nova Scotia	3.270	11-Jan-21	102.81	AA	5,140,597.72	0.50%
31-Dec-19 Bank of Nova Scotia	2.873	4-Jun-21	101.34	AA	4,053,628.50	0.39%
31-Dec-19 Bank of Nova Scotia	2.360	8-Nov-22	100.85	AA	5,042,484.63	0.49%
31-Dec-19 Bank of Nova Scotia	2.980	17-Apr-23	103.08	AA	7,215,535.68	0.70%
31-Dec-19 Bank of Nova Scotia	2.290	28-Jun-24	100.14	AA	4,005,497.84	0.39%
31-Dec-19 Bank of Nova Scotia	2.620	2-Dec-26	101.84	AA	16,294,960.23	1.57%
31-Dec-19 Bank of Nova Scotia	3.100	2-Feb-28	106.20	AA	5,309,855.45	0.51%
31-Dec-19 Canadian Imperial Bank	2.040	21-Mar-22	100.40	AA	1,004,009.31	0.10%
31-Dec-19 Canadian Imperial Bank	2.300	11-Jul-22	101.43	AA	7,100,058.65	0.69%
31-Dec-19 Canadian Imperial Bank	2.970	11-Jul-23	103.93	AA	3,118,029.38	0.30%
31-Dec-19 Canadian Imperial Bank	3.300	26-May-25	105.30	AA	21,059,171.91	2.03%
31-Dec-19 Royal Bank of Canada	2.000	21-Mar-22	100.32	AA	5,015,856.76	0.48%
31-Dec-19 Royal Bank of Canada	2.949	1-May-23	102.88	AA	10,287,520.86	0.99%
31-Dec-19 Royal Bank of Canada	4.930	16-Jul-25	115.84	AA	5,792,163.08	0.56%
31-Dec-19 Toronto Dominion Bank	2.563	24-Jun-20	100.35	AA	8,850,738.97	0.85%
31-Dec-19 Toronto Dominion Bank	2.045	8-Mar-21	100.66	AA	6,542,714.76	0.63%
31-Dec-19 Toronto Dominion Bank	2.621	22-Dec-21	101.09	AA	5,054,487.51	0.49%
31-Dec-19 Toronto Dominion Bank	3.226	24-Jul-24	105.59	AA	22,173,721.99	2.14%

**Cash and Cash Equivalents**

31-Dec-19 Cash					77.68	0.00%
31-Dec-19 First Ontario Credit Union	2.730	16-Oct-20	100.51		20,101,539.73	1.94%
31-Dec-19 First Ontario Credit Union	2.610	30-Mar-20	101.58		10,157,816.44	0.98%
31-Dec-19 Meridian Credit Union	2.650	19-Jun-20	101.40		10,140,123.29	0.98%

**One Investment Program**

31-Dec-19 Equity Portfolio					29,775,720.26	2.87%
31-Dec-19 Universe Corporate Bond Portfolio					5,287,521.83	0.51%

**Total Fund** **1,035,846,643.80** **100.00%**

## Hamilton Future Fund

Below are the Hamilton Future Fund securities and credit ratings<sup>5</sup> as at December 31, 2019. As shown in the list below, the Hamilton Future Fund also held equity investments through the One Investment Program. The Hamilton Future Fund investment in the One Investment Program Equity Portfolio had a market value of \$1.8 million and book value of \$1.5 million. In addition to the securities below, 2,000 common shares of Hamilton Utilities Corporation were also held in the portfolio as at December 31, 2019. These shares are not listed in the total portfolio shown below.

Date	Issuer Name	Coupon Rate	Maturity Date	Market Price	Credit Rating	Portfolio Market Value (\$)	Market Value (%)
<b>Provincial and Provincial Guarantee Bonds</b>							
31-Dec-19	Province of Alberta	2.35	1-Jun-25	101.30	AA	2,026,046.54	4.06%
31-Dec-19	Province of Alberta	2.20	1-Jun-26	100.10	AA	2,001,902.89	4.01%
31-Dec-19	Province of British Columbia	2.70	18-Dec-22	102.48	AAA	4,406,821.96	8.83%
31-Dec-19	Province of Manitoba	2.60	2-Jun-27	102.24	AA	2,044,895.99	4.10%
31-Dec-19	Province of Manitoba	3.00	2-Jun-28	105.14	A	1,051,397.84	2.11%
31-Dec-19	Province of Newfoundland	3.00	2-Jun-26	104.13	A	2,082,686.81	4.17%
31-Dec-19	Province of Newfoundland	3.30	17-Oct-46	108.09	A	1,080,892.33	2.17%
31-Dec-19	Province of Nova Scotia	2.15	1-Jun-25	100.46	AA	2,009,202.03	4.02%
31-Dec-19	Province of Ontario	3.15	2-Jun-22	103.25	AA	2,065,086.16	4.14%
31-Dec-19	Province of Ontario	2.85	2-Jun-23	103.25	AA	4,129,944.90	8.27%
31-Dec-19	Province of Ontario	2.65	5-Feb-25	103.91	AA	2,182,086.08	4.37%
31-Dec-19	Province of Ontario	2.60	2-Jun-27	102.67	AA	2,053,319.09	4.11%
31-Dec-19	Province of Quebec	2.75	1-Sep-27	104.62	AA	2,615,559.20	5.24%
31-Dec-19	New Brunswick Municipal Financial Corp	3.10	30-Nov-22	102.62	AA	2,052,355.62	4.11%
<b>Municipal Bonds</b>							
31-Dec-19	City of London	2.55	07-Mar-25	102.18	AAA	306,532.23	0.61%
31-Dec-19	City of Montreal	3.00	01-Sep-25	105.07	AA	2,180,266.38	4.37%
31-Dec-19	City of Montreal	3.00	01-Sep-27	104.97	AA	1,049,696.04	2.10%
31-Dec-19	City of Montreal	3.15	01-Dec-36	105.63	AA	1,056,303.09	2.12%
31-Dec-19	City of Toronto	2.40	24-Jun-26	100.68	AA	1,812,319.92	3.63%
31-Dec-19	City of Toronto	2.40	07-Jun-27	100.22	AA	1,002,194.50	2.01%
<b>Schedule I Banks</b>							
31-Dec-19	Bank of Nova Scotia	2.27	13-Jan-20	101.07	AA	505,349.14	1.01%
31-Dec-19	Bank of Nova Scotia	2.09	9-Sep-20	100.73	AA	2,518,310.76	5.04%
31-Dec-19	Bank of Nova Scotia	3.10	2-Feb-28	106.20	AA	796,478.32	1.60%
31-Dec-19	Canadian Imperial Bank	2.04	21-Mar-22	100.40	AA	3,012,027.94	6.03%
31-Dec-19	Canadian Imperial Bank	3.30	26-May-25	105.30	AA	526,479.30	1.05%
<b>Cash and Cash Equivalents</b>							
31-Dec-19	CLASSIFIED STIF I			10.00		1,545,811.31	3.10%
31-Dec-19	Cash					-	0.00%
<b>One Investment Program</b>							
31-Dec-19	Equity Portfolio					1,810,227.73	3.63%
<b>Total Fund</b>						<b>49,924,194.10</b>	<b>100.00%</b>

<sup>5</sup> Credit ratings are provided by RBC. Credit rating data is collected from 3 major rating agencies (S&P, Moody's and DBRS) if available. "AA" includes AA-, AA, AA+ or an equivalent rating. "A" includes A-, A, A+ or an equivalent rating. Rating field will be blank if no rating is available. All results are based on highest available rating.

<b>Restrictions</b>		
<b>Constraints</b>		Policy Complied with Yes/No
The City shall not invest more than 25% of the portfolio in short-term debt issued or guaranteed by the City.		Yes
Total Investment in 'A' or equivalent rated debt on purchase most not exceed 35% of the market value of the City's bond portfolio.		Yes
The City shall not invest in a security that is expressed or payable in any currency other than Canadian dollars with exception of investments specified in Section 4.07 and footnote 6 of Appendix "A" of the SIP&P.		Yes
The City shall not invest in a security issued or guaranteed by a school board or similar entity unless the money raised by issuing the security is to be used for school purposes.		Yes
<b>Permitted ranges</b>	<b>(%)</b>	
Federal issues	0-100	Yes
Provincial holdings in aggregate	0-100	Yes
Single province exposure	0-50	Yes
Individual non-federal/non provincial holdings *	0-10	Yes
Non-federal/non provincial holdings in aggregate	0-50	Yes
Municipal issues *		
- individual muni issue rated "AAA"	0-10	Yes
- individual muni issue rated "AA"	0-10	Yes
- individual muni issue rated "A"	0-5	Yes
Municipal holdings in aggregate	0-30	Yes
Banks and Credit Unions in aggregate	0-50	Yes
Short-term securities	0-50	Yes
Portfolio duration	1-6 Years	Yes

\* Except for City of Hamilton issues which have a limit of 25%

As at December 31, 2019 on a combined basis, the Funds were being managed in a manner that is consistent with the minimum quality requirements, maximum quantity restrictions and all other restrictions imposed on the Funds. Securities lending is allowed, and as such, monies were loaned during the year for the purpose of generating revenues for the Funds. In managing the securities lending program, RBC complied with the constraints described in the Securities Lending Letter Agreement dated as of January 6, 2003, as amended. (The most recent amendment dated effective as of March 1, 2019). The ratings were assumed to be the same for all issues of an issuer. Throughout the year, reports are provided by RBC to the CIO on a weekly basis, showing the securities that the City invested in for the Reserve Fund and the Hydro Fund together with each security's market value.

In addition, on monthly basis, RBC provides CIO with compliance reports<sup>6</sup>, confirming whether or not the Funds were consistent with terms, conditions and guidelines stipulated in the SIP&P. Securities that not consistent with the terms, conditions and guidelines stipulated in the SIP&P are reviewed and action is taken to remedy the situation as soon as possible.

Aon has reviewed these compliance reports for 2019 and confirms the compliance reports indicate the Funds were consistent with the terms, condition and guidelines stipulated in the SIP&P at each month end throughout 2019.

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<sup>6</sup> Starting in 2019, the City engaged RBC as an independent third party to provide comprehensive monthly compliance reports as part of their overall engagement with RBC. These reports assist the City to identify any potential deviations from a compliance perspective.

## Activity and Transactions

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Activity every month consists of:

- 1) Cash Inflows: Proceeds from bond maturities and sales, contributions/transfers and investment income; and
- 2) Cash Outflows: Funds for bond purchases, distributions and other required outflows.

For the City of Hamilton Reserve Fund, cash inflows were \$256.8 million, consisting of \$102.4 million in sales and maturities, \$27.8 million in investment income and \$126.6 million in contributions/transfers. Cash outflows were also \$256.8 million and consisted of \$122.0 million in purchases and \$134.8 million in distributions.

For the Hamilton Future Fund, cash inflows were \$3.8 million, consisting of \$1.3 million in sales and maturities, \$1.2 million in investment income and \$1.3 million in contributions/transfers. Cash outflows were also \$3.8 million and consisted of \$2.5 million in purchases and \$1.3 million in distributions.

The records of each activity are summarized in the custodial statements of RBC on a monthly basis. Aon uses these monthly statements to record and reconcile all of the transactions noted above.

## Certificate by Chief Investments Officer

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This Certificate by the Chief Investments Officer applies to the City of Hamilton Reserve Fund and the Hamilton Future Fund ("the Funds").

The undersigned hereby confirms that throughout the reporting period of 2019:

1. The management of the Funds was in accordance with all the terms, conditions and guidelines stipulated in the SIP&P in effect during 2019.
2. The Funds were managed in compliance with the Municipal Act, 2001, S.O. 2001, c. 25, and Ontario Regulation 438/97 that was in effect in 2019.
3. The Chief Investments Officer, who manages the Funds, complied at all times and in all respects with the Code of Ethics and Standard of Professional Conduct as promulgated by the CFA Institute.
4. The Chief Investments Officer managed the Funds' assets with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with the assets of these types of Funds.

Certified by,



Gerald T. Boychuk  
Chief Investments Officer  
City of Hamilton





## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	Hamilton Future Fund Investment Performance Report - December 31, 2019 (FCS20047) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gerald T. Boychuk (905) 546-2424 Ext. 4321 Brandon A. Teglas (905) 546-2424 Ext. 4363
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

Not applicable

### INFORMATION

The City of Hamilton Future Fund portfolio of investments had an earnings rate of 2.58% for the 12 months ending December 31, 2019 and an average earnings rate of 2.60% over the past five years. The earnings rate includes interest and lending revenues but excludes realized and unrealized capital gains / losses.

The City of Hamilton Future Fund's portfolio generated approximately \$1,250,274 in bond interest, net realized capital gains / losses and lending revenue over the last 12 months ending December 31, 2019. The total return of \$1,250,274 was realized on an investment at an average cost of \$46,073,113, giving a percentage return on cost of 2.71%. Bond lending revenues of \$18,094 are included in the earnings rate of 2.58%. Interest, net realized capital gains / losses and lending income over the last five years have averaged \$1.09 M annually.

As at December 31, 2019, net unrealized capital gain was \$1,139,948 and a net capital loss of \$1,935 was realized over the past 12 months. The duration of the portfolio of investments was 5.41 years as at December 31, 2019 compared with 5.69 years as at December 31, 2018.

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**SUBJECT: Hamilton Future Fund Investment Performance Report –  
December 31, 2019 (FCS20047) (City Wide) – Page 2 of 3**

As of December 31, 2019, the market value of the portfolio was \$48,113,985 compared with \$45,629,304 as at December 31, 2018, an increase of \$2,484,681.

For the 12 months ending December 31, 2019, the overall return (includes interest, bond lending revenue, realized and unrealized capital gains / losses) was 5.47%, outperforming the benchmark return of 3.42% by 205 basis points. Over the past five years, the overall return has averaged 2.62% per annum, outperforming the average benchmark return over the same five-year period of 1.77% by 85 basis points. The out-performance of the Hamilton Future Fund relative to the benchmark over the last five years is attributed mostly to its overweight position over the last couple of years in longer term bonds.

The overall returns for the One Fund (offered by the Association of Municipalities of Ontario and the Municipal Finance Officers Association) for the year ending December 31, 2019 was 18.3% for the Equity Portfolio, 1.68% for bonds and 2.61% for money market. If the City's Policy had been used in these funds (i.e. 90% bonds and 10% money market), the overall return would have been 1.77% or 370 basis points less than the overall return of 5.47%. Using an average portfolio market value of \$47,675,120 for the past 12 months, an increase of 3.70% in overall return resulted in a revenue increase of approximately \$1,763,979. The FTSE TMX Mid-Government Index returned 4.92% and the FTSE TMX Short Government Index returned 2.40%.

Table 1 summarizes the investment return indicators.

**Table 1:** Investment Return Indicators (for information purposes only)

	12 Months ended 12/31/2019	12 Months ended 12/31/2018	12 Months ended 12/31/2017	12 Months ended 12/31/2016	12 Months ended 12/31/2015
Policy Target	3.42%	1.79%	0.42%	0.52%	2.72%
Hamilton Future Fund Portfolio	5.47%	1.95%	1.50%	1.61%	2.57%
One Fund – Bonds	1.68%	1.51%	-0.15%	0.68%	1.94%
One Fund –Money Market	2.61%	1.43%	0.60%	0.50%	0.67%
FTSE TMX – Short Government	2.40%	1.96%	-0.38%	0.35%	2.54%
FTSE TMX – Mid Government	4.92%	2.12%	0.46%	0.87%	5.11%
Bond Lending Revenue	\$18,094	\$14,128	\$9,479	\$6,071	\$5,252
Earnings Rate (Excludes Capital Gains / Losses)	2.58%	2.62%	2.55%	2.66%	2.61%

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**SUBJECT: Hamilton Future Fund Investment Performance Report –  
December 31, 2019 (FCS20047) (City Wide) – Page 3 of 3**

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Table 2 summarizes the changes in Canadian interest rates over the past 24 months.

**Table 2:** Canadian Interest Rates

Canada Benchmark Bond	Interest Rate January 2, 2020	Interest Rate January 2, 2019	Interest Rate January 3, 2018
One Month (T-Bill)	1.63%	1.63%	0.95%
2-year	1.66%	1.86%	1.68%
5-year	1.62%	1.85%	1.86%
10-year	1.62%	1.92%	2.05%

One-month T-Bills remained stable through 2019 as demonstrated by Table 2 at 1.63%. Ten-year and 30-year bonds continued a steady decline in rate and increased price as in 2018, resulting in a virtually flat or slightly inverted yield curve. The Canadian dollar remained stable opening at 0.745\$ US and closing 2019 at slightly less than 0.770\$ US. While oil opened at \$65 US per barrel, the year-end market had a drop to \$61 US per barrel due to global trade uncertainty, increasing competition by suppliers and slowing demand. The Canadian Gross Domestic Product (GDP) was expected to stay at about 1.6% annual in 2019 and into 2020.

The Future Fund portfolio of bonds was maintained with significant holding of near 10-year terms of high-quality provincials, municipals and major banks. The portfolio out-performed its benchmark and the One Fund's estimated returns by a wide margin. The portfolio, as it stands, is in very good shape. However, at this writing, going forward there is significant re-investment risk in terms of lower rates, liquidity and debt issuance.

Maturing holdings, new investments and marketability risk with dramatically dropping interest rates will cause diminished investment returns. The global movement to financed deficits will cause some financial instability due to the worldwide suspension of global trade and internal economic trade coming to a standstill due to COVID-19 Pandemic. Results could be inflationary to a degree. However, a return to near normal economic conditions is theoretically the goal.

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## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	Reserve / Revenue Fund Investment Performance Report – December 31, 2019 (FCS20048) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gerald T. Boychuk (905) 546-2424 Ext. 4321 Brandon A. Teglas (905) 546-2424 Ext. 4363
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

Not applicable

### INFORMATION

The investment portfolio for the City of Hamilton's (City's) Reserve / Revenue Fund (comprised of reserve / revenue funds, capital account balances and unused operating funds) had an earnings rate of 2.80% for the 12 months ending December 31, 2019 and had an average earnings rate of 2.81% over the past five years. The earnings rate includes interest and lending revenues but excludes realized and unrealized capital gains / losses.

The City's portfolio generated \$32,592,757 in bond interest, net realized capital gains / losses, lending revenue and bank interest over the 12 months ending December 31, 2019. The average dollar amount generated over the last five years is \$27.92 M. The return of \$32,592,757 was realized on an average asset cost of \$1,174,258,660 (made up of \$988,385,886 for the investment portfolio plus \$157,308,279 for the City's bank account balance plus \$28,564,494 for the One Fund Equity and Universe Corporate Bond), giving a percentage return on cost of 2.78%. Bond lending revenues of \$322,520 are included in the earnings rate of 2.80%. Net unrealized capital gains were \$23,084,184 as at December 31, 2019.

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**SUBJECT: Reserve / Revenue Fund Investment Performance Report –  
December 31, 2019 (FCS20048) (City Wide) – Page 2 of 5**

For the 12 months ending December 31, 2019, the overall return (includes bond interest, bond lending revenues, realized capital gains / losses and unrealized capital gains / losses) was 4.97% and the return on the benchmark was 3.42%, resulting in an out-performance of 155 basis points. Over the past five years, the overall return has averaged 2.63% per annum, out-performing the average return on the benchmark over the same five-year period of 1.77% by 86 basis points. For the one-year period ending December 31, 2019, the out-performance of the investment portfolio relative to the benchmark is attributed to its longer duration, resulting in mid-term and long-term bonds out-performing short-term bonds given the significant rate decrease into the fall of 2019.

By comparison, the overall returns for the One Fund portfolios (offered by the Association of Municipalities of Ontario and the Municipal Finance Officers' Association), over the 12-month period ending December 31, 2019 were 2.61% for bonds and 1.68% for money market. If the City's Policy had been used in these funds (i.e. 90% bonds and 10% money market), then the overall return would have been 2.45% less than the actual return of 4.97%, or 2.52%. On an average portfolio market value of \$1.02 B, (excluding One Fund Equity and bank account balances), the incremental return of 2.45% resulted in incremental revenue of approximately \$2.55 M. The One Fund's under-performance is attributed to its policy of investing in short-term bonds. The FTSE TMX All-Government Mid Index returned 4.92% and the FTSE TMX Short Government Index returned 2.40%.

Table 1 summarizes the investment return indicators.

**Table 1 - Investment Return Indicators (for information purposes only)**

	12 Months ended 12/31/2019	12 Months ended 12/31/2018	12 Months ended 12/31/2017	12 Months ended 12/31/2016	12 Months ended 12/31/2015
Policy Target	3.42%	1.79%	0.42%	0.52%	2.72%
City's Portfolio	4.97%	1.82%	1.29%	1.49%	3.56%
One Fund – Bonds	2.61%	1.51%	-0.15%	0.68%	1.94%
One Fund – Money Market	1.68%	1.43%	0.60%	0.50%	0.67%
FTSE TMX – Short Government	2.40%	1.96%	-0.38%	0.35%	2.54%
FTSE TMX – Mid Government	4.92%	2.12%	0.46%	0.87%	5.11%
Bond Lending Revenue	\$322,520	\$284,474	\$231,169	\$155,754	\$130,191
Earnings Rate (Excludes Capital Gains/Losses)	2.80%	2.85%	2.79%	2.78%	2.83%
City's Return One Fund Investment (Equity)	18.53%	2.24%	9.85%	14.18%	-0.11%

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**SUBJECT: Reserve / Revenue Fund Investment Performance Report –  
December 31, 2019 (FCS20048) (City Wide) – Page 3 of 5**

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The investments in the portfolio, excluding the One Fund Equity investment, consist of 100% bonds and 0% money market. During the year ending December 31, 2019, the interest rate earned in the City's bank account was greater than the interest rate earned on Treasury Bills and Banker's Acceptances (with term to maturity less than six months) and therefore, funds that were earmarked for short-term expenses were held in the City's bank account. The City also continued to hold a modest amount of Floating Rate Notes, which continued to be a favourable alternative to money market securities. As at December 31, 2019, the duration of the portfolio was 4.49 years compared with 4.72 years as at December 31, 2018.

On December 31, 2019, the market value of the investment portfolio was \$1,000,783,402 (excluding One Fund Equity, Universe Corporate Bond and bank balances), an increase of \$40,041,186 compared to \$960,742,216 as at December 31, 2018.

The restructured Asset Backed Commercial Paper (Master Asset Vehicles) was sold in 2013 and all the remaining \$10,000,000 of Devonshire notes were redeemed in 2014 at par plus accrued interest to maturity date. Reserves set aside under the Companies' Creditors Arrangement Act (CCAA) and held by the court appointed Monitor (Deloitte) totalled \$4,838,001 net of expenses at December 31, 2018. The City's pro-rata share is estimated from the low distribution estimate of \$1,547 and a high of \$774,471. This item was settled in 2019 with the Deloitte making two final distributions through the year one of \$530,000 and a late year final of \$44,655. This total recovery of \$574,655 closes the account out with a high side final recovery as per court instructions.

As at December 31, 2019, the One Fund equity holdings market value was \$29.775 M (or 2.98% of the market value of the Reserve Fund including the One Fund but excluding bank balances). Over the 12-month period ending December 31, 2019 it returned 18.53%. Over the same period, The Universe Corporate Bond market value was \$5.287 M and returned 0.175%.

Table 2 shows the changes in Canadian interest rates over the past 24 months.

**Table 2**

CANADIAN INTEREST RATES			
	Interest Rate January 2, 2020	Interest Rate January 2, 2019	Interest Rate January 2, 2018
Canada Benchmark Bond			
One Month (T-Bill)	1.63%	1.63%	0.95%
2 year	1.66%	1.86%	1.68%
5 year	1.62%	1.85%	1.86%
10 year	1.62%	1.92%	2.05%

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**SUBJECT: Reserve / Revenue Fund Investment Performance Report –  
December 31, 2019 (FCS20048) (City Wide) – Page 4 of 5**

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Through 2019, short-term rates increased as the Bank of Canada's bank rate moved up to 1.0% by year end. Longer term rates tended to move progressively lower led by the 10-year and 30-year bonds. The decline was based on reduced inflation fears and reduced concerns of a rate increase by the Bank of Canada.

As well, commodity prices, particularly oil which opened the year at \$65 a barrel before closing 2019 at \$61, were moving higher. This, in turn, led to increasing upward pressure on the Canadian dollar with an increase in its value year end. The Canadian dollar ended the year at \$0.770 US, having closed 2018 at \$0.745 US. This was due to decreased projected global economic activity and a decrease in general commodities pricing, especially oil.

The portfolio of bonds, despite having a high proportion of near 10-year terms out-performed the One Fund and its benchmark.

The Canadian economy performed well. Growing 1.6 % overall, it lagged the projected year-end target growth rate of 2.0% by 0.4% which led to the short-term rate increases late in the year. The Bank of Canada had projected 1.8% growth in 2019. Going forward, the projected growth for 2020 is less than 1.6%. Some have speculated on a rate of much less than 1.0% which would be underperforming the target growth. This would indicate long-term slow growth with rates lower, awaiting a return to July 2018 levels or lower.

Global trade relationships have been strained by import and export tariffs in many countries. For example, the United States, Mexico and Canada agreement (USMCA) has been signed off and will be taking effect July 1, 2020. As well, the United States and China have been trading various tariffs with each other. The trade environment has served to slow economic activity and create an uncertain environment. Many Central Banks have lowered interest rates dramatically, in some cases, to negative levels in order to mitigate economic damage.

The potential exit of Britain from the European Union is contributing to overall economic uncertainty, slow growth and declining economic activity. The uncertainty of the negotiations has stopped the Bank of Canada from increasing rates further in the near term, even though oil recovered to \$61 a barrel.

The Reserve Fund portfolio of bonds was maintained with significant holding of near 10-year terms of high-quality provincial, municipal and major banks. The portfolio out-performed its benchmark and the One Fund's estimated returns by a wide margin. The portfolio, as it stands, is in very good shape. However, at this writing going forward, there is significant re-investment risk in terms of lower rates, liquidity and debt issuance.

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**SUBJECT: Reserve / Revenue Fund Investment Performance Report –  
December 31, 2019 (FCS20048) (City Wide) – Page 5 of 5**

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Maturing holdings, new investments and marketability risk with dramatically dropping interest rates will cause diminished investment returns. The global movement to financed deficits will cause some financial instability due to the worldwide suspension of global trade and internal economic trade coming to a standstill due to COVID-19 Pandemic. Results could be inflationary to a degree, however a return to near normal economic conditions is the goal.

**APPENDICES AND SCHEDULES ATTACHED**

None

GB/BT/dt





## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	Cemetery Trust Accounts Investment Performance Report - December 31, 2019 (FCS20049) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gerald T. Boychuk (905) 546-2424 Ext. 4321 Brandon A. Teglas (905) 546-2424 Ext. 4363
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

Not Applicable

### INFORMATION

Over the 12-month period ending December 31, 2019, the earning rates are 3.12% for the Cemetery Care and Maintenance Trust, 3.39% for the Cemetery Monument Care Trust and 3.23% for the Cemetery Pre-Need Assurance Trust. These earning rates include interest and lending revenue but exclude realized and unrealized capital gains / losses.

Over the same period, the overall returns based on market value (which include interest, lending revenue, realized and unrealized capital gains / losses) are 5.93% for the Cemetery Care and Maintenance, 7.10% for the Cemetery Monument Care and 6.44% for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy return) is 6.87%. As a result, the Cemetery Care and Maintenance under-performed the benchmark by 94 basis points, while the Cemetery Monument Care out-performed the benchmark by 23 basis points. The Cemetery Pre-Need Assurance under-performed the benchmark by 43 basis points.

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**SUBJECT: Cemetery Trust Accounts Investment Performance Report –  
December 31, 2019 (FCS20049) (City Wide) – Page 2 of 3**

As of December 31, 2019, the total portfolio market values are \$13,224,970 (with \$803,681 of net unrealized capital gains) for the Cemetery Care and Maintenance Trust, \$1,228,412 (with \$127,195 of net unrealized capital gains) for the Cemetery Monument Care Trust and \$3,252,248 (with \$238,481 of net unrealized capital gains) for the Cemetery Pre-Need Assurance Trust.

The following Table shows the investment return indicators.

<b>Investment Return Indicators</b> (for information purposes only)			
	12 Months ended 12/31/2019	12 Months ended 12/31/2018	12 Months ended 12/31/2017
<b>Earnings Rate (Excluding Unrealized Capital Gains or Loss)</b>			
Cemetery Care and Maintenance	3.12%	1.87%	3.18%
Cemetery Monument Care	3.39%	1.49%	3.52%
Cemetery Pre-Need Assurance	3.23%	1.59%	3.36%
<b>Total Return</b>			
Cemetery Care and Maintenance	5.93%	1.88%	2.30%
Cemetery Monument Care	7.10%	1.49%	3.29%
Cemetery Pre-Need Assurance	6.44%	1.59%	3.01%
Policy Target (FTSE TMX Canada Universe Bond)	6.87%	1.41%	2.52%
<b>Bond Lending Revenue</b>			
Cemetery Care and Maintenance	\$ 3,045.37	\$ 3,032.65	\$ 3,217.66
Cemetery Monument Care	\$ 338.76	\$ 320.26	\$ 198.43
Cemetery Pre-Need Assurance	\$ 743.49	\$ 691.28	\$ 405.83
<b>Income Earned*</b>			
Cemetery Care and Maintenance	\$ 382,712	\$ 372,106	\$ 360,609
Cemetery Monument Care	\$ 38,259	\$ 37,591	\$ 39,488
Cemetery Pre-Need Assurance	\$ 98,135	\$ 93,537	\$ 96,691
<b>Ending Portfolio Market Value</b>			
Cemetery Care and Maintenance	\$ 13,224,970	\$ 10,833,356	\$ 11,143,376
Cemetery Monument Care	\$ 1,228,412	\$ 957,241	\$ 1,122,473
Cemetery Pre-Need Assurance	\$ 3,252,248	\$ 2,542,373	\$ 2,869,118

\* Does not include interest earned in the bank account on balances.

**SUBJECT: Cemetery Trust Accounts Investment Performance Report –  
December 31, 2019 (FCS20049) (City Wide) – Page 3 of 3**

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The Cemetery Care and Maintenance, Cemetery Monument Care and Cemetery Pre-Need Assurance Trust portfolios out-performed relative to the Policy because they held some long-term bonds which out-performed relative to shorter-term bonds over the one-year period ending December 31, 2019 due to their higher coupon rate. Short-term interest rates stabilized and declined with two Bank of Canada rate cuts in 2019, which created a flat interest curve by year's end and remained flat to the opening 30-day T-bill rate. This created a significant depreciation in short-term bond prices while longer terms tended to be stable or appreciated slightly in value, creating an increase in year-end portfolio market returns and a flat yield curve, with a marginal inversion in the yield curve.

The current strategy is to expect appreciation in longer term rates going forward with stabilization in the 10-year area. The United States has paused in increasing their interest rates with the pause in economic growth and with concerns of a recession due to the very poor growth shown in late 2018 and early 2019. Rates had become negative in some countries and in late January, COVID-19 arrived as a further disruption to the domestic and global economic conditions resulting in emergency cuts in interest rates and a parallel drop in all interest rates embodied in the yield curve.

The portfolios were the benefactors of having longer term bonds with higher interest rates than the current market rates at year end, enabling them to achieve returns which were competitive with the TMX Canada Universe bond index and in one case, exceeding it by 23 basis points (Monument Care) and trailing by 43 basis points (Pre-Need) and 94 basis points (Care and Maintenance) with portfolios comprised of high quality public marketable securities. Going forward, there could be significant re-investment risk. Maturing bonds, new investments and marketability with dramatically dropping interest rates may cause diminished investment returns. The global movement to finance deficits will cause some financial instability theoretically, resulting in a return to near normal.

GB/BT/dt





## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	2018 Audited Financial Statements for City of Hamilton Business Improvement Areas (BIAs) (FCS20051) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Shelley Hesmer (905) 546-2424 Ext. 3020
<b>SUBMITTED BY:</b>	Rick Male Director, Financial Services and Taxation & Corporate Controller Corporate Services Department
<b>SIGNATURE:</b>	

### INFORMATION

Each year, the financial statements of the individual Business Improvement Areas (BIAs) of the City of Hamilton are audited by external auditors as prescribed by the *Municipal Act 2001*. The financial statements of each BIA are prepared by management of the BIA and are approved by the Board of Management of the BIA.

Section 207(2) of the *Municipal Act* refers to BIAs and states:

“The municipal auditor is the auditor of each board of management and may inspect all records of the board. 2001, c.25, s. 207(2).”

The 2018 audited financial statements of the BIAs are being provided to Council through the Audit, Finance and Administration Committee, in accordance with section 207 of the *Municipal Act*.

Section 207(1) of the *Municipal Act* refers to BIAs and states:

“A board of management shall submit its annual report for the preceding year to Council by the date and in the form required by the municipality and the report shall include audited financial statements. 2001, c. 25, s. 207(1).”

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**SUBJECT: 2018 Audited Financial Statements for City of Hamilton Business Improvement Areas (BIAs) (FCS20051) (City Wide) - Page 2 of 2**

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Appendix "A" to Report FCS20051 includes the final Board approved financial statements for the 13 BIAs as follows: Ancaster BIA, Barton Village BIA, Concession Street BIA, Downtown Hamilton BIA, Dundas BIA, International Village BIA, King Street BIA, Locke Street BIA, Main Street Esplanade BIA, Ottawa Street BIA, Stoney Creek BIA, Waterdown BIA and Westdale BIA.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report FCS20051 – 2018 Audited Financial Statements for City of Hamilton Business Improvement Areas.

SH/dw



Financial Statements of

**ANCASTER BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
Hamilton Ontario L8P 4W7  
Canada  
Telephone (905) 523-8200  
Fax (905) 523-2222

## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Ancaster Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### ***Opinion***

We have audited the accompanying financial statements of the Ancaster Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

June 24, 2019

# ANCASTER BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2018

### Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

# ANCASTER BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 81,429	\$ 133,457
Accounts receivable	-	750
HST receivable	3,484	4,169
Due from City of Hamilton (note 3)	11,763	431
	<u>96,676</u>	<u>138,807</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	6,273	2,123
Deferred revenue (note 2)	-	46,650
Net financial assets	<u>90,403</u>	<u>90,034</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 4)	3,803	9,271
Prepaid expenses	1,101	1,084
	<u>4,904</u>	<u>10,355</u>
Commitment (note 8)		
Accumulated surplus (note 5)	<u>\$ 95,307</u>	<u>\$ 100,389</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

## ANCASTER BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
<b>Revenues:</b>			
Assessment levy (note 3)	\$ 93,300	\$ 93,300	\$ 94,424
City of Hamilton grants (note 3)	-	13,114	12,978
Government of Canada grants (note 7)	-	10,075	15,334
Farmer's Market income	-	32,300	29,173
Other income	-	15	13,070
<b>Total revenues</b>	<b>93,300</b>	<b>148,804</b>	<b>164,979</b>
<b>Expenses:</b>			
Advertising and promotion	24,300	28,652	32,572
Amortization	-	5,468	9,604
Ancaster Farmer's Market	-	29,471	23,550
Bank charges and interest	-	610	313
Beautification	29,000	26,481	23,442
Business taxes	-	806	567
Donations	-	5,000	5,000
Insurance	-	2,043	2,234
Office expenses	-	293	954
Professional fees	-	420	427
Salaries	40,000	54,211	46,840
Miscellaneous	-	431	-
<b>Total expenses</b>	<b>93,300</b>	<b>153,886</b>	<b>145,503</b>
<b>Annual (deficit) surplus</b>	<b>-</b>	<b>(5,082)</b>	<b>19,476</b>
Accumulated surplus, beginning of year	100,389	100,389	80,913
<b>Accumulated surplus, end of year</b>	<b>100,389</b>	<b>\$ 95,307</b>	<b>\$ 100,389</b>

See accompanying notes to financial statements.

## ANCASTER BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual (deficit) surplus	\$ (5,082)	\$ 19,476
Acquisition of tangible capital assets	-	(7,419)
Amortization of tangible capital assets	5,468	9,604
Increase in prepaid expenses	(17)	(11)
Change in net financial assets	369	21,650
Net financial assets, beginning of year	90,034	68,384
Net financial assets, end of year	\$ 90,403	\$ 90,034

See accompanying notes to financial statements.



## ANCASTER BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (5,082)	\$ 19,476
Items not involving cash:		
Amortization	5,468	9,604
Changes in non-cash operating working capital:		
Accounts receivable	750	-
Prepaid expenses	(17)	(11)
HST receivable	685	2,944
Deferred Revenue	(46,650)	(1,600)
Accounts payable and accrued liabilities	4,150	(51,978)
Net change in cash from operating activities	(40,696)	(14,165)
Capital activities:		
Cash used to acquire tangible capital assets	-	(7,419)
Financing activities:		
Change in due from City of Hamilton	(11,332)	(3,022)
Decrease in cash	(52,028)	(24,606)
Cash, beginning of year	133,457	158,063
Cash, end of year	\$ 81,429	\$ 133,457

See accompanying notes to financial statements.

# ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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The Ancaster Business Improvement Area (the "Business Improvement Area") was established in 2009 in accordance with Section 220 of the Municipal Act, (R.S.O. 1990) for the purpose of providing improvement, beautification and maintenance of municipally owned land, buildings and structures in the area and the promotion of Ancaster Village as a business and shopping area. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

### (c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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. Government transfers paid are recognized when the transfer has been authorized and any eligibility criteria are met.

### (d) Other income:

Other income is reported as revenue in the period earned.

# ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

(e) Deferred revenue:

Deferred revenues represent the 2018 Assessment levy which was collected in 2017, but which is for 2018 operations. These amounts has been recognized as revenues in the 2018 fiscal year.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5
Computers	5
Furniture	10

(g) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

# ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
Balance, beginning of year	\$ 46,650	\$ 48,250
Add: receipts	-	46,650
Less: amounts recognized in revenue	(46,650)	(48,250)
	\$ -	\$ 46,650

## 3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 93,300	\$ 94,424

The City of Hamilton has also contributed \$5,909 (2017 - \$6,126) to commercial improvement programs undertaken by the Business Improvement Area, \$6,012 (2017 - \$5,303) from parking revenue sharing program, and \$1,193 (2017 - \$1,549) in other miscellaneous grants. An additional grant received of \$3,000 (2017 - \$4,000) for the Farmer's Market has been recorded as part of Farmer's Market income.

At the end of the year, grants and supplemental member levies of \$12,683 (2017 - \$2,674) was receivable from the City of Hamilton. The amount recorded in due to City of Hamilton also includes a payable to the City of Hamilton of \$920 (2017 - \$2,243) for expenses paid by the City of Hamilton on behalf of the Business Improvement Area.

# ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 4. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Decorations	\$ 38,800	\$ -	\$ 3,860	\$ 34,940
Computers	2,068	-	-	2,068
Furniture	7,945	-	-	7,945
<b>Total</b>	<b>\$ 48,813</b>	<b>\$ -</b>	<b>\$ 3,860</b>	<b>\$ 44,953</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Decorations	\$ 34,244	\$ 3,860	\$ 4,556	\$ 34,940
Computers	1,777	-	118	1,895
Furniture	3,521	-	794	4,315
<b>Total</b>	<b>\$ 39,542</b>	<b>\$ 3,860</b>	<b>\$ 5,468</b>	<b>\$ 41,150</b>

Net book value	December 31, 2017	December 31, 2018
Decorations	\$ 4,556	\$ -
Computers	291	173
Furniture	4,424	3,630
<b>Total</b>	<b>\$ 9,271</b>	<b>\$ 3,803</b>

- (a) Contributed tangible capital assets:  
 The Business Improvement Area received \$nil (2017 - \$nil) in contributed tangible capital assets.
- (b) Tangible capital assets disclosed at nominal values:  
 There are no tangible capital assets recognized at a nominal value.
- (c) Write-down of tangible capital assets:  
 The Business Improvement Area has recorded the write-down of decorations during the year.

# ANCASTER BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 5. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 3,803	\$ 9,271
Operating	91,504	91,118
	<b>\$ 95,307</b>	<b>\$ 100,389</b>

## 6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, has not been included. For this reason, budget figures were not provided on the statement of changes in net financial assets.

## 7. Government of Canada grants:

Included in Government of Canada grants are \$nil (2017 - \$7,500) for the Business Improvement Area's Canada 150 celebrations as well as \$10,075 (2017 - \$7,834) provided under the Canada summer student jobs grant.

## 8. Lease commitment:

The Business Improvement Area is committed to future minimum annual lease payments under an operating lease for its Farmer's Market as follows:

2019	\$ 5,750
2020	6,000
	<b>\$ 11,750</b>

## 9. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Financial Statements of

**BARTON VILLAGE  
BUSINESS IMPROVEMENT  
AREA**

Year ended December 31, 2018



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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of Barton Village Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### ***Opinion***

We have audited the accompanying financial statements of the Barton Village Business Improvement Area (the "Entity), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 27, 2019

# **BARTON VILLAGE BUSINESS IMPROVEMENT AREA**

## Financial Statements

Year ended December 31, 2018

### Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

# BARTON VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 43,464	\$ 69,100
HST receivable	7,918	3,133
Due from City of Hamilton (note 3)	8,725	4,332
	<u>60,107</u>	<u>76,565</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	6,490	118
Deferred Revenue (note 4)	-	32,150
	<u>6,490</u>	<u>32,268</u>
Net financial assets	53,617	44,297
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	19,283	17,948
Prepaid expenses	216	216
	<u>19,499</u>	<u>18,164</u>
Accumulated surplus (note 5)	\$ 73,116	\$ 62,461

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# BARTON VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
<b>Revenue:</b>			
Assessment levy (note 3)	\$ 61,300	\$ 55,885	\$ 60,864
City of Hamilton grants (note 3)	-	18,746	19,968
Festival income	-	20,959	16,615
Federal grant – Canada 150	-	-	18,000
Federal grant – Canada summer jobs	-	17,121	3,654
Provincial grant – Canada 150	-	-	2,000
<b>Total revenue</b>	<b>61,300</b>	<b>112,711</b>	<b>121,101</b>
<b>Expenses:</b>			
Advertising and promotion	4,000	1,694	1,928
Amortization	-	5,415	5,525
Bank charges	120	520	165
Commercial improvement	18,000	8,229	16,643
Event equipment and supplies	-	601	302
Insurance	2,500	3,011	3,361
Meetings and business development	2,550	2,057	1,925
Office expenses	7,330	8,249	7,873
Professional fees	500	2,420	1,120
Rent	7,100	7,578	6,195
Salaries – administrative	19,200	39,637	37,539
Festival expenses	-	22,645	23,160
<b>Total expenses</b>	<b>61,300</b>	<b>102,056</b>	<b>105,736</b>
Annual surplus (deficit)	-	10,655	15,365
Accumulated surplus, beginning of year	62,461	62,461	47,096
<b>Accumulated surplus, end of year</b>	<b>\$ 62,461</b>	<b>\$ 73,116</b>	<b>\$ 62,461</b>

See accompanying notes to financial statements.

## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 10,655	\$ 15,365
Acquisition of tangible capital assets	(6,750)	(3,192)
Amortization of tangible capital assets	5,415	5,525
Prepaid expenses	-	715
Change in net financial assets	9,320	18,413
Net financial assets, beginning of year	44,297	25,884
Net financial assets, end of year	\$ 53,617	\$ 44,297

See accompanying notes to financial statements.

## BARTON VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,655	\$ 15,365
Items not involving cash:		
Amortization	5,415	5,525
Changes in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	6,372	(2,079)
HST receivable	(4,785)	17,259
Deferred revenue	(32,150)	-
Prepaid expenses	-	715
Net change in cash from operating activities	(14,493)	36,785
Capital activities:		
Cash used to acquire tangible capital assets	(6,750)	(3,192)
Financing activities:		
Change in due from City of Hamilton	(4,393)	(20,124)
Net (decrease) increase in cash	(25,636)	13,469
Cash, beginning of year	69,100	55,631
Cash, end of year	\$ 43,464	\$ 69,100

See accompanying notes to financial statements.

# BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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The Barton Village Business Improvement Area ("Business Improvement Area") was established by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditures by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

### (c) Other income:

Other income is reported as revenue in the period earned.



# BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

### (d) Non-financial assets:

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

### (i) Tangible capital assets:

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

Asset	Useful life - years
Computer hardware	5
Decorations	5
Furniture and equipment	10

### (e) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

# BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 1,908	\$ 2,248	\$ -	\$ 4,156
Decorations	35,227	4,502	-	39,729
Furniture and equipment	15,886	-	-	15,886
-				
<b>Total</b>	<b>\$ 53,021</b>	<b>\$ 6,750</b>	<b>\$ -</b>	<b>\$ 59,771</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 1,601	\$ -	\$ 527	\$ 2,128
Decorations	26,751	-	3,280	30,031
Furniture and equipment	6,721	-	1,608	8,329
<b>Total</b>	<b>\$ 35,073</b>	<b>\$ -</b>	<b>\$ 5,415</b>	<b>\$ 40,488</b>

	Net book value December 31, 2017	Net book value December 31, 2018
Computer hardware	\$ 307	\$ 2,028
Decorations	8,476	9,698
Furniture and equipment	9,165	7,557
<b>Total</b>	<b>\$ 17,948</b>	<b>\$ 19,283</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2017.

# BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 55,885	\$ 60,864

The City of Hamilton has also contributed \$6,370 (2017 - \$6,887) to commercial improvement programs undertaken by the Business Improvement Area, \$11,184 (2017 - \$10,131) from parking sharing revenue program and \$1,192 (2017 - \$6,250) in other grants, of which \$nil (2017 - \$3,300) is recorded in festival income.

At the end of the year, the Business Improvement Area had a receivable from the City of Hamilton of \$8,725 (2017 - (\$4,332)) which includes \$18,746 in outstanding grants net of \$8,453 member levy deficit, annual audit accrual of \$420 and other miscellaneous expenses of \$1,148.

### 4. Deferred revenue:

Deferred revenue is comprised of the 2018 assessment levy received in advance in 2017. The Business Improvement Area has used the funds for 2018 operations of the Business Improvement Area and recognized the full 2017 balance as revenue in 2018.

### 5. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 19,283	\$ 17,948
Operating	53,833	44,513
Accumulated surplus	\$ 73,116	\$ 62,461

# BARTON VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on September 26, 2017. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

## 7. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year. There is no impact to accumulated surplus as a result of the reclassification.

Financial Statements of

# **CONCESSION STREET BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP  
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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Concession Street Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### *Opinion*

We have audited the accompanying financial statements of the Concession Street Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our 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 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 conclusion is 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, Ontario  
September 26, 2019



# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

## Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 84,690	\$ 122,441
Due from City of Hamilton (note 5)	4,868	-
HST receivable	6,767	4,763
	<u>96,325</u>	<u>127,204</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	3,382	1,783
Due to City of Hamilton (note 5)	-	193
Deferred revenue (note 3)	-	57,750
	<u>3,382</u>	<u>59,726</u>
Net financial assets	92,943	67,478
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	12,101	19,500
Prepaid expenses	1,030	860
	<u>13,131</u>	<u>20,360</u>
Commitment (note 7)		
Accumulated surplus (note 4)	\$ 106,074	\$ 87,838

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
<b>Revenue:</b>			
Assessment levy (note 5)	\$ 115,499	\$ 110,612	\$ 114,426
City of Hamilton grants (note 5)	-	34,569	18,738
Provincial grant – Canada 150	-	750	6,750
Federal grant – Canada 150	-	-	2,000
Other income	-	29,972	18,231
<b>Total revenue</b>	<b>115,499</b>	<b>175,903</b>	<b>160,145</b>
<b>Expenses:</b>			
Advertising and promotion	15,000	9,625	13,425
Amortization	-	12,228	10,047
Contract services	-	5,120	-
Festivals	18,500	50,910	44,717
General beautification and improvements	21,700	20,500	13,923
Insurance	4,900	4,695	5,144
Interest and bank charges	-	160	114
Meals and entertainment	-	207	135
Miscellaneous	-	270	774
Office and general	3,200	2,796	2,482
Professional fees	1,700	1,577	1,551
Rent	7,237	6,804	6,250
Repairs and maintenance	-	161	195
Salaries and wages	41,962	41,528	38,859
Utilities	1,300	1,086	859
<b>Total expenses</b>	<b>115,499</b>	<b>157,667</b>	<b>138,475</b>
Annual surplus	-	18,236	21,670
Accumulated surplus, beginning of year	87,838	87,838	66,168
Accumulated surplus, end of year	\$ 87,838	\$ 106,074	\$ 87,838

See accompanying notes to financial statements.

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

## Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 18,236	\$ 21,670
Acquisition of tangible capital assets	(4,829)	(16,986)
Amortization of tangible capital assets	12,228	10,047
(Increase) decrease in prepaid expenses	(170)	384
Change in net financial assets	25,465	15,115
Net financial assets, beginning of year	67,478	52,363
Net financial assets, end of year	\$ 92,943	\$ 67,478

See accompanying notes to financial statements.

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 18,236	\$ 21,670
Items not involving cash:		
Amortization	12,228	10,047
Changes in non-cash assets and liabilities:		
HST receivable	(2,004)	475
Accounts payable and accrued liabilities	1,599	(1,346)
Deferred revenue	(57,750)	57,090
Prepaid expenses	(170)	384
Net change in cash from operating activities	(27,861)	88,320
Capital activities:		
Cash used to acquire tangible capital assets	(4,829)	(16,986)
Financing activities:		
Change in due from City of Hamilton	(5,061)	9,494
Net (decrease) increase in cash	(37,751)	80,828
Cash, beginning of year	122,441	41,613
Cash, end of year	\$ 84,690	\$ 122,441

See accompanying notes to financial statements.

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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The Concession Street Business Improvement Area (the "Business Improvement Area") was established in 1983 by the Council of the City of Hamilton and has been entrusted with the improvements, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks.

### (c) Deferred revenue:

Deferred revenue represent the 2018 assessment levy which has been collected, but relates to next years' operations. These amounts will be recognized as revenues in the fiscal year for which they relate.

### (d) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Computer hardware	5
Computer software	3
Decorations	5
Furniture and equipment	10

(g) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 1,470	\$ -	\$ -	\$ 1,470
Decorations	52,790	4,829	-	57,619
Furniture and equipment	8,930	-	-	8,930
<b>Total</b>	<b>\$ 63,190</b>	<b>\$ 4,829</b>	<b>\$ -</b>	<b>\$ 68,019</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 787	\$ 294	\$ -	\$ 1,081
Decorations	36,995	11,041	-	48,036
Furniture and equipment	5,908	893	-	6,801
<b>Total</b>	<b>\$ 43,690</b>	<b>\$ 12,228</b>	<b>\$ -</b>	<b>\$ 55,918</b>

Net book value	December 31, 2017	December 31, 2018
Computer hardware	\$ 683	\$ 389
Decorations	15,795	9,583
Furniture and equipment	3,022	2,129
<b>Total</b>	<b>\$ 19,500</b>	<b>\$ 12,101</b>



# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets (continued):

### (a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

### (b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

### (c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year.

## 3. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
Balance, beginning of year	\$ 57,750	\$ 660
Add: receipts	-	57,750
Less: amounts recognized in revenue	57,750	(660)
<b>Deferred Revenue</b>	<b>\$ -</b>	<b>\$ 57,750</b>

## 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 12,101	\$ 19,500
Operating	93,973	68,338
<b>Accumulated surplus</b>	<b>\$ 106,074</b>	<b>\$ 87,838</b>

# CONCESSION STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

**5. Related party transactions:**

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 110,612	\$114,426

The City of Hamilton has also contributed \$8,172 (2017 - \$8,221) to commercial improvement programs undertaken by the Business Improvement Area, \$13,726 (2017 - \$ nil) from parking revenue sharing program and \$12,671 (2017 - \$10,517) in other grants. At the end of the year, the Business Improvement Area had a receivable of \$4,868 (2017 – payable of \$193) from the City of Hamilton related to the member levy surplus, operating expenses net of outstanding grants.

**6. Budget data:**

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets. The total approved budget for the Business Improvement Area was \$180,189, of which \$64,690 was budgeted reserve transfers and therefore not presented on the statement of operations. Budgeted expenditures for items determined to be capital in nature were excluded from presentation in the statement of operations.

**7. Lease commitment:**

The Business Improvement Area is committed to minimum annual lease payments under an operating lease for its office space as follows:

2019	\$	6,560
2020		2,204
	\$	8,764

Financial Statements of

**DOWNTOWN HAMILTON  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2018



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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Downtown Hamilton Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### ***Opinion***

We have audited the accompanying financial statements of the Downtown Hamilton Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our 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 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 conclusion is 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

June 11, 2019

# **DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA**

## Financial Statements

Year ended December 31, 2018

### Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 10

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 117,668	\$ 120,716
HST receivable	25,575	20,932
Accounts receivable	7,063	4,380
	<u>150,306</u>	<u>146,028</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	26,944	16,296
Due to City of Hamilton (note 5)	14,342	29,223
	<u>41,286</u>	<u>45,519</u>
Net financial assets	109,020	100,509
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	49,885	58,303
Prepaid expenses	7,342	6,711
	<u>57,227</u>	<u>65,014</u>
Accumulated surplus (note 3)	<u>\$ 166,247</u>	<u>\$ 165,523</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director



## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 7)	2018	2017
<b>Revenue:</b>			
Assessment levy (note 5)	\$ 375,000	\$ 357,866	\$ 320,377
City of Hamilton grants (note 5)	-	50,996	70,676
Federal grant	-	13,625	9,615
Provincial grants (note 6)	-	-	27,000
Interest	-	46	20
Other	50,000	16,030	14,923
	<u>425,000</u>	<u>438,563</u>	<u>442,611</u>
<b>Expenses:</b>			
Administration	8,500	6,368	5,967
Amortization	12,000	28,119	23,707
Bad debt expense	-	4,930	1,190
Beautification	45,500	27,797	22,056
Office	52,500	62,868	56,810
Professional fees	3,000	4,050	4,292
Promotions	145,500	150,443	124,107
Salaries	130,000	153,131	142,784
Miscellaneous	28,000	133	-
	<u>425,000</u>	<u>437,839</u>	<u>380,913</u>
Annual surplus	-	724	61,698
Accumulated surplus, beginning of year	165,523	165,523	103,825
Accumulated surplus, end of year	\$ 165,523	\$ 166,247	\$ 165,523

See accompanying notes to financial statements.

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 7)	2018	2017
Annual surplus	\$ -	\$ 724	\$ 61,698
Acquisition of tangible capital assets	-	(19,701)	(26,603)
Amortization of tangible capital assets	12,000	28,119	23,707
Increase in prepaid expenses	-	(631)	(2,935)
Change in net financial assets	12,000	8,511	55,867
Net financial assets, beginning of year	100,509	100,509	44,642
Net financial assets, end of year	\$ 112,509	\$ 109,020	\$ 100,509

See accompanying notes to financial statements.

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 724	\$ 61,698
Items not involving cash:		
Amortization	28,119	23,707
Changes in non-cash financial assets and liabilities:		
HST receivable	(4,643)	(2,957)
Accounts receivable	(2,683)	(242)
Prepaid expenses	(631)	(2,935)
Accounts payable and accrued liabilities	10,648	(2,106)
Net change in cash from operating activities	31,534	77,165
Capital activities:		
Cash used to acquire tangible capital assets	(19,701)	(26,603)
Financing activities:		
Change in due to City of Hamilton	(14,881)	720
Net (decrease) increase in cash	(3,048)	51,282
Cash, beginning of year	120,716	69,434
Cash, end of year	\$ 117,668	\$ 120,716

See accompanying notes to financial statements.

# DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

## Notes to Financial Statements

Year ended December 31, 2018

---

The Downtown Hamilton Business Improvement Area (the "Business Improvement Area") was established in 1982 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipality owned lands, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

### 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

(c) Other income:

Other income is reported as revenue in the period earned.

# DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

### (d) Non-financial assets:

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

### (i) Tangible capital assets:

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

Asset	Useful life - years
Computer hardware	5
Computer software	3
Decorations	3
Furniture and equipment	10

Amortization is charged half-year in the year of acquisition.

### (e) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 4,418	\$ 1,611	\$ -	\$ 6,029
Computer software	206	-	-	206
Decorations	154,439	18,090	103,091	69,438
Furniture and equipment	76,716	-	-	76,716
<b>Total</b>	<b>\$ 235,779</b>	<b>\$ 19,701</b>	<b>\$ 103,091</b>	<b>\$ 152,389</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 3,308	\$ -	\$ 546	\$ 3,854
Computer software	206	-	-	206
Decorations	125,155	103,091	20,131	42,195
Furniture and equipment	48,807	-	7,442	56,249
<b>Total</b>	<b>\$ 177,476</b>	<b>\$ 103,091</b>	<b>\$ 28,119</b>	<b>\$ 102,504</b>

	Net book value December 31, 2017	Net book value December 31, 2018
Computer hardware	\$ 1,110	\$ 2,175
Computer software	-	-
Decorations	29,284	27,243
Furniture and equipment	27,909	20,467
<b>Total</b>	<b>\$ 58,303</b>	<b>\$ 49,885</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 2. Tangible capital assets (continued):

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2017.

### 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 49,885	\$ 58,303
Operating	116,362	107,220
	\$ 166,247	\$ 165,523

### 4. Commitments:

The Business Improvement Area is committed under a long-term operating lease for the rental of office space until November, 2022. Future minimum lease payments under this operating lease are as follows:

2019	\$ 17,174
2020	18,069
2021	18,965
2022	16,427

## DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 5. Related party transactions:

#### (a) City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 357,866	\$ 320,377

The City of Hamilton also contributed \$5,702 (2017 - \$5,611) to commercial improvement programs undertaken by the Business Improvement Area, \$13,849 (2017 - \$12,244) from parking revenue sharing program, and \$31,445 (2017 - \$52,821) in other grants. At the end of the year, the Business Improvement Area had a payable of \$16,842 (2017- \$29,623) for the cash received in excess of the member levy collected by the City of Hamilton and \$2,092 (2017- \$900) accrued for expenses net of \$1,192 (2017 - \$1,300) receivable for the annual Christmas grant and \$3,400 (2017 – \$nil) of other grants.

#### (b) Board of Directors:

During the year, the Business Improvement Area recorded the following transactions with businesses of members of the Board of Directors:

	2018	2017
Purchase of tangible capital assets	\$ 3,002	\$ -
Expenses:		
Promotions	\$ 8,883	\$ 7,077

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 6. Provincial grants:

In 2017, the Business Improvement Area received \$nil (2017 - \$25,000) for the Canada Coast to Coast event under the Ministry of Tourism, Sport and Culture as well as \$nil (2017 - \$2,000) for the Canada 150 celebrations.



## **DOWNTOWN HAMILTON BUSINESS IMPROVEMENT AREA**

Notes to Financial Statements (continued)

Year ended December 31, 2018

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### **7. Budget data:**

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on November 7, 2017.

Financial Statements of

# **DUNDAS BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2018



## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Dundas Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### ***Opinion***

We have audited the accompanying financial statements of the Dundas Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
September 17, 2019

# DUNDAS BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2018

### Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

# DUNDAS BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 58,448	\$ 1,734
Accounts receivable	2,970	-
HST receivable	22,654	78,872
	<u>84,072</u>	<u>80,606</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	271	2,249
Due to City of Hamilton (note 5)	8,501	2,957
	<u>8,772</u>	<u>5,206</u>
Net financial assets	75,300	75,400
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	124	372
Prepaid expenses	1,180	1,180
	<u>1,304</u>	<u>1,552</u>
Accumulated surplus (note 3)	\$ 76,604	\$ 76,952

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director  
  
\_\_\_\_\_ Director

## DUNDAS BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
<b>Revenue:</b>			
Assessment levy (note 5)	\$ 148,071	\$ 140,178	\$ 119,787
City of Hamilton grants (note 5)	35,000	40,466	34,469
Buskerfest revenue (note 5)	-	70,114	63,893
Buskerfest sponsorship – in kind (note 4)	-	60,752	58,722
Interest	300	57	385
Donations	-	-	2,000
Federal grant (note 7)	-	-	4,383
Provincial grant (note 7)	-	9,895	16,043
Other income	-	2,300	1,300
<b>Total revenue</b>	<b>183,371</b>	<b>323,762</b>	<b>300,982</b>
<b>Expenses:</b>			
Advertising and promotion	13,371	51,388	38,676
Amortization	-	248	6,900
Bad debts	2,000	4,523	-
Beautification	24,000	25,015	22,414
Buskerfest expenses	25,000	94,825	92,903
Buskerfest other – in kind (note 4)	-	60,752	58,722
Contract services	35,000	35,672	33,008
Economic development	3,000	4,100	6,257
Insurance	3,700	3,557	3,567
Member services	2,100	565	824
Office and general	7,100	4,267	3,986
Other events	-	1,623	2,793
Professional fees	2,750	3,429	3,263
Rent	19,000	18,046	17,768
Salaries and wages	-	-	4,412
Seasonal events	59,600	16,100	20,665
<b>Total expenses</b>	<b>196,621</b>	<b>324,110</b>	<b>316,158</b>
<b>Annual deficit</b>	<b>(13,250)</b>	<b>(348)</b>	<b>(15,176)</b>
Accumulated surplus, beginning of year	76,952	76,952	92,128
<b>Accumulated surplus, end of year</b>	<b>\$ 63,702</b>	<b>\$ 76,604</b>	<b>\$ 76,952</b>

See accompanying notes to financial statements.



## DUNDAS BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual deficit	\$ (348)	\$ (15,176)
Amortization of tangible capital assets	248	6,900
Change in net financial assets	(100)	(8,276)
Net financial assets, beginning of year	75,400	83,676
Net financial assets, end of year	\$ 75,300	\$ 75,400

See accompanying notes to financial statements.

## DUNDAS BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (348)	\$ (15,176)
Items not involving cash:		
Amortization	248	6,900
Change in non-cash assets and liabilities:		
Accounts receivable	(2,970)	6,523
HST receivable	56,218	(22,118)
Accounts payable and accrued liabilities	(1,978)	(39,840)
Net change in cash from operating activities	51,170	(63,711)
Investing activities:		
Disposal of investments	-	51,062
Financing activities:		
Change in due to City of Hamilton	5,544	(1,156)
Net increase (decrease) in cash	56,714	(13,805)
Cash, beginning of year	1,734	15,539
Cash, end of year	\$ 58,448	\$ 1,734

See accompanying notes to financial statements.

# DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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The Dundas Business Improvement Area (the "Business Improvement Area") was established in 1978 by the Council of the former Town of Dundas and has been entrusted with the improvements, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditures by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

### (c) Investments:

Investments consist of Guaranteed Investment Certificates and are stated at fair value. Gains and losses on investments are recorded when incurred and interest is recorded when received or receivable.

### (d) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

# DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

(e) Other income:

Other income is reported as revenue in the period earned.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Computer software	3
Computer hardware	5
Decorations	5
Furniture and equipment	10

(g) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

## DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	1,239	-	-	1,239
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
<b>Total</b>	<b>\$ 78,088</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,088</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer software	\$ 426	\$ -	\$ -	\$ 426
Computer hardware	867	-	248	1,115
Furniture and equipment	15,489	-	-	15,489
Decorations	60,934	-	-	60,934
<b>Total</b>	<b>\$ 77,716</b>	<b>\$ -</b>	<b>\$ 248</b>	<b>\$ 77,964</b>

	Net book value December 31, 2017	Net book value December 31, 2018
Computer software	\$ -	\$ -
Computer hardware	372	124
Furniture and equipment	-	-
Decorations	-	-
<b>Total</b>	<b>\$ 372</b>	<b>\$ 124</b>

# DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 124	\$ 372
Operating surplus	39,522	39,622
<b>Total surplus</b>	<b>39,646</b>	<b>39,994</b>
Reserves set aside by the Board:		
Economic development reserve	24,150	24,150
Promotional development reserve	4,820	4,820
Christmas decoration and other beautification projects reserve	7,988	7,988
<b>Total reserves</b>	<b>36,958</b>	<b>36,958</b>
	<b>\$ 76,604</b>	<b>\$ 76,952</b>

### 4. Sponsorship:

Donated services, which would otherwise be paid for by the Business Improvement Area are recorded at fair value when provided. The value of the donation in-kind, as determined by the donors, amounted to \$60,752 (2017 - \$58,722) and has been included in Buskerfest sponsorship in-kind and Buskerfest other in-kind expenses.

### 5. Related party transactions:

City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 140,178	\$ 119,787

The City of Hamilton has also contributed \$13,487 (2017 - \$11,614) to commercial improvement programs undertaken by the Business Improvement Area, \$25,787 (2017 - \$21,305) from parking sharing revenue program and \$1,192 (2017 - \$1,550) in other grants. The Buskerfest grant of \$29,403 (2017 - \$28,827) from the City of Hamilton is included in Buskerfest revenue in the statement of operations.

# DUNDAS BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 5. Related party transactions (continued):

At the end of the year, other grants in the amount of 1,192 (2017 - \$1,550) were receivable from the City of Hamilton. The Business Improvement Area had a payable \$9,693 (2017 - \$4,507) primarily for tax write offs of \$7,893 and audit accruals of \$1,800.

## 6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on October 17, 2017. Amortization and acquisition of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets. In addition, the Business Improvement Area often budgets for revenue sources not in accordance with public sector accounting standards. Total revenues budgeted in 2018 were \$196,621, of which \$13,250 relates to rebates received on eligible purchases for HST. This has been excluded in the statement of operations to ensure presentation of budgeted figures is consistent with actual results.

## 7. Government transfers:

During the year, the Business Improvement Area received a federal grant for summer students in the amount of \$nil (2017 - \$4,383). In addition, the Business Improvement Area received a provincial grant in the amount of \$9,895 (2017 - \$17,576) of which \$nil (2017 - \$1,533) was recognized as a payable back to the government for underspending and thus not recognized in the statement of operations.

## 8. Commitments:

The Business Improvement Area is committed under an operating lease for the rental of office space until June 30, 2019. Future minimum lease payments under this operating lease amount to \$7,200.

## 9. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted for the current year. There is no impact to accumulated surplus as a result of the reclassification.

Financial Statements of

**INTERNATIONAL VILLAGE  
BUSINESS IMPROVEMENT  
AREA**

Year ended December 31, 2018





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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the International Village Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### *Opinion*

We have audited the accompanying financial statements of the International Village Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
September 11, 2019

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

## Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 124,664	\$ 164,606
Accounts receivable	1,192	3,350
HST receivable	15,286	25,499
	<u>141,142</u>	<u>193,455</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	3,005	7,893
Due to City of Hamilton (note 3)	3,214	4,897
Deferred revenue (note 5)	-	75,000
	<u>6,219</u>	<u>87,790</u>
Net financial assets	134,923	105,665
<b>Non-financial assets</b>		
Prepaid expenses	2,186	6,806
Tangible capital assets (note 2)	7,182	6,836
	<u>9,368</u>	<u>13,642</u>
Commitments (note 6)		
Accumulated surplus (note 4)	\$ 144,291	\$ 119,307

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director  
 \_\_\_\_\_ Director

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 7)	2018	2017
<b>Revenue:</b>			
Assessment levy (note 3)	\$ 150,000	\$ 147,986	\$ 140,703
City of Hamilton grants (note 3)	-	25,232	22,179
Other	-	758	3,350
<b>Total revenue</b>	<b>150,000</b>	<b>173,976</b>	<b>166,232</b>
<b>Expenses:</b>			
Advertising and promotion	45,000	27,244	29,721
Amortization	-	2,048	1,598
Audit fees	-	600	600
Beautification and maintenance	3,500	314	443
Board expenses	2,000	1,881	1,900
Commercial improvement	-	4,752	1,188
Contingency	5,000	1,007	-
Insurance	3,900	3,473	3,473
Interest and bank charges	3,500	2,705	3,167
Member events and office	8,500	7,594	5,670
Parking program expenditures	-	13,404	12,722
Rent	11,400	10,518	10,248
Repairs and maintenance	1,000	757	284
Wages – administrative and program delivery	62,200	67,144	65,145
Telephone and internet	4,000	3,265	3,553
Community enrichment expenses	-	2,286	2,002
<b>Total expenses</b>	<b>150,000</b>	<b>148,992</b>	<b>141,714</b>
Annual surplus	-	24,984	24,518
Accumulated surplus, beginning of year	119,307	119,307	94,789
<b>Accumulated surplus, end of year</b>	<b>\$ 119,307</b>	<b>\$ 144,291</b>	<b>\$ 119,307</b>

See accompanying notes to financial statements.

## INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 24,984	\$ 24,518
Decrease (increase) in prepaid expenses	4,620	(2,552)
Amortization of tangible capital assets	2,048	1,598
Acquisition of tangible capital assets	(2,394)	(3,687)
Change in net financial assets	29,258	19,877
Net financial assets, beginning of year	105,665	85,788
Net financial assets, end of year	\$ 134,923	\$ 105,665

See accompanying notes to financial statements.

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 24,984	\$ 24,518
Items not involving cash:		
Amortization	2,048	1,598
Change in non-cash assets and liabilities:		
Accounts receivable	2,158	(3,100)
HST receivable	10,213	(7,786)
Prepaid expenses	4,620	(2,552)
Accounts payable and accrued liabilities	(4,888)	6,076
Deferred revenue	(75,000)	2,500
Net change in cash from operating activities	(35,865)	21,254
Capital activities:		
Acquisition of tangible capital assets	(2,394)	(3,687)
Financing activities:		
Change in due to City of Hamilton	(1,683)	2,471
Net increase (decrease) in cash	(39,942)	20,038
Cash, beginning of year	164,606	144,568
Cash, end of year	\$ 124,664	\$ 164,606

See accompanying notes to financial statements.



# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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The International Village Business Improvement Area ("Business Improvement Area") was established by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

### (c) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

### (d) Other income:

Other income is reported as revenue in the period earned.

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

(e) Deferred revenue:

Deferred revenue represents the 2018 assessment levy which was collected in 2017, but which is for 2018 operations. These amounts has been recognized as revenues in the 2018 fiscal year.

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Computer hardware	5
Furniture and equipment	10
Decorations	5

(g) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computer hardware	\$ 3,236	\$ -	\$ -	\$ 3,236
Furniture and equipment	7,187	-	-	7,187
Decorations	15,950	2,394	-	18,344
<b>Total</b>	<b>\$ 26,373</b>	<b>\$ 2,394</b>	<b>\$ -</b>	<b>\$ 28,767</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computer hardware	\$ 3,060	\$ -	\$ 117	\$ 3,177
Furniture and equipment	7,187	-	-	7,187
Decorations	9,290	-	1,931	11,221
<b>Total</b>	<b>\$ 19,537</b>	<b>\$ -</b>	<b>\$ 2,048</b>	<b>\$ 21,585</b>

Net book value	December 31, 2017	December 31, 2018
Computer hardware	\$ 176	\$ 59
Furniture and equipment	-	-
Decorations	6,660	7,123
<b>Total</b>	<b>\$ 6,836</b>	<b>\$ 7,182</b>

- (a) Contributed tangible capital assets:  
 The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.
- (b) Tangible capital assets disclosed at nominal values:  
 There are no tangible capital assets recognized at a nominal value.
- (c) Write-down of tangible capital assets:  
 The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2017.

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 147,986	\$ 140,703

The City of Hamilton has also contributed \$6,918 (2017 - \$7,172) to commercial improvement programs undertaken by the Business Improvement Area, \$14,942 (2017 - \$12,828) from parking sharing revenue program and \$3,372 (2017 - \$2,179) for the community enrichment fund program.

At the end of the year the Business Improvement Area had a payable to the City of Hamilton of \$3,214 (2017 - \$4,897) for vacancy rebates on the member levy collected by the City of Hamilton and year-end audit fees.

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 7,182	\$ 6,836
Operating	137,109	112,471
Accumulated surplus	\$ 144,291	\$119,307

# INTERNATIONAL VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

**5. Deferred revenue:**

Deferred revenue consists of the following:

	2018	2017
Balance, beginning of year	\$ 75,000	\$ 72,500
Add: receipts	-	75,000
Less: amounts recognized in revenue	(75,000)	(72,500)
Balance, end of year	\$ -	\$ 75,000

**6. Commitments:**

The Business Improvement Area is committed to future minimum annual lease payments under an operating lease for its office space as follows:

2019	\$	12,300
2020		12,900
2021		6,600
	\$	31,800

**7. Budget data:**

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**KING STREET WEST  
BUSINESS IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2018



KPMG LLP  
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21 King Street West, Suite 700  
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Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the King Street West Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### *Opinion*

We have audited the accompanying financial statements of the King Street West Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations and accumulated surplus for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our 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 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 conclusion is 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  
April 30, 2020

# KING STREET WEST BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

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## Financial Statements

Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 7

# KING STREET WEST BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 10,859	\$ 7,427
Due from City of Hamilton (note 3)	4,555	4,934
	<u>15,414</u>	<u>12,361</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	195	219
Net financial assets	15,219	12,142
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	-	380
Prepaid expenses	2,317	-
	<u>2,317</u>	<u>380</u>
Accumulated surplus (note 4)	<u>\$ 17,536</u>	<u>\$ 12,522</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# KING STREET WEST BUSINESS IMPROVEMENT AREA

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 5)	2018	2017
<b>Revenue:</b>			
City of Hamilton grants (note 3)	\$ 9,297	\$ 5,579	\$ 3,514
Assessment levy (note 3)	5,378	5,219	5,122
<b>Total revenue</b>	<b>14,675</b>	<b>10,798</b>	<b>8,636</b>
<b>Expenses:</b>			
Insurance	2,500	2,317	2,273
Beautification	4,000	1,854	1,427
Professional fees	350	470	339
Special events	4,000	467	3,503
Amortization	-	380	796
Administration	3,825	296	1,023
<b>Total expenses</b>	<b>14,675</b>	<b>5,784</b>	<b>9,361</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>5,014</b>	<b>(725)</b>
Accumulated surplus, beginning of year	12,522	12,522	13,247
<b>Accumulated surplus, end of year</b>	<b>\$ 12,522</b>	<b>\$ 17,536</b>	<b>\$ 12,522</b>

See accompanying notes to financial statements.

# KING STREET WEST BUSINESS IMPROVEMENT AREA

## Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus (deficit)	\$ 5,014	\$ (725)
Amortization of tangible capital asset	380	796
Prepaid expenses	(2,317)	2,273
Change in net financial assets	3,077	2,344
Net financial assets, beginning of year	12,142	9,798
Net financial assets, end of year	\$ 15,219	\$ 12,142

See accompanying notes to financial statements.

# KING STREET WEST BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 5,014	\$ (725)
Amortization	380	796
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	(24)	(28)
Prepaid expenses	(2,317)	2,273
Net change in cash from operating activities	3,053	2,316
Financing activities:		
Change in due from City of Hamilton	379	(1,375)
Net increase in cash	3,432	941
Cash, beginning of year	7,427	6,486
Cash, end of year	\$ 10,859	\$ 7,427

See accompanying notes to financial statements.

# KING STREET WEST BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

The King Street West Business Improvement Area ("Business Improvement Area") was established in 1998 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenue when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

### (c) Non-financial assets:

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

#### (i) Tangible capital assets:

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

Asset	Useful life - years
Streetscape improvements	5

# KING STREET WEST BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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

(d) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

**2. Tangible capital assets:**

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Streetscape improvements	\$ 4,168	\$ -	\$ -	\$ 4,168

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Streetscape improvements	\$ 3,788	\$ -	\$ 380	\$ 4,168

	Net book value December 31, 2018	Net book value December 31, 2017
Streetscape improvements	\$ -	\$ 380

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2017.



# KING STREET WEST BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 5,219	\$ 5,122

The City of Hamilton has also contributed \$1,439 (2017 - \$nil) to commercial improvement programs undertaken by the Business Improvement Area and \$4,140 (2017 - \$3,514) for parking sharing program.

At the end of the year, the Business Improvement Area had a receivable from the City of Hamilton in the amount of \$5,579 (2017 - \$5,377) for the 2017 commercial improvement and parking sharing grants, net of a payable of \$157 (2017 - receivable of \$122) for supplementary levies on the member levy collected by the City of Hamilton, and a payable of \$867 (2017 - \$565) for operating expenses.

These transactions are in the normal course of operations and are measured at the approved amount.

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ -	\$ 380
Operating	17,536	12,142
Accumulated surplus	\$ 17,536	\$ 12,522

### 5. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on October 11, 2017. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**LOCKE STREET BUSINESS  
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2018



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## **INDEPENDENT AUDITORS' REPORT**

To the Chairman and Members of the Board of Management of the Locke Street Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### ***Opinion***

We have audited the accompanying financial statements of the Locke Street Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations and accumulated surplus for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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 and accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our 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 conclusion is 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

January 20, 2020

# LOCKE STREET BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2018

### Financial Statements

Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8

# LOCKE STREET BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 37,221	\$ 60,817
Accounts receivable	876	1,438
HST receivable	1,079	409
Due from City of Hamilton (note 2)	14,059	-
	<u>53,235</u>	<u>62,664</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	112	8,166
Due to City of Hamilton (note 2)	-	107
Deferred revenue (note 4)	5,452	9,701
Net financial assets	<u>47,671</u>	<u>44,690</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 3)	24,235	22,222
Prepaid expenses	2,772	3,984
	<u>27,007</u>	<u>26,206</u>
Accumulated surplus (note 5)	<u>\$ 74,678</u>	<u>\$ 70,896</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## LOCKE STREET BUSINESS IMPROVEMENT AREA

### Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
<b>Revenue:</b>			
Festival income	\$ 48,500	\$ 38,858	\$ 34,894
Assessment levy (note 2)	30,000	28,880	29,093
City of Hamilton grants (note 2)	-	15,979	14,963
LSMA funding (note 4)	-	4,249	-
Other income	15,000	-	500
<b>Total revenue</b>	<b>93,500</b>	<b>87,966</b>	<b>79,450</b>
<b>Expenses:</b>			
Advertising and promotion	14,000	15,484	17,731
Amortization	-	11,870	10,135
Commercial improvement	12,500	11,577	11,050
Festival expenses	61,000	39,227	39,103
Insurance	2,500	1,476	1,955
Office supplies	500	442	739
Professional fees	1,500	300	332
Miscellaneous	1,500	2,213	791
Rent	-	1,595	-
<b>Total expenses</b>	<b>93,500</b>	<b>84,184</b>	<b>81,836</b>
Annual surplus (deficit)	-	3,782	(2,386)
Accumulated surplus, beginning of year	70,896	70,896	73,282
Accumulated surplus, end of year	\$ 70,896	\$ 74,678	\$ 70,896

See accompanying notes to financial statements.



## LOCKE STREET BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus (deficit)	\$ 3,782	\$ (2,386)
Acquisition of tangible capital assets	(13,883)	(655)
Amortization of tangible capital assets	11,870	10,135
Decrease (increase) in prepaid expenses	1,212	(3,109)
Change in net financial assets	2,981	3,985
Net financial assets, beginning of year	44,690	40,705
Net financial assets, end of year	\$ 47,671	\$ 44,690

See accompanying notes to financial statements.

## LOCKE STREET BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 3,782	\$ (2,386)
Items not involving cash:		
Amortization	11,870	10,135
Change in non-cash assets and liabilities:		
Accounts receivable	562	201
HST receivable	(670)	1,911
Prepaid expenses	1,212	(3,109)
Accounts payable and accrued liabilities	(8,054)	5,911
Deferred revenue	(4,249)	-
Net change in cash from operating activities	4,453	12,663
Investing activities:		
Cash used to acquire tangible capital assets	(13,883)	(655)
Financing activities:		
Change in due to/from City of Hamilton	(14,166)	(2,517)
Increase (decrease) in cash	(23,596)	9,491
Cash, beginning of year	60,817	51,326
Cash, end of year	\$ 37,221	\$ 60,817

See accompanying notes to financial statements.

# LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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The Locke Street Business Improvement Area ("Business Improvement Area") was established in 2007 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipality owned lands, buildings and structures in the improvement area, beyond such expenditures by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping as well as the Locke Street Festival and commercial expenses incurred on Locke Street. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

During the year ended December 31, 2014, the Business Improvement Area assumed a large portion of the Locke Street Merchants Association's ("LSMA") responsibilities. As part of this change, the Business Improvement Area accepted responsibility for the Locke Street Festival, including related revenues and expenditures of the festival and commercial improvement expenses incurred on Locke Street that were previously performed by the LSMA.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

### (c) Other income:

Other income is reported as revenue in the period earned.

Income, with external restrictions, is recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are recognized when the restrictions are satisfied either when the asset is acquired or as the asset is used in accordance with the terms of the restriction.

# LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 1. Significant accounting policies (continued):

### (d) Non-financial assets:

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

#### (i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5
Banners	4

### (e) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

## 2. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 28,880	\$ 29,093

The City of Hamilton has also contributed \$2,947 (2017 - \$3,184) to commercial improvement programs undertaken by the Business Improvement Area, \$1,192 (2017 - \$1,300) for the annual Christmas grant and \$11,840 (2017 - \$10,479) from the parking sharing revenue program. At the end of the year, the City of Hamilton grant of \$15,979 (2017 - \$1,300) was owing from the City of Hamilton net of \$1,120 (2017 - \$907) owing for the cash received in excess of member levy collected by the City and \$800 (2017 - \$500) owing for the annual audit expenses.

# LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2017

### 3. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Decorations	\$ 37,868	\$ 5,386	\$ -	\$ 43,254
Banners	10,247	8,497	-	18,744
<b>Total</b>	<b>\$ 48,115</b>	<b>\$ 13,883</b>	<b>\$ -</b>	<b>\$ 61,998</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Decorations	\$ 20,408	-	\$ 8,247	\$ 28,655
Banners	5,485	-	3,623	9,108
<b>Total</b>	<b>\$ 25,893</b>	<b>\$ -</b>	<b>\$ 11,870</b>	<b>\$ 37,763</b>

Net book value	December 31, 2017	December 31, 2018
Decorations	\$ 17,460	\$ 14,599
Banners	4,762	9,636
<b>Total</b>	<b>\$ 22,222</b>	<b>\$ 24,235</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2017.

# LOCKE STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2017

**4. Deferred revenue:**

Deferred revenue is comprised of amounts received from the Locke St. Merchant Association ("LSMA") which dissolved in 2015. The Business Improvement Area is required to spend these funds on beautification and enhancements to the Business Improvement Area with funds specifically allocated to the area of the Business Improvement Area previously covered under the LSMA jurisdiction. The deferred revenue reported on the statement of financial position is made up of:

	2018	2017
Balance, beginning of year	\$ 9,701	\$ 9,701
Receipts	-	-
Recognized as revenue	4,249	-
Balance, end of year	\$ 5,452	\$ 9,701

**5. Accumulated surplus:**

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 24,235	\$ 22,222
Operating	50,443	48,674
	\$ 74,678	\$ 70,896

**6. Budget data:**

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on January 23, 2018. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**MAIN STREET WEST  
ESPLANADE BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP  
Commerce Place  
21 King Street West, Suite 700  
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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Main Street West Esplanade Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### *Opinion*

We have audited the accompanying financial statements of the Main Street West Esplanade Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our 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 conclusion is 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  
September 18, 2019

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

## Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-8

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 5,227	\$ 8,901
Due from City of Hamilton (note 4)	2,105	1,644
	<u>7,332</u>	<u>10,545</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	-	-
Net financial assets	7,332	10,545
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	-	756
Prepaid expenses	1,071	1,071
	<u>1,071</u>	<u>1,827</u>
Accumulated surplus (note 3)	<u>\$ 8,403</u>	<u>\$ 12,372</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 5)	2018	2017
<b>Revenue:</b>			
Assessment levy (note 4)	\$ 6,192	\$ 6,204	\$ 11,500
City of Hamilton grants (note 4)	-	761	-
Other Income	9,115	-	-
<b>Total revenue</b>	<b>15,307</b>	<b>6,965</b>	<b>11,500</b>
<b>Expenses:</b>			
Amortization	-	756	1,510
Beautification	9,000	4,367	3,800
Marketing	1,725	-	1,569
Office supplies	500	-	187
Other	1,800	25	72
Insurance and professional fees	2,282	5,786	2,175
<b>Total expenses</b>	<b>15,307</b>	<b>10,934</b>	<b>9,313</b>
Annual (deficit) surplus	-	(3,969)	2,187
Accumulated surplus, beginning of year	12,372	12,372	10,185
<b>Accumulated surplus, end of year</b>	<b>\$ 12,372</b>	<b>\$ 8,403</b>	<b>\$ 12,372</b>

See accompanying notes to financial statements.

## MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual (deficit) surplus	\$ (3,969)	\$ 2,187
Amortization of tangible assets	756	1,510
Change in net financial assets	(3,213)	3,697
Net financial assets, beginning of year	10,545	6,848
Net financial assets, end of year	\$ 7,332	\$ 10,545

See accompanying notes to financial statements.

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (3,969)	\$ 2,187
Items not involving cash:		
Amortization	756	1,510
Change in non-cash assets and liabilities:		
Accounts payable and accrued liabilities	-	(159)
Cash used in operating activities	(3,213)	3,538
Financing activities:		
Change in due to City of Hamilton	(461)	40
Net (decrease) increase in cash	(3,674)	3,578
Cash, beginning of year	8,901	5,323
Cash, end of year	\$ 5,227	\$ 8,901

See accompanying notes to financial statements.

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

---

Main Street West Esplanade Business Improvement Area (the "Business Improvement Area") was established in 1982 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of the area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

### (c) Other income:

Other income is recognized as revenue in the period earned.



# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

### (d) Non-financial assets:

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

### (i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5

### (e) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Decorations	\$ 7,551	\$ -	\$ -	\$ 7,551
Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Decorations	\$ 6,795	\$ -	\$ 756	\$ 7,551
			Net book value December 31, 2017	Net book value December 31, 2018
Decorations		\$ 756	\$ -	

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

There were no write-downs of tangible capital assets during the year or 2017.

# MAIN STREET WEST ESPLANADE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ -	\$ 756
Operating	8,403	11,616
	<u>\$ 8,403</u>	<u>\$ 12,372</u>

### 4. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 6,204	\$ 11,500

The City of Hamilton has also contributed \$761 (2017 - \$nil) in other grants. At the end of the year, the Business Improvement Area had a receivable of \$2,105 (2017 - \$1,644), consisting of 2014 and 2016 parking revenue in the amount of \$2,322 (2017 - \$2,322) and 2018 grant in the amount of \$761 (2017 - \$nil). This is offset by outstanding amounts owing to the City of Hamilton for the 2014, 2017 and 2018 audit fees totalling \$978.

### 5. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**OTTAWA STREET  
BUSINESS IMPROVEMENT AREA**

Year ended December 31, 2018



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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of Ottawa Street Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### *Opinion*

We have audited the accompanying financial statements of the Ottawa Street Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario

July 13, 2019

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2018

### Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9



# OTTAWA STREET BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 24,384	\$ 80,983
Accounts receivable	1,697	1,697
HST receivable	31,492	30,133
Due from City of Hamilton (note 3)	31,627	265
	<u>89,200</u>	<u>113,078</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	34,430	6,720
Deferred revenue (note 4)	-	66,500
	<u>34,430</u>	<u>73,220</u>
Net financial assets	<u>54,770</u>	<u>39,858</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	81,989	97,192
Commitments (note 6)		
Accumulated surplus (note 5)	\$ 136,759	\$ 137,050

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget	2018	2017
	(Note 7)		
<b>Revenue:</b>			
Assessment levy (note 3)	\$ 133,000	\$ 131,183	\$ 132,385
City of Hamilton grants (note 3)	29,400	56,386	32,119
Farmer's market	3,500	3,395	12,145
Other income	17,500	16,293	18,443
<b>Total revenue</b>	<b>183,400</b>	<b>207,257</b>	<b>195,092</b>
<b>Expenses:</b>			
Advertising and promotion	71,000	40,673	35,291
Administrative services	40,000	50,159	70,867
Amortization	-	15,673	14,781
Bad debts	-	350	11,393
Beautification	18,900	23,014	24,156
Insurance	3,500	2,809	3,294
Office	-	4,127	2,450
Project costs	12,500	31,442	22,634
Rent	37,500	36,901	27,198
Salaries	-	2,400	-
<b>Total expenses</b>	<b>183,400</b>	<b>207,548</b>	<b>212,064</b>
<b>Annual deficit</b>	<b>-</b>	<b>(291)</b>	<b>(16,972)</b>
Accumulated surplus, beginning of year	137,050	137,050	154,022
<b>Accumulated surplus, end of year</b>	<b>\$ 137,050</b>	<b>\$ 136,759</b>	<b>\$ 137,050</b>

See accompanying notes to financial statements.

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual deficit	\$ (291)	\$ (16,972)
Acquisition of tangible capital assets	(470)	(11,440)
Amortization of tangible capital assets	15,673	14,781
Change in net financial assets	14,912	(13,631)
Net financial assets, beginning of year	39,858	53,489
Net financial assets, end of year	\$ 54,770	\$ 39,858

See accompanying notes to financial statements.

## OTTAWA STREET BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (291)	\$ (16,972)
Items not involving cash:		
Amortization	15,673	14,781
Changes in non-cash assets and liabilities:		
Accounts receivable	-	2,724
HST receivable	(1,359)	(4,666)
Accounts payable and accrued liabilities	27,710	4,181
Deferred revenue	(66,500)	-
Net change in cash from operating activities	(24,767)	8,332
Capital activities:		
Cash used to acquire tangible capital assets	(470)	(11,440)
Financing activities:		
Change in due from City of Hamilton	(31,362)	8,284
Decrease in cash	(56,599)	(3,108)
Cash, beginning of year	80,983	84,091
Cash, end of year	\$ 24,384	\$ 80,983

See accompanying notes to financial statements.

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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Ottawa Street Business Improvement Area (the "Business Improvement Area") was established in 1985 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

### (c) Other income:

Other income is reported as revenue in the period earned.

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

### (d) Non-financial assets:

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

### (i) Tangible capital assets:

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

Asset	Useful life - years
Computers	5
Decorations	5
Furniture and equipment	10
Leasehold improvements	10

### (e) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Computers	\$ 1,682	\$ -	\$ -	\$ 1,682
Decorations	28,925	470	-	29,395
Furniture and equipment	109,341	-	-	109,341
Leasehold improvements	5,848	-	-	5,848
<b>Total</b>	<b>\$ 145,796</b>	<b>\$ 470</b>	<b>\$ -</b>	<b>\$ 146,266</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Computers	\$ 1,372	\$ -	\$ 204	\$ 1,576
Decorations	16,419	-	3,950	20,369
Furniture and equipment	27,884	-	10,934	38,818
Leasehold improvements	2,929	-	585	3,514
<b>Total</b>	<b>\$ 48,604</b>	<b>\$ -</b>	<b>\$ 15,673</b>	<b>\$ 64,277</b>

Net book value	December 31, 2017	December 31, 2018
Computers	\$ 310	\$ 106
Decorations	12,506	9,026
Furniture and equipment	81,457	70,523
Leasehold improvements	2,919	2,334
<b>Total</b>	<b>\$ 97,192</b>	<b>\$ 81,989</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2018.

# OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2018	2017
Member levy collected on behalf of the Ottawa Street Business Improvement Area	\$ 131,183	\$132,385

The City of Hamilton has also contributed \$13,665 (2017 - \$13,760) to commercial improvement programs undertaken by the Business Improvement Area, \$19,427 (2017 - \$16,639) from parking sharing revenue program and \$23,294 (2017 - \$1,720) in other grants.

At the end of the year, grants of \$34,284 were receivable (2017 - \$1,300) from the City of Hamilton. The amount due from the City of Hamilton at December 31, 2018 also includes a payable of \$1,817 (2017 - \$615) for supplementary levies and vacancy rebates as well as a payable for the audit fees of \$840 (2017 - \$420).

### 4. Deferred revenue:

Deferred revenues represent the 2018 Assessment levy which was collected in 2017, but which is for 2018 operations. These amounts has been recognized as revenues in the 2018 fiscal year.

### 5. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 81,989	\$ 97,192
Operating	54,770	39,858
Accumulated surplus	\$ 136,759	\$137,050



# OTTAWA STREET BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 6. Commitments:

The Business Improvement Area is committed under an operating lease for the rental of office space as follow:

2019	\$	23,052
2020		23,052
2021		23,052
2022		23,052
2023		7,684
	\$	99,892

## 7. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on October 12, 2017. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**STONEY CREEK BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP  
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21 King Street West Suite 700  
Hamilton, ON L8P 4W7  
Canada  
Tel 905 523-8200  
Fax 905 523-2222

## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Stoney Creek Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the City of Hamilton

### ***Opinion***

We have audited the accompanying financial statements of the Stoney Creek Business Improvement Area (the "Entity), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our 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 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 conclusion is 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, Ontario  
March 23, 2020

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Financial Statements

Year ended December 31, 2018

Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

# STONEY CREEK BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 3,517	\$ 24,655
Accounts receivable	3,360	-
HST receivable	4,301	3,834
Due from the City of Hamilton (note 5)	5,716	924
	<b>16,894</b>	<b>29,413</b>
<b>Financial liabilities</b>		
Accounts payables and accrued liabilities	\$ 5,372	\$ -
Deferred revenue (note 3)	-	17,750
Net financial assets	11,522	11,663
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	5,794	8,054
Prepaid expenses	533	519
	<b>6,327</b>	<b>8,573</b>
Accumulated surplus (note 4)	\$ 17,849	\$ 20,236

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director  
  
\_\_\_\_\_ Director

# STONEY CREEK BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 6)	2018	2017
<b>Revenue:</b>			
Assessment levy (note 5)	\$ 35,500	\$ 35,500	\$ 29,904
City of Hamilton grants (note 5)	-	9,852	13,774
Other revenue	9,935	8,185	4,505
<b>Total revenue</b>	<b>45,435</b>	<b>53,537</b>	<b>48,183</b>
<b>Expenses:</b>			
Administration	14,480	15,590	7,462
Advertising and promotion	700	4,157	6,432
Amortization	-	2,260	2,014
Audit fees	400	420	385
Beautification	11,050	5,769	8,273
Christmas decorations and Santa Claus parade	11,305	7,200	4,274
Contingency fund	7,500	-	-
Insurance	-	1,264	1,399
Miscellaneous	-	346	299
Special events	-	18,918	15,667
<b>Total expenses</b>	<b>45,435</b>	<b>55,924</b>	<b>46,205</b>
Annual (deficit) surplus	-	(2,387)	1,978
Accumulated surplus, beginning of year	20,236	20,236	18,258
<b>Accumulated surplus, end of year (note 4)</b>	<b>20,236</b>	<b>\$ 17,849</b>	<b>\$ 20,236</b>

See accompanying notes to financial statements.



# STONE CREEK BUSINESS IMPROVEMENT AREA

## Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual (deficit) surplus	\$ (2,387)	\$ 1,978
Amortization of tangible capital assets	2,260	2,014
(Increase) decrease in prepaid expenses	(14)	155
Change in net financial assets	(141)	4,147
Net financial assets, beginning of year	11,663	7,516
Net financial assets, end of year	\$ 11,522	\$ 11,663

See accompanying notes to financial statements.

# STONE CREEK BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (2,387)	\$ 1,978
Items not involving cash:		
Amortization	2,260	2,014
Change in non-cash assets and liabilities:		
Accounts receivable	(3,360)	-
HST receivable	(467)	(309)
Accounts payable and accruals	5,372	(348)
Prepaid expenses	(14)	155
Deferred revenue	(17,750)	17,750
Net change in cash from operating activities	(16,346)	21,240
Financing activities:		
Change in due from City of Hamilton	(4,792)	(65)
Net (decrease) increase in cash	(21,138)	21,175
Cash, beginning of year	24,655	3,480
Cash, end of year	\$ 3,517	\$ 24,655

See accompanying notes to financial statements.

# STONEY CREEK BUSINESS IMPROVEMENT AREA

## Notes to Financial Statements

Year ended December 31, 2018

---

The Stoney Creek Business Improvement Area (the "Business Improvement Area") was established in 1978 by the council of the former City of Stoney Creek and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the City of Hamilton. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

### 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

(a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

(c) Deferred revenue:

Deferred revenue represent the 2018 assessment levy which has been collected in 2017 and recognized as revenues in the fiscal year to which they relate.

(d) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Decorations	5

(f) Other income:

Other income is reported as revenue in the period earned.

(g) Use of estimates:

The preparation of financial statements 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 year. Significant estimates include provisions for accruals. Actual results could differ from those estimates.

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Decorations	\$ 25,631	\$ -	\$ -	\$ 25,631

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Decorations	\$ 17,577	\$ -	\$ 2,260	\$ 19,837

Net book value	December 31, 2018	December 31, 2017
Decorations	\$ 5,794	\$ 8,054

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year.

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
Balance, beginning of year	\$ 17,750	\$ -
Add: receipts	-	17,750
Less: amounts recognized in revenue	17,750	-
<b>Deferred revenue</b>	<b>\$ -</b>	<b>\$ 17,750</b>

### 4. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 5,974	\$ 8,054
Reserves set aside by the Board	2,000	2,000
Operating	9,875	10,182
<b>Accumulated surplus</b>	<b>\$ 17,849</b>	<b>\$ 20,236</b>

The reserve is designated by the Board for the future purchase of beautification items. The change in the reserve fund balance is as follows:

	2018	2017
Fund balance, beginning of year	\$ 2,000	\$ 2,000
Transfers to / (from) reserves	-	-
<b>Fund balance, end of year</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>

# STONEY CREEK BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 5. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

Revenue:

	2018	2017
Member levy collected on behalf of the Business Improvement Area	\$ 35,500	\$ 29,904

The City of Hamilton has also contributed \$5,659 (2017 - \$4,636) to commercial improvement programs undertaken by the Business Improvement Area and \$4,193 (2017 - \$9,138) in other grant funding. At the end of the year, other grants and member levy surplus in the amount of \$7,087 (2017 - 1,440) were receivable from the City of Hamilton. The Business Improvement Area has a payable of \$1,371 (2017 - \$516) for member levy write offs, audit accruals and other expenses.

## 6. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on November 22, 2017. Amortization and acquisition of tangible capital assets were not contemplated on development of the budget. For this reason, budget figures were not provided on the statement of changes in net financial assets.

Financial Statements of

**WATERDOWN BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2018





KPMG LLP  
Commerce Place  
21 King Street West Suite 700  
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Fax 905 523-2222

## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Waterdown Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### *Opinion*

We have audited the accompanying financial statements of the Waterdown Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

October 15, 2019

# **WATERDOWN BUSINESS IMPROVEMENT AREA**

## Financial Statements

Year ended December 31, 2018

### Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

# WATERDOWN BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 83,423	\$ 81,862
Accounts receivable	-	1,280
Investments (note 4)	80,958	100,000
HST receivable	15,832	20,367
	<u>180,213</u>	<u>203,509</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	7,714	3,049
Due to City of Hamilton (note 3)	2,531	6,590
	<u>10,245</u>	<u>9,639</u>
Net financial assets	169,968	193,870
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	78,587	84,447
Prepaid expenses	11,762	9,857
	<u>90,349</u>	<u>94,304</u>
Commitments (note 6)		
Accumulated surplus (note 5)	\$ 260,317	\$ 288,174

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# WATERDOWN BUSINESS IMPROVEMENT AREA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 7)	2018	2017
<b>Revenues:</b>			
Assessment levy (note 3)	\$ 229,498	\$ 231,823	\$ 223,911
City of Hamilton grants (note 3)	15,000	28,117	16,583
Federal grant – summer jobs	-	6,720	2,544
Other income	21,700	26,574	19,861
<b>Total revenue</b>	<b>266,198</b>	<b>293,234</b>	<b>262,899</b>
<b>Expenses:</b>			
Advertising and promotion	59,425	37,711	30,202
Amortization	-	24,089	23,614
Christmas tree of hope	-	4,585	-
Festival and parades	58,925	54,656	57,185
Insurance	6,000	5,572	5,342
Wages and benefits	74,500	81,929	54,073
Memberships, conferences, and seminars	2,600	2,450	3,539
Office and general expenses	15,300	12,633	13,493
Professional fees	-	1,620	7,000
Rent	30,000	30,000	29,200
Streetscaping and decorations	76,000	65,846	79,805
<b>Total expenses</b>	<b>322,750</b>	<b>321,091</b>	<b>303,453</b>
<b>Annual deficit</b>	<b>\$ (56,552)</b>	<b>(27,857)</b>	<b>(40,554)</b>
Accumulated surplus, beginning of year	228,174	288,174	328,728
<b>Accumulated surplus, end of year</b>	<b>\$ 171,622</b>	<b>\$ 260,317</b>	<b>\$ 288,174</b>

See accompanying notes to financial statements.

## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual deficit	\$ (27,857)	\$ (40,554)
Acquisition of tangible capital assets	(18,229)	(14,830)
Amortization of tangible capital assets	24,089	23,614
Increase in prepaid expenses	(1,905)	(558)
Change in net financial assets	(23,902)	(32,328)
Net financial assets, beginning of year	193,870	226,198
Net financial assets, end of year	\$ 169,968	\$ 193,870

See accompanying notes to financial statements.

## WATERDOWN BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (27,857)	\$ (40,554)
Items not involving cash:		
Amortization	24,089	23,614
Changes in non-cash assets and liabilities:		
HST receivable	4,535	6,731
Accounts receivable	1,280	(1,280)
Prepaid expenses	(1,905)	(558)
Accounts payable and accrued liabilities	4,665	1,567
Net change in cash from operating activities	4,807	(10,480)
Investing activities:		
Cash used to acquire tangible capital assets	(18,229)	(14,830)
Disposal of investments	19,042	-
Net change in cash from investing activities	813	(14,830)
Financing activities:		
Change in due to City of Hamilton	(4,059)	10,292
Net increase (decrease) in cash	1,561	(15,018)
Cash, beginning of year	81,862	96,880
Cash, end of year	\$ 83,423	\$ 81,862

See accompanying notes to financial statements.



# WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

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The Waterdown Business Improvement Area ("Business Improvement Area") was established in 1985 by the Council of the former Town of Flamborough and has been entrusted with the improvement, beautification and maintenance of the municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping. The Business Improvement Area is financed by a special levy charged upon businesses in the improvement area.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Government transfers:

Government transfers received relate to the assessment levy and operating grants. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

### (c) Other income:

Other income is reported as revenue in the period earned.

### (d) Investments:

Investments consist of guaranteed investment certificates and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

# WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

### (e) Non-financial assets:

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

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives with one-half year taken in the year of acquisition as follows:

Asset	Useful life - years
Furniture and equipment	10
Leasehold improvements	5
Gateway signs	5
Computer equipment	3
Banners	3

### (f) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.

# WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Furniture and equipment	\$ 118,535	\$ -	\$ -	\$ 118,535
Leasehold improvements	20,739	-	-	20,739
Computer equipment	1,769	3,370	-	5,139
Banners	5,002	3,430	-	8,432
Gateway signs	-	11,429	-	11,429
<b>Total</b>	<b>146,045</b>	<b>18,229</b>	<b>-</b>	<b>164,274</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Furniture and equipment	\$ 51,935	\$ -	\$ 12,570	\$ 64,505
Leasehold improvements	8,643	-	7,257	15,900
Computer equipment	520	-	880	1,400
Banners	500	-	2,239	2,739
Gateway signs	-	-	1,143	1,143
<b>Total</b>	<b>61,598</b>	<b>-</b>	<b>24,089</b>	<b>85,687</b>

Net book value	December 31, 2017	December 31, 2018
Furniture and equipment	\$ 66,600	\$ 54,030
Leasehold improvements	12,096	4,839
Computer equipment	1,249	3,739
Banners	4,502	5,693
Gateway signs	-	10,286
<b>Total</b>	<b>84,447</b>	<b>78,587</b>

(a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

# WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets (continued):

### (c) Write-down of tangible capital assets:

The Business Improvement Area has not recorded write-downs of tangible capital assets during the year or 2016.

## 3. Related party transactions:

### (a) City of Hamilton:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 231,823	\$ 223,911

The City of Hamilton has also contributed \$5,374 (2017 - \$5,257) to commercial improvement programs undertaken by the Business Improvement Area and \$22,743 (2017 - \$11,326) in other grants.

At the end of the year, the Business Improvement Area had a payable from the City of Hamilton of \$2,531 (2017 - \$6,090) for the deficit of the member levy collected by the City of Hamilton as well as \$920 (2017 - \$500) for the annual audit accrual net of \$6,567 (\$2017 - \$nil) receivable from the commercial improvement program and Christmas grant.

### (b) Board of Directors:

During the year, the Business Improvement Area recorded the following transactions with businesses of members of the Board of Directors:

	2018	2017
Expenses:		
Professional fees	\$ 1,200	\$ 1,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

# WATERDOWN BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 4. Investments:

Investments reported in the Statement of Financial Position consist of guaranteed investment certificates ("GIC") and are reported at amortization cost. The Business Improvement Area purchased the GIC in May 2018 with a maturity date in July 2019. As at December 31, 2018, cost approximated the market value of the GIC and interest income has been accrued in the amount of \$1,171 (2017 - \$1,280).

## 5. Accumulated surplus:

Accumulated surplus consists of balances as follows at December 31:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 78,587	\$ 84,447
Operating fund	101,730	103,727
	<u>180,317</u>	<u>188,174</u>
Reserve funds set aside by Waterdown Business Improvement Area:		
Marketing and advertising	\$ 80,000	100,000
	<u>80,000</u>	<u>100,000</u>
	<u>\$ 260,317</u>	<u>\$ 288,174</u>

## 6. Commitments:

The Business Improvement Area is committed under an operating lease for the rental of office space and farmer's market space until August 31, 2019. Future minimum lease payments under this operating lease amount to \$20,000.

## 7. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

Financial Statements of

**WESTDALE BUSINESS  
IMPROVEMENT AREA**

Year ended December 31, 2018



KPMG LLP  
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Hamilton Ontario L8P 4W7  
Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Westdale Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

### *Opinion*

We have audited the accompanying financial statements of the Westdale Business Improvement Area (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations for the year then ended,
- the statement of changes in net financial assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada  
October 21, 2019

# WESTDALE BUSINESS IMPROVEMENT AREA

## Financial Statements

Year ended December 31, 2018

### Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9

# WESTDALE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash	\$ 73,864	\$ 81,511
Accounts receivable	6,246	-
HST receivable	6,774	10,724
Due from City of Hamilton (note 4)	25	1,673
	<u>86,909</u>	<u>93,908</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	10,666	35,002
Net financial assets	<u>76,243</u>	<u>58,906</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	12,000	2,633
Prepaid expenses	2,437	5,589
	<u>14,437</u>	<u>8,222</u>
Accumulated surplus (note 3)	<u>\$ 90,680</u>	<u>\$ 67,128</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## WESTDALE BUSINESS IMPROVEMENT AREA

### Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 5)	2018	2017
<b>Revenue:</b>			
Assessment levy (note 4)	\$ 125,000	\$ 124,702	\$ 125,823
City of Hamilton grants (note 4)	-	34,047	32,848
Federal grant	-	4,746	-
Other income	-	2,050	3,926
	125,000	165,545	162,597
<b>Expenses:</b>			
Advertising	28,000	25,967	33,907
Amortization	-	2,788	758
Audit and legal fees	-	2,325	1,327
Bank charges	-	230	186
Beautification	18,000	47,378	33,097
Consulting	-	25,175	4,800
Festival	30,000	19,494	42,032
Insurance	-	4,199	4,954
Office and general expense	14,000	5,885	5,068
Rent	-	5,300	12,315
Wages	35,000	3,252	1,359
	125,000	141,993	139,803
Annual surplus	-	23,552	22,794
Accumulated surplus, beginning of year	67,128	67,128	44,334
Accumulated surplus, end of year	\$ 67,128	\$ 90,680	\$ 67,128

See accompanying notes to financial statements.

## WESTDALE BUSINESS IMPROVEMENT AREA

### Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 23,552	\$ 22,794
Amortization of tangible capital assets	2,788	758
Acquisition of tangible capital assets	(12,155)	(896)
Decrease (increase) in prepaid expenses	3,152	(3,240)
Change in net financial assets	17,337	19,416
Net financial assets, beginning of year	58,906	39,490
Net financial assets, end of year	\$ 76,243	\$ 58,906

See accompanying notes to financial statements.

## WESTDALE BUSINESS IMPROVEMENT AREA

### Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 23,552	\$ 22,794
Items not involving cash:		
Amortization	2,788	758
Change in non-cash assets and liabilities:		
Accounts receivable	(6,246)	-
HST receivable	3,950	1,450
Accounts payable and accrued liabilities	(24,336)	27,263
Prepaid expenses	3,152	(3,240)
Cash from operating activities	2,860	49,025
Investing activities:		
Acquisition of tangible capital assets	(12,155)	(896)
Financing activities:		
Change in due from City of Hamilton	1,648	28,919
Net (decrease) increase in cash	(7,647)	77,048
Cash, beginning of year	81,511	4,463
Cash, end of year	\$ 73,864	\$ 81,511

See accompanying notes to financial statements.

# WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2018

---

The Westdale Business Improvement Area (the "Business Improvement Area") was established in 1986 by the Council of the City of Hamilton and has been entrusted with the improvement, beautification and maintenance of municipally owned land, buildings and structures in the improvement area, beyond such expenditure by the Municipality. The Business Improvement Area is also responsible for the promotion of this improvement area for business and shopping.

## 1. Significant accounting policies:

The financial statements of the Business Improvement Area are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Business Improvement Area are as follows:

### (a) Basis of accounting:

The Business Improvement Area follows 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 a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Government transfers:

Government transfers received relate to the assessment levy and operating grants from the City of Hamilton. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors 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.

### (c) Other income:

Other income is recognized as revenue in the period earned.

# WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 1. Significant accounting policies (continued):

### (d) Non-financial assets:

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

### (i) Tangible capital assets:

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

Asset	Useful life - years
Furniture and equipment	10
Decorations	5

### (e) Use of estimates:

The preparation of financial statements 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 year. Actual results could differ from those estimates.



## WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 2. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Furniture and equipment	\$ 8,025	\$ 8,664	\$ -	\$ 16,689
Computer hardware	1,337	-	-	1,337
Decorations	46,972	3,491	-	50,463
<b>Total</b>	<b>\$ 56,334</b>	<b>\$ 12,155</b>	<b>\$ -</b>	<b>\$ 68,489</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization expense	Balance at December 31, 2018
Furniture and equipment	\$ 5,392	\$ -	\$ 1,624	\$ 7,016
Computer hardware	1,337	-	-	1,337
Decorations	46,972	-	1,164	48,136
<b>Total</b>	<b>\$ 53,701</b>	<b>\$ -</b>	<b>\$ 2,788</b>	<b>\$ 56,489</b>

Net book value	December 31, 2017	December 31, 2018
Furniture and equipment	\$ 2,633	\$ 9,673
Decorations	-	2,327
<b>Total</b>	<b>\$ 2,633</b>	<b>\$ 12,000</b>

# WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 2. Tangible capital assets (continued):

### (a) Contributed tangible capital assets:

The Business Improvement Area received no contributed tangible capital assets in 2018 or 2017.

### (b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

### (c) Write-down of tangible capital assets:

The Business Improvement Area has not written down any tangible capital assets during the year or 2017.

## 3. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 12,000	\$ 2,633
Operating	78,680	64,495
<b>Accumulated surplus</b>	<b>\$ 90,680</b>	<b>\$ 67,128</b>

## 4. Related party transactions:

During the year, the Business Improvement Area recorded the following transactions with the City of Hamilton:

	2018	2017
Revenue:		
Member levy collected on behalf of the Business Improvement Area	\$ 124,702	\$ 125,823

# WESTDALE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 4. Related party transactions (continued):

The City of Hamilton has also contributed \$12,742 (2017 - \$13,583) to commercial improvement programs undertaken by the Business Improvement Area, \$19,113 (2017 - \$9,174) to a parking revenue sharing program and \$2,192 (2017 - \$10,091) in other grants. At the end of the year, the Business Improvement Area had a receivable of \$1,192 (2017 - \$2,123) from the City of Hamilton for outstanding grants and member levy surplus. The Business Improvement Area had a payable of \$1,167 (2017 - \$450) to the City of Hamilton for the member levy deficit in the year and audit fee expenses.

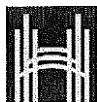
## 5. Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board on November 22, 2017. Amortization and acquisitions of tangible capital assets were not contemplated on development of the budget and, as such, were not provided on the statement of changes in net financial assets.

## 6. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.





Hamilton

## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance & Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	Professional and Consultant Services Roster 2019-2020 (PW20037 / PED20118 / FCS20058) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Stuart Leitch (905) 546-2424 Ext. 7808 Anne McArthur (905) 546-2424 Ext. 1223
<b>SUBMITTED BY:</b>  <b>SIGNATURE:</b>	Dan McKinnon General Manager Public Works Department
<b>SUBMITTED BY:</b>  <b>SIGNATURE:</b>	Jason Thorne General Manager Planning and Economic Development Department
<b>SUBMITTED BY:</b>  <b>SIGNATURE:</b>	Mike Zegar General Manager Finance & Corporate Services Department

### COUNCIL DIRECTION

Not Applicable

**SUBJECT: Professional and Consultant Services Roster 2019-2020 (PW20037 / PED2020118 / FCS20058) (City Wide) - Page 2 of 3**

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**INFORMATION**

This report summarizes the use of the Professional and Consultant Services Roster for the 2019-2020 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 is attached to Report PW20037 / PED20118 / FCS20058 as Appendices "A", "B" and "C".

In 2019, the Roster Committee implemented a new online 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.

Council Report PW18036 / PED18121 / FCS18056 dated May 17, 2018, contained a recommendation that Procurement Policy #9, Section 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 2019-2020 Roster period are included as part of Table 1.

During the 2019 Roster period, a total of 36 out of 39 Roster categories issued assignments.

An overall summary of the total dollar value and number of assignments allocated during this Roster period (2019 - 2020) is summarized in Table 1.

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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 2019-2020 (PW20037 / PED2020118 / FCS20058) (City Wide) - Page 3 of 3**

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Table 1

	2019 Roster Year	2019 Roster Trial Period <sup>1</sup>
Total Dollar Value	\$19,243,548	\$828,409
Total Number of Assignments	334	4
Average Value of Each Assignment	\$57,615	\$207,102
Number of Roster Firms in Program	87	

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.

The second year (2020) term of assignments for the 2019-2020 Roster (C12-06-18) period will be reported to Council in 2021.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report PW20037 / PED20118 / FCS200582019-2020 - Roster Information (C12-06-18)

Appendix "B" to Report PW20037 / PED20118 / FCS20058 - 2019-2020 Successful Roster Consultants (C12-06-18)

Appendix "C" to Report PW20037 / PED20118 / FCS20058 - 2019-2020 Roster Dashboard Summary





**2019 Roster Information (C12-06-18)**

<b>Cat. No.</b>	<b>Roster Category</b>	<b>Successful Candidates</b>	<b>2019 Number of Assignments</b>	<b>2019 \$ Value of Assignments</b>
1	Municipal Engineering Services	<ul style="list-style-type: none"> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ Dillon Consulting Limited</li> <li>➤ Ainley &amp; Associates Limited</li> <li>➤ MTE Consultants Inc.</li> <li>➤ CIMA Canada Inc. (Ontario)</li> <li>➤ SNC-Lavalin Inc.</li> </ul>	5	\$462,379
			Min Value Max Value Avg Value	\$36,732 \$149,611 \$92,475
2	Construction Management and Inspection Services	<ul style="list-style-type: none"> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ CIMA Canada Inc. (Ontario)</li> <li>➤ SNC-Lavalin Inc.</li> <li>➤ Dillon Consulting Limited</li> <li>➤ WSP Canada Group Limited</li> <li>➤ MTE Consultants Inc.</li> </ul>	11	\$945,925
			Min Value Max Value Avg Value	\$40,105 \$140,000 \$85,993
3	Transportation Traffic Engineering Planning	<ul style="list-style-type: none"> <li>➤ CIMA Canada Inc. (Ontario)</li> <li>➤ Dillon Consulting Limited</li> <li>➤ IBI Group Professional Services (Canada) Inc.</li> <li>➤ AECOM Canada Ltd.</li> <li>➤ CH2M Hill Canada Limited</li> <li>➤ WSP Canada Group Limited</li> </ul>	9	\$575,453
			Min Value Max Value Avg Value	\$26,180 \$144,753 \$63,939
			RRFQ Value >\$150K <\$250K	\$219,030
4	Structural Engineering Services / Transportation	<ul style="list-style-type: none"> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ Morrison Hershfield Limited</li> <li>➤ Dillon Consulting Limited</li> <li>➤ SNC-Lavalin Inc.</li> </ul>	20	\$1,171,081
			Min Value Max Value Avg Value	\$7,605 \$149,768 \$58,554
5	Wastewater Treatment	<ul style="list-style-type: none"> <li>➤ AECOM Canada Ltd.</li> <li>➤ CH2M Hill Canada</li> </ul>	7	\$869,975

## APPENDIX "A" to Report PW20037/PED20118/FCS20058

Cat. No.	Roster Category	Successful Candidates	2019 Number of Assignments	2019 \$ Value of Assignments
	Engineering and Construction Management	Limited ➤ GHD Limited ➤ R. V. Anderson Associates Limited  <u>Scoped</u> ➤ Jemma Consultants Limited	Min Value Max Value Avg Value	\$59,800 \$149,952 \$124,282
6	Water Treatment Engineering and Construction Management	➤ AECOM Canada Ltd. ➤ CH2M Hill Canada Limited ➤ R. V. Anderson Associates Limited ➤ Stantec Consulting Limited  <u>Scoped</u> ➤ Jemma Consultants Limited	9	\$1,024,472
			Min Value Max Value Avg Value	\$28,500 \$149,792 \$113,830
			RRFQ Value >\$150K <\$250K	\$200,542
7	Environmental Planning Process	➤ Wood Environment & Infrastructure Solutions ➤ Dillon Consulting Limited ➤ AECOM Canada Ltd. ➤ IBI Group Professional Services (Canada) Inc.	1	\$147,390
			Min Value Max Value Avg Value	\$147,390 \$147,390 \$147,390
			RRFQ Value >\$150K <\$250K	\$249,999
8	Solid Waste Management	➤ SNC-Lavalin Inc. ➤ Dillon Consulting Limited ➤ WSP Canada Inc.	9	\$653,335
			Min Value Max Value Avg Value	\$19,690 \$149,375 \$72,592
9	Stormwater Management / Water	➤ Wood Environment & Infrastructure Solutions	9	\$760,874

Cat. No.	Roster Category	Successful Candidates	2019 Number of Assignments	2019 \$ Value of Assignments
	Resources Engineering	<ul style="list-style-type: none"> <li>➤ AECOM Canada Ltd.</li> <li>➤ Aquafor Beech Limited</li> <li>➤ Matrix Solutions Inc.</li> <li>➤ Civica Infrastructure Inc.</li> <li>➤ Cole Engineering Group Limited</li> </ul> <p><u>Scoped</u></p> <ul style="list-style-type: none"> <li>➤ DHI Water and Environment Inc.</li> <li>➤ Resilient Consulting Corporation</li> </ul>	Min Value Max Value Avg Value	\$12,000 \$148,014 \$84,541
10	Landscape Architecture	<ul style="list-style-type: none"> <li>➤ Alexander Budrevics and Associates Limited</li> <li>➤ FORREC Limited</li> <li>➤ IBI Group Professional Services (Canada) Inc.</li> <li>➤ The MBTW Group</li> <li>➤ Dillon Consulting Limited</li> <li>➤ dtah</li> <li>➤ G. O'Connor Consultants Inc.</li> </ul>	12	\$806,413
			Min Value Max Value Avg Value	\$10,650 \$144,347 \$67,201
11	Architectural Services	<ul style="list-style-type: none"> <li>➤ Toms+McNally Design Inc.</li> <li>➤ Strasman Architects Inc.</li> <li>➤ ATA Architects Inc. (Pending award)</li> <li>➤ Grguric Architects Inc.</li> <li>➤ Invizij Architects Inc.</li> </ul> <p><u>Scoped</u></p> <ul style="list-style-type: none"> <li>➤ dpai architecture inc.</li> <li>➤ McCallum Sather Architects Inc.</li> <li>➤ MMMC Inc. Architects</li> </ul>	16	\$839,293
			Min Value Max Value Avg Value	\$10,000 \$149,900 \$52,455
12	Geotechnical Investigation and Inspection Services	<ul style="list-style-type: none"> <li>➤ Peto MacCallum Limited</li> <li>➤ Terraprobe Inc</li> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ Englobe Corp.</li> <li>➤ Aecon Materials</li> </ul>	37	\$2,253,586
			Min Value Max Value Avg Value	\$794 \$149,839 \$60,907

## APPENDIX "A" to Report PW20037/PED20118/FCS20058

Cat. No.	Roster Category	Successful Candidates	2019 Number of Assignments	2019 \$ Value of Assignments
		Engineering Corp ➤ exp Services Inc. ➤ Landtek Limited	RRFQ Value >\$150K <\$250K	\$158,837
13	Wastewater Collection Systems Engineering Services	➤ Aquafor Beech Limited ➤ Hatch Corporation ➤ Cole Engineering Group Limited ➤ AECOM Canada Ltd. ➤ Stantec Consulting Limited  <u>Scoped</u> ➤ GM BluePlan Engineering Limited ➤ Calder Engineering Limited ➤ DHI Water and Environment, Inc ➤ HydraTek & Associates	7	\$462,450
			Min Value Max Value Avg Value	\$24,190 \$149,158 \$66,064
14	Water Distribution Systems Engineering Services	➤ AECOM Canada Ltd. ➤ Cole Engineering Group Ltd. ➤ GM Blueplan Engineering  <u>Scoped</u> ➤ HydraTek & Associates	8	\$657,165
			Min Value Max Value Avg Value	\$14,983 \$149,967 \$82,145
15	Professional Land Survey and Geomatics Services	➤ J. D. Barnes Limited ➤ A. J. Clarke and Associates Limited ➤ Callon Dietz Incorporated Ontario Land Surveyors	9	\$403,235
			Min Value Max Value Avg Value	\$6,511 \$129,600 \$44,803
16	Facility Management	➤ V2PM Inc. ➤ WalterFedy Inc.	5	\$284,525
			Min Value Max Value Avg Value	\$27,000 \$122,500 \$56,905
17	Environmental Site Assessment / Remediation Services	➤ Peto MacCallum Limited ➤ Wood Environment and Infrastructure Solutions ➤ exp Services Inc.	5	\$142,859
			Min Value Max Value Avg Value	\$6,000 \$76,350 \$28,571

Cat. No.	Roster Category	Successful Candidates	2019 Number of Assignments	2019 \$ Value of Assignments
18	Archaeology	<ul style="list-style-type: none"> <li>➤ Archaeological Services Inc.</li> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ Historic Horizons Inc.</li> </ul>	9	\$309,836
			Min Value Max Value Avg Value	\$5,620 \$83,640 \$34,426
19	Hydrogeology	<ul style="list-style-type: none"> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ WSP Canada Inc.</li> </ul> <u>Scoped</u> <ul style="list-style-type: none"> <li>➤ Earthfx Incorporated</li> <li>➤ Cambium Inc.</li> </ul>	5	\$342,668
			Min Value Max Value Avg Value	\$27,433 \$149,940 \$68,533
20	Legislative Compliance	<ul style="list-style-type: none"> <li>➤ WSP Canada Inc.</li> <li>➤ MTE Consultants Inc.</li> <li>➤ Pinchin Limited</li> </ul> <u>Scoped</u> <ul style="list-style-type: none"> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> </ul>	27	\$497,665
			Min Value Max Value Avg Value	\$1,500 \$118,899 \$18,432
21	Terrestrial and Aquatic Ecology	<ul style="list-style-type: none"> <li>➤ Stantec Consulting Limited</li> <li>➤ Savanta Inc.</li> <li>➤ Dillon Consulting Limited</li> <li>➤ Beacon Environmental Limited</li> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ WSP Canada Inc.</li> <li>➤ Dougan and Associates Ecological Consulting and Design</li> </ul>	10	\$384,327
			Min Value Max Value Avg Value	\$7,280 \$104,500 \$38,432
22	Street Lighting, Exterior Lighting and Electrical Engineering Services	<ul style="list-style-type: none"> <li>➤ GHD Limited</li> <li>➤ Morrison Hershfield Limited</li> <li>➤ AECOM Canada Ltd.</li> <li>➤ IBI Group Professional Services (Canada) Inc.</li> <li>➤ Moon-Matz Limited</li> </ul>	5	\$194,766
			Min Value Max Value Avg Value	\$10,750 \$79,750 \$38,953
23	Public Engagement and Facilitation	<ul style="list-style-type: none"> <li>➤ Dillon Consulting Limited</li> </ul>	1	\$31,152

## APPENDIX "A" to Report PW20037/PED20118/FCS20058

Cat. No.	Roster Category	Successful Candidates	2019 Number of Assignments	2019 \$ Value of Assignments
		<ul style="list-style-type: none"> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ WSP Canada Group Limited</li> </ul> <p><u>Scoped</u></p> <ul style="list-style-type: none"> <li>➤ Cumming+Company</li> </ul>	Min Value Max Value Avg Value	\$31,152 \$31,152 \$31,152
24	Building Envelope and Roof Consulting	<ul style="list-style-type: none"> <li>➤ exp Services Inc.</li> <li>➤ WSP Canada Inc.</li> <li>➤ MTE Consultants Inc.</li> <li>➤ Remy Consulting Engineering Limited</li> </ul> <p><u>Scoped</u></p> <ul style="list-style-type: none"> <li>➤ Thermaco Engineering Services (1986) Limited</li> </ul>	10	\$268,768
			Min Value Max Value Avg Value	\$6,700 \$88,550 \$26,876
25	Land Use Planning Services- Policy, Zoning & Urban Design	<ul style="list-style-type: none"> <li>➤ Dillon Consulting Limited</li> <li>➤ The Planning Partnership</li> <li>➤ WSP Canada Group Limited</li> </ul> <p><u>Scoped</u></p> <ul style="list-style-type: none"> <li>➤ Brook McIlroy</li> </ul>	1	\$109,738
			Min Value Max Value Avg Value	\$109,738 \$109,738 \$109,738
26	Subsurface Infrastructure Assessment and Trenchless Rehabilitation	<ul style="list-style-type: none"> <li>➤ Stantec Consulting Limited</li> <li>➤ Robinson Consultants Inc.</li> <li>➤ R.V. Anderson Associates Limited</li> <li>➤ AECOM Canada Ltd.</li> </ul>	12	\$1,093,440
			Min Value Max Value Avg Value	\$31,679 \$149,970 \$91,120
27	Built Heritage and	<ul style="list-style-type: none"> <li>➤ Archaeological</li> </ul>	5	\$68,145

Cat. No.	Roster Category	Successful Candidates	2019 Number of Assignments	2019 \$ Value of Assignments
	Cultural Heritage Landscape	<ul style="list-style-type: none"> <li>Research Associates Limited</li> <li>➤ Archaeological Services Inc.</li> <li>➤ Golder Associates Limited</li> </ul> <p><u>Scoped</u></p> <ul style="list-style-type: none"> <li>➤ MacNaughton Hermsen Britton Clarkson (MHBC) Planning Limited</li> </ul>	Min Value Max Value Avg Value	\$8,500 \$25,014 \$13,629
28	Project Management - Facilities	<ul style="list-style-type: none"> <li>➤ P2istrategies Limited</li> <li>➤ KMB International (Div of KMB Aviation Consulting Group)</li> </ul>	0	\$0
			Min Value Max Value Avg Value	\$0 \$0 \$0
29	Quantity Surveying & Cost Consulting	<ul style="list-style-type: none"> <li>➤ AECOM Canada Ltd.</li> <li>➤ Rider Levett Bucknall (Canada) Limited</li> <li>➤ Hanscomb Limited</li> </ul>	6	\$37,169
			Min Value Max Value Avg Value	\$2,500 \$9,339 \$6,194
30	Structural, Electrical and Mechanical Engineering - Facilities	<ul style="list-style-type: none"> <li>➤ WSP Canada Inc.</li> <li>➤ SNC-Lavalin Inc.</li> <li>➤ IBI Group Professional Services (Canada) Inc.</li> <li>➤ WalterFedy Inc.</li> </ul> <p><u>Scoped</u></p> <ul style="list-style-type: none"> <li>➤ MTE Consultants Inc.</li> <li>➤ Kalos Engineering Inc.</li> <li>➤ Building Innovation Inc.</li> <li>➤ ARC Engineering Inc.</li> <li>➤ Filer Engineering Limited</li> </ul>	17	\$473,584
			Min Value Max Value Avg Value	\$3,000 \$108,696 \$27,857
31	Water and Wastewater Facility Assessment	<ul style="list-style-type: none"> <li>➤ CH2M Hill Canada Limited</li> <li>➤ R. V. Anderson Associates Limited</li> <li>➤ WSP Canada Group Limited</li> </ul>	6	\$560,997
			Min Value Max Value Avg Value	\$12,910 \$147,272 \$93,499
32	Sustainable Infrastructure	<ul style="list-style-type: none"> <li>➤ GM Blueplan Engineering</li> </ul>	10	\$993,544

Cat. No.	Roster Category	Successful Candidates	2019 Number of Assignments	2019 \$ Value of Assignments
	Planning	<ul style="list-style-type: none"> <li>➤ AECOM Canada Ltd.</li> <li>➤ R. V. Anderson Associates Limited</li> <li>➤ Stantec Consulting Limited</li> </ul>	Min Value Max Value Avg Value	\$8,780 \$149,978 \$99,354
33	Category # Not Utilized for 2019-2020 Roster Cycle			
34	Energy Services	<ul style="list-style-type: none"> <li>➤ Efficiency Engineering Inc.</li> <li>➤ Building Innovation Inc.</li> <li>➤ Dynamic Energy Services Inc.</li> <li>➤ Wood Environment &amp; Infrastructure Solutions</li> <li>➤ WSP Canada Inc.</li> </ul>	7	\$93,648
			Min Value Max Value Avg Value	\$5,000 \$26,324 \$13,378
35	Development Engineering Consulting Support Services	<ul style="list-style-type: none"> <li>➤ Wood Environment &amp; Infrastructure</li> <li>➤ MTE Consultants Inc.</li> <li>➤ R. J. Burnside &amp; Associates</li> <li>➤ AECOM Canada Ltd.</li> </ul>	1	\$13,635
			Min Value Max Value Avg Value	\$13,635 \$13,635 \$13,635
36	Heritage Architectural and Engineering Services	<u>Section A: Architectural Services</u> <ul style="list-style-type: none"> <li>➤ Architecture EVOQ</li> <li>➤ Stevens Burgess Architects Limited</li> <li>➤ George Robb Architect</li> </ul> <u>Section B: Engineering Services</u> <ul style="list-style-type: none"> <li>➤ John G. Cooke &amp; Associates Limited</li> <li>➤ Ojdrovic Engineering Inc.</li> </ul> <u>Scoped</u> <ul style="list-style-type: none"> <li>➤ Invizij Architects Inc.</li> </ul>	7	\$136,959
			Min Value Max Value Avg Value	\$4,037 \$41,272 \$19,565
37	Commissioning Services	<ul style="list-style-type: none"> <li>➤ CFMS-West Consulting Inc.</li> <li>➤ WSP Canada Group Limited</li> </ul>	0	\$0
			Min Value Max Value Avg Value	\$0 \$0 \$0
38	Information Services -		0	\$0



Cat. No.	Roster Category	Successful Candidates	2019 Number of Assignments	2019 \$ Value of Assignments
	Enterprise Resource Planning (ERP)	➤ CIMA Canada Inc.	Min Value Max Value Avg Value	\$0 \$0 \$0
39	Information Services - Voice & Network Infrastructure Services	➤ CIMA Canada Inc.	3	\$372, 195
			Min Value Max Value Avg Value	\$87,010 \$149,035 \$124,065
40	Category # Not Utilized for 2019-2020 Roster Cycle			
41	Information Services – Business Application & Geographic Information Systems Services:	<u>Section A: Business Applications</u> ➤ CIMA Canada Inc.  <u>Section B: Geographic Information Systems</u> ➤ Spatial DNA Informatics Inc.  <u>Scoped</u> ➤ IT Architecture Management Institute Inc. ➤ Wardnet Inc. ➤ MobiStream Solutions ➤ Slater Hill Inc.	15	\$647,690
			Min Value Max Value Avg Value	\$25,200 \$99,900 \$39,375
42	Category # Not Utilized for 2019-2020 Roster Cycle			

“Scoped” Candidates are Candidates that may not possess sufficient general qualifications to merit a spot as a Rostered Candidate for a specific Roster Category, but may possess unique expertise in a specific field, access to which may be required for various projects during the term of the Roster.



**2019 - 2020 Successful Roster Consultants (C12-06-18)****Number of Firms: 87**

- 1 A.J. Clarke and Associates Ltd.
- 2 AECOM Canada Ltd.
- 3 Aecon Materials Engineering Corp
- 4 Ainley & Associates Limited
- 5 Alexander Budrevics and Associates Limited
- 6 Aquafor Beech Limited
- 7 ARC Engineering Inc.
- 8 Archaeological Research Associates
- 9 Archaeological Services Inc.
- 10 Architecture EVOQ
- 11 Beacon Environmental Limited
- 12 Brook McIlroy
- 13 Building Innovation Inc.
- 14 Calder Engineering Ltd.
- 15 Callon Dietz Incorporated Ontario Land
- 16 Cambium Inc.
- 17 CH2M Hill Canada Limited
- 18 CIMA Canada Inc.
- 19 Civica Infrastructure Inc.
- 20 Cole Engineering Group Ltd.
- 21 Cumming+Company
- 22 DHI Water and Environment, Inc
- 23 Dillon Consulting Limited
- 24 Dougan and Associates Ecological
- 25 dpai architecture inc.
- 26 dtah
- 27 Dynamic Energy Services Inc.
- 28 Earthfx Incorporated
- 29 Efficiency Engineering Inc.
- 30 Englobe Corp.
- 31 exp Services Inc.
- 32 Filer Engineering Ltd.
- 33 FORREC Ltd.
- 34 G. O'Connor Consultants Inc.
- 35 George Robb Architect
- 36 GHD Limited
- 37 GM BluePlan Engineering Limited
- 38 Golder Associates Ltd.

- 39 Grguric Architects Incorporated
- 40 Hanscomb Limited
- 41 Hatch Corporation
- 42 Historic Horizons Inc.
- 43 HydraTek & Associates
- 44 IBI Group Professional Services
- 45 Invizij Architects Inc.
- 46 IT Architecture Management Institute
- 47 J. D. Barnes Limited
- 48 Jemma Consultants Limited
- 49 John G. Cooke & Associates Ltd.
- 50 Kalos Engineering Inc.
- 51 Katalogic Inc.
- 52 KMB International (Div of KMB Aviation
- 53 Landtek Limited
- 54 MacNaughton Hermsen Britton
- 55 Matrix Solutions Inc.
- 56 McCallum Sather Architects Inc.
- 57 MMMC Inc. Architects
- 58 MobiStream Solutions
- 59 Moon-Matz Limited
- 60 Morrison Hershfield Limited
- 61 MTE Consultants Inc.
- 62 Ojdrovic Engineering Inc.
- 63 P2istrategies Ltd.
- 64 Peto MacCallum Ltd.
- 65 Pinchin Ltd.
- 66 R. J. Burnside & Associates
- 67 R.V. Anderson Associates Limited
- 68 Remy Consulting Engineering Ltd.
- 69 Resilient Consulting Corporation
- 70 Rider Levett Bucknall (Canada) Ltd.
- 71 Robinson Consultants Inc.
- 72 Savanta Inc.
- 73 Slater Hill Inc.
- 74 SNC-Lavalin Inc.
- 75 Spatial DNA Informatics Inc.
- 76 Spyre Solutions Inc.
- 77 Stantec Consulting Ltd.
- 78 Stevens Burgess Architects Ltd.
- 79 Strasman Architects Inc.

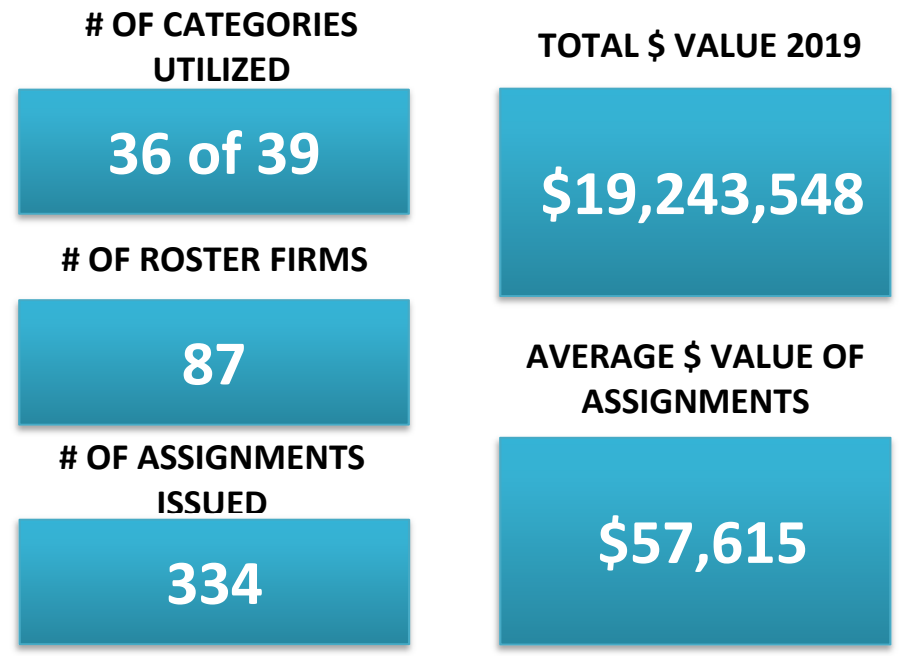
- 80 Terraprobe Inc
- 81 The MBTW Group
- 82 The Planning Partnership
- 83 Thermaco Engineering Services (1986)
- 84 WalterFedy Inc.
- 85 Wardnet Inc.
- 86 Wood Environment & Infrastructure
- 87 WSP Canada Inc.



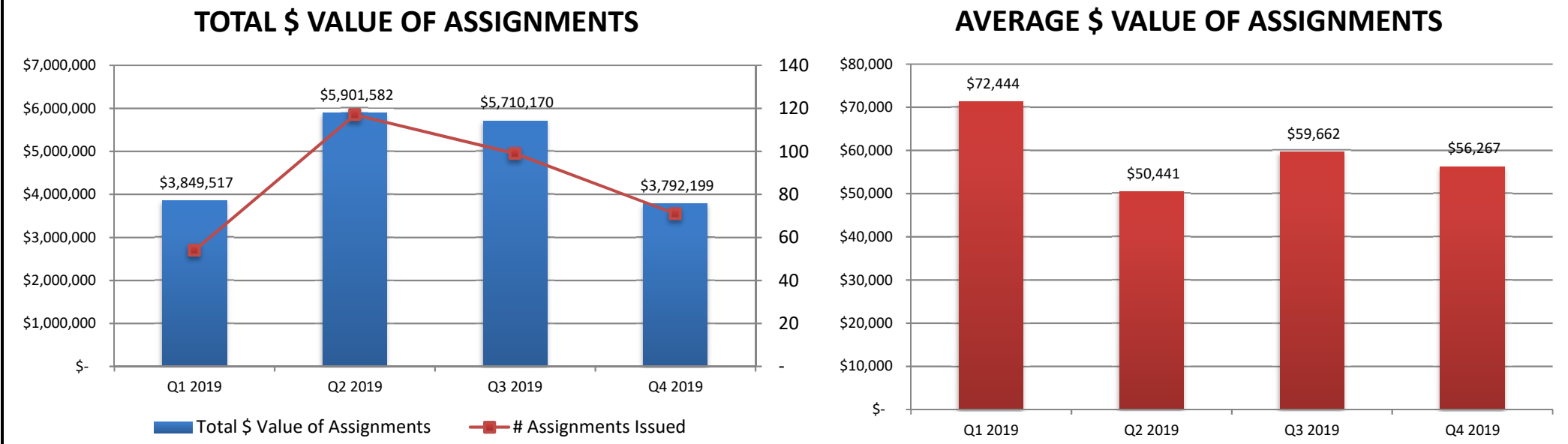
# 2019/2020 ROSTER PROGRAM DASHBOARD

ISSUE DATE: March 2020

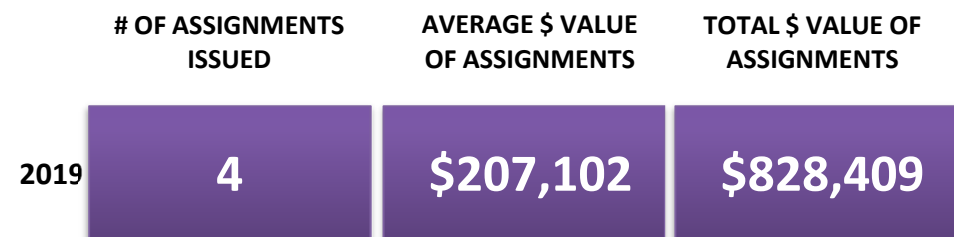
## 2019 SUMMARY



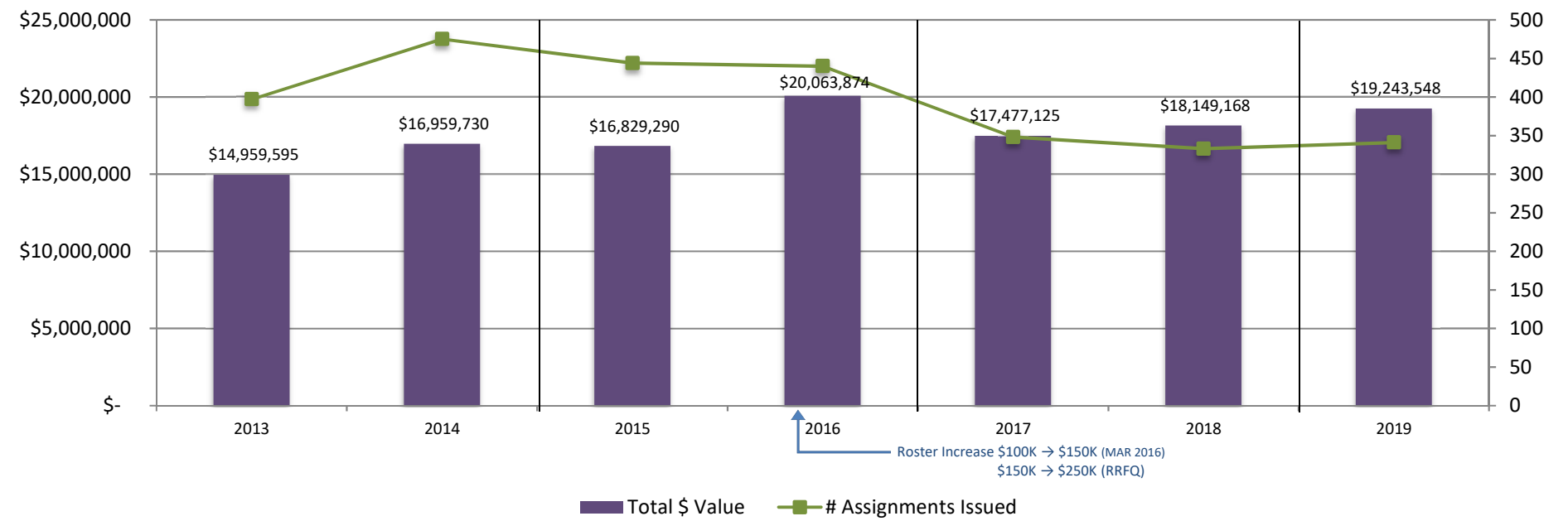
## SUMMARY OF ALL ASSIGNMENTS ISSUED



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



## HISTORICAL ROSTER TOTAL \$ VALUES







Angela McRae  
City of Hamilton  
71 Main St. W  
Hamilton, Ontario

RE: Request to Speak to Committee of Council regarding 242 James Street S. Hamilton

Dear Committee of Council

It appears that to finalize a building permit we need to pay a park dedication fee. According to Christopher Dimitroff, Seiner Property Officer/ Appraiser we owe \$14,419 based on the value of the land and the area of the proposed unit. This fee is for the re-establishment of one residential unit. This we dispute.

**Background :**

Previous to 1975 242 James Street S. had commercial space on the first floor and the second and third floors was a single residential unit.

In 1976 the owner applied for and received a permit to convert the second floor to commercial and the third floor was left vacant.

Sometime between 1976 and 2016 the second and third floor were converted back into a residential unit, the first floor remaining commercial, not permit was found for this convention. The building now has a residential tenant on the second and third floor.

2018 The building was sold as is to the present owner. Keep in mind the tenants who lived there before the sale are still there. The new owner plans on moving his office into the first floor.

The new owner proceeded to repair an existing balcony railing on the third floor and was stopped for not having a permit.

2018 a permit was applied for but the building was deemed nonconforming since the residential unit was illegal.

2019 the owner applied to the building department with the appropriate drawings to legally convert the second and third floor back to a single residential unit, basically back to its 1975 state.

Please note that the city has acknowledged that the building is in the Hamilton Downtown Community Improvement Project Area (as seen in schedule A of City of Hamilton Bylaw 18-126) as well as the Durand-Markland Heritage Conservation District and 242 JAMES ST S was added on June 14, 2017 (Hamilton 251802013905820 PED17092 / HMHC Report 17-004) to the Non-designated Heritage Properties list).

**Dispute and solutions:**

- 1) We find the levy of a \$14,419.00 egregious and may force the unit to remain empty to keep the building legal thus evicting the tenant who in turn rents rooms to Hospital Interns who currently are front line workers in the Covid-19 outbreak across the street at St Joe's and as well reducing current residential inventory. A solution that we feel is unfair and not to our liking.
  
- 2) According to Christopher Dimitroff, Seiner Property Officer/ Appraiser Park Dedication fees came into effect in 1975 and should have been payed as part of the 1976 permit. But there is no record of this but there is also missing records for most of the permit application for the 1976 conversion as well. This preferred solution will acknowledge that it is possible that the fees have been paid in the past and no fees are required now
  
- 3) Christopher Dimitroff, Seiner Property Officer/ Appraiser failed to acknowledge The City of Hamilton Bylaw No. 18-126 section 5 (6) on page 7 that a building that is designated or located within a heritage district under the Ontario Heritage Act and therefor a cash –in lieu fixed rate of \$579.00 per unit applies subject to annual indexing. This possible solution acknowledges that there may be a chance that no fees were paid in 1976 but takes into account section 5 (6) of bylaw 18-126

Please note that if the city fails to understand our argument and denies our challenge that we, if we choose, can cancel our permit application of 2019 then reapply since section 6 of bylaw 18-126 states that as of April 1, 2020 the dedication rate/fixed rate is limited to \$2000.00 per unit in the Hamilton Downtown Community Improvement Project Area (see page 7 By- Law 18-126). This is a far cry from \$14,419.00. However this still may force the owner to evict the tenant who he wants to stay but the city building inspector has been hounding the owner at every turn and threatening to sue the owner on behalf of the city unless he corrects the buildings illegal status without delay. This inspector who has been in the loop regarding our pending permit status and is aware of our current challenges remains unsympathetic. Thank you.

#### **The New Owner:**

My client, working with an Architect has also taken the necessary steps to ensure that his property is up to the standards of the Ontario Building Code to provide a clean, habitable living space that my tenant can enjoy in a relaxing atmosphere. The space has been tastefully decorated along with numerous updates. The final phase in this project will be the commercial office space. The owner of the building who is the owner of a local business Dutta Financial is relocating to 242 James St. He has plans on extensive renovations not only to the interior space of his location but to the physical appearance of the building and its land so that the property can have a refreshed appearance alongside with other historical buildings in the area. Paying such an egregious fee would definitely make a big impact in the existing plans, not to mention the fact that his local business is currently suffering from the covid-19

impact and only beginning to recover. Along this entire process, we didn't expect or budget for this fee that has been recently discovered. At this time, we ask that you take into account everything that we have mentioned here, to remove this fee from this application. Our intention is to reinvest back into Hamilton Downtown anyways, by bringing our business there as I think it's a great opportunity so please take this into consideration. I want to continue the rejuvenation of Hamilton Downtown, as it's gone through an overall over the last 10-15 years. Because I started my career in Downtown Hamilton, it's been a place that I've always cherished and hoped one day I can come back too. I've been lucky enough to not only have the opportunity to bring my business downtown but being an owner of a historical building on James St South. Thank you.

John Stirling Agent





**CITY OF HAMILTON**  
**CORPORATE SERVICES**  
**Financial Services and Taxation**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	2019 City of Hamilton Financial Report and Audited Financial Statements (FCS20052) (City Wide))
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Shelley Hesmer (905) 546-2424 Ext. 3020
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

That the 2019 City of Hamilton Financial Report and Audited Financial Statements, attached as Appendix "B" to Report FCS20052 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 FCS20052, present the consolidated statement of financial position of the Municipality as at December 31, 2019, the consolidated statement of operations for the year ended December 31, 2019, the consolidated statement of changes in net financial assets and the consolidated statement of cash flow.

**SUBJECT: 2019 City of Hamilton Financial Report and Audited Financial Statements (FCS20052) (City Wide) - Page 2 of 5**

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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, 2019. The Audit Findings Report of KPMG for the year ended December 31, 2019, is attached as Appendix "C" to Report FCS20052.

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 standards. The report from KPMG indicates that there were no significant internal control deficiencies during the 2019 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 on the City's Consolidated Financial Statements but did result in additional note disclosures. Effective January 1, 2019, the City adopted PS3430 Restructuring Transactions in their Consolidated Financial Statements. The adoption of this new standard had no financial impact on the City's Consolidated Financial Statements but did result in an additional note disclosure.

Appendix "A" to Report FCS20052 provides an overview of management's analysis of the 2019 Consolidated Financial Statements for the City of Hamilton. The 2019 Financial Report (Appendix "B" to Report FCS20052) contains the following information:

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

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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: 2019 City of Hamilton Financial Report and Audited Financial Statements (FCS20052) (City Wide) - Page 3 of 5**

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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.

**Alternatives for Consideration - Not Applicable**

**FINANCIAL - STAFFING - LEGAL IMPLICATIONS .**

Financial: Appendix "A" to Report FCS20052 provides an overview of management's analysis of the 2019 Consolidated Financial Statements of the City of Hamilton.

Staffing: There are no associated staffing implications.

Legal: There are no associated legal implications.

**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.

**SUBJECT: 2019 City of Hamilton Financial Report and Audited Financial Statements (FCS20052) (City Wide) - Page 4 of 5**

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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 2019 can be found in the financial statements in Appendix "B" to Report FCS20052, Note 23.

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 on the City's Consolidated Financial Statements but did result in additional note disclosures. Details of these new standards can be found in Appendix "B" to Report FCS20052, Note 1. The Audit Findings Report provided by KPMG in Appendix "C" to Report FCS20052 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, payments of contaminated sites and payments of landfill costs and revenues from the proceeds on the issuance of debentures or loans.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Not Applicable

**RELEVANT CONSULTATION**

KPMG LLP, our external auditors, performed the annual audit for the City of Hamilton financial statements for 2019 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 2019 City of Hamilton Financial Report and Audited Financial Statements are included in Appendix "B" to Report FCS20052.



**SUBJECT: 2019 City of Hamilton Financial Report and Audited Financial Statements (FCS20052) (City Wide) - Page 5 of 5**

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**ALTERNATIVES FOR CONSIDERATION**

Not Applicable.

**ALIGNMENT TO THE 2016 -2025 STRATEGIC PLAN**

**Our People and Performance**

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

**Community Engagement & 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.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report FCS20052 - Management's Analysis - 2019 City of Hamilton Consolidated Financial Statements

Appendix "B" to Report FCS20052 - 2019 City of Hamilton Financial Report

Appendix "C" to Report FCS20052 - KPMG's Audit Findings Report for the year ended December 31, 2019

SH/dw



**City of Hamilton  
2019 Consolidated Financial Statements  
Analysis – June 2020**

**General**

The City of Hamilton’s 2019 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 FCS20052, 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.

**Appendix “A” to Report FCS20052**  
**Page 2 of 11**

The consolidated financial statements report the financial transactions and estimates made by management during 2019. The consolidated financial statements report the 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 2019 by \$66.8M to \$1.848B and is reported in the consolidated financial statements as:

	<u>2019</u> \$000's	<u>2018</u> \$000's
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 187,704	\$ 130,292
Taxes receivable	86,309	80,972
Accounts receivable	131,232	119,048
Other assets	1,473	1,418
Long term receivables	47,379	63,573
Portfolio investments	1,069,908	1,056,507
Investment in Government Business Enterprises	<u>323,851</u>	<u>329,237</u>
Total financial assets	<u>\$ 1,847,856</u>	<u>\$ 1,781,047</u>

Cash and cash equivalents \$187.7M (2019)      \$130.3M (2018)

The total represents the balance in City’s bank accounts, deposits held and CityHousing short term investments. The bank accounts mainly consists of the City’s operating bank, accounts payable bank, payroll bank, Ontario Works bank, and CityHousing Hamilton bank. The balance increased in 2019 from 2018 as more money was held in the bank at year end.

**Appendix “A” to Report FCS20052**  
**Page 3 of 11**

Taxes Receivable \$86.3M (2019)      \$81M (2018)

Taxes receivable represent unpaid property tax bills net of estimates for allowances for uncollectible accounts. Taxes receivable represent 7.7% of current year’s tax levies (2018 – 7.3%). The 2019 balance includes an allowance for doubtful accounts of \$1.9M (2018 - \$2.9M).

Accounts Receivable \$131.2M (2019)      \$119M (2018)

Accounts receivable represents revenues earned by the City but not received at year end net of estimates of allowances for uncollectible accounts. The 2019 balance primarily consists of water and wastewater receivables (\$51.1M), general receivables & accruals (\$20.1M), HST receivables (\$9.9M), provincial and federal grants receivable (\$14.5M) and interest receivable (\$4.7M).

Long Term Receivables \$47.4M (2019)      \$63.6M (2018)

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>2019</u>	<u>2018</u>
	\$000's	\$000's
<b>Development charge deferral agreements</b>	\$30,012	\$37,253
<b>Mortgages receivable:</b>		
Downtown convert to rent program	5,425	13,043
Hamilton Utilities Corporation	6,480	6,804
Hamilton Renewable Power Inc.	0	278
Sheraton Hotel loan	755	868
Other City loan programs	3,764	3,987
<b>Loans to other agencies and organizations</b>	3,632	4,211
<b>Less: Provision for loans with concessionary terms</b>	<u>(2,689)</u>	<u>(2,871)</u>
	<u>\$47,379</u>	<u>\$63,573</u>

Portfolio Investments \$1.07B (2019)      \$1.057B (2018)

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 \$1.097B.

Investment in Government Business Enterprises \$323.9M (2019)      \$329.2M (2018)

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 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

**Appendix "A" to Report FCS20052**  
**Page 4 of 11**

statements. Dividends received in 2019 consisted of \$14M from HUC and \$0.1M from HRPI (2018 - \$11.4M from HUC and \$0.1M from HRPI).

**Liabilities**

The City's total liabilities position increased in 2019 by \$55M to \$1.59B and is reported in the consolidated financial statements as:

	<u>2019</u> \$000's	<u>2018</u> \$000's
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 339,830	\$ 323,521
Deferred revenue - general	42,542	45,196
Deferred revenue - obligatory reserve funds	331,278	237,055
Long term liabilities – municipal operations	385,742	432,088
Long term liabilities – CityHousing Corporation	46,967	52,803
Employee future benefits and other obligations	372,695	373,177
Solid waste landfill liabilities	<u>71,420</u>	<u>71,559</u>
Total liabilities	<u>\$ 1,590,474</u>	<u>\$ 1,535,399</u>

Accounts Payable and Accrued Liabilities \$339.8M (2019) \$323.5M (2018)

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 (\$202.8M), payroll accruals (\$22.6M), security deposits (\$41.5M), amounts for insurance claims (\$18.3M), and the present value of the City's commitment to the Randle Reef remediation project (\$1.9M).

Deferred Revenue - General. \$42.5M (2019) \$45.2M (2018)

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 primarily consists of federal and provincial government grants and subsidies (\$5.9M), future urban roads (\$14.9M), CityHousing (\$4.2M), general deferred (\$4.2M), and forestry (\$5.2M).

Deferred Revenue – Obligatory Reserve Funds \$331.3M (2019) \$237.1M (2018)

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:

	<u>2019</u> \$000's	<u>2018</u> \$000's
Development charge reserve funds	\$186,994	\$128,146
Recreational land dedicated under the Planning Act	56,154	42,763
Gasoline tax revenue: Provincial	9,699	17,332
Federal	54,846	27,604
Building Permit Revenue	23,493	20,700
Other (Main Street Revitalization)	<u>92</u>	<u>510</u>
	<u>\$331,278</u>	<u>\$237,055</u>

**Appendix “A” to Report FCS20052****Page 5 of 11**

Development charge and special area reserve fund balances increased in 2019. The increase is made up of \$116.4 million in collections less transfers to finance capital projects of \$49.4 million and transfers to operating of \$11.3 million. During 2019 the City received and accrued federal gas tax transfers of \$66.3 million and provincial gas tax transfers of \$2.9 million. Federal gas tax was allocated for capital upgrades to roads and bridges for \$38.2 million and to transit for \$2 million. The provincial gas tax was allocated to transit related projects for \$0.03M and transit operating budget \$10.9M. During 2019 the City received parkland dedication fees of \$15.4 million and \$3.7 million was allocated to capital projects for future development of city parks. Approximately \$2.3 million of the surplus building permit revenue in 2019 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                      \$385.7M (2019)    \$432.1M (2018)

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 2019, the City made principal repayments on long term debt of \$45.7M (2018 - \$37.7M) and principal repayments on leased tangible capital assets of \$0.6M (2018 - \$0.6M). No new debt was issued in 2019 for capital projects (2018 – \$110.8M).

Long Term Liabilities – CityHousing Operations                      \$47M (2019)    \$52.8M (2018)

Long term liabilities – CityHousing Operations represents the outstanding principal for loans and mortgages obtained to finance certain CityHousing capital expenditures and asset purchases. In 2019, CityHousing made principal repayments on long term debt of \$5.8M (2018 - \$5.7M).

CityHousing debenture debt issued by the Ontario Housing Corporation remains the obligation of the Province of Ontario as a result debenture debt of \$8.3M (2018 - \$11.0M) is not reported in the consolidated financial statements.

Employee Future Benefits and Other Obligations                      \$372.7M (2019)    \$373.2M (2018)

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 2019 estimates are provided by independent actuaries from actuarial valuations performed for 2019 or performed for earlier years and extrapolated for 2019. The estimates use assumptions for inflationary increases of 2% annually, a discount rate of 3% to 4.9%, payroll increases of 3%, and increases in pension plan assets of 4.4% to 4.9%. 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

**Appendix “A” to Report FCS20052**  
**Page 6 of 11**

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>2019</u> \$000's	<u>2018</u> \$000's
<b>Accrued Benefit Obligation</b>		
Sick leave benefit plan	\$ 58,789	\$ 57,470
Long term disability plan	33,431	27,869
Workplace safety and insurance board liabilities (WSIB)	97,787	93,436
Retirement benefits	153,571	151,311
Vacation benefits	26,806	26,906
Pension benefit plans	<u>(2,196)</u>	<u>9,917</u>
	368,188	366,909
Net unamortized actuarial gain (loss)	<u>4,507</u>	<u>6,268</u>
<b>Accrued Liability</b>	<b>\$ 372,695</b>	<b>\$ 373,177</b>
Less: Provisions in Reserves	<u>(67,885)</u>	<u>(66,073)</u>
<b>Unfunded Liability</b>	<b>\$ <u>304,810</u></b>	<b>\$ <u>307,104</u></b>

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 \$4.5M represents a loss in long term disability of \$5.9M, a loss in retirement benefits of \$13.5M, a loss in WSIB liabilities of \$8.5M, a loss in sick leave obligations of \$3.6M and a gain in the pension plans of \$36M. 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.

Provisions have been made in the reserves for \$67.9M (2018 - \$66.1M) to fund a portion of these liabilities. These liabilities are approximately 18% funded (2018 – 18.0%) and there is no PSAB requirement to fund the net unfunded liability portion of these employee benefits of \$304.8M 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 \$71.4M (2019)      \$71.6M (2018)

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



**Appendix “A” to Report FCS20052**  
**Page 7 of 11**

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 2019 was 41% (2018 – 30%).

Provisions have been made in a reserve of \$1.2M (2018 - \$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 2019 by \$253.6M to \$5.954B and is reported in the consolidated financial statements as:

	<u>2019</u> \$000’s	<u>2018</u> \$000’s
<b>Non-Financial Assets</b>		
Tangible capital assets	\$5,930,788	\$ 5,676,581
Inventories	15,672	15,174
Prepaid expenses	<u>7,361</u>	<u>8,425</u>
	<u>\$ 5,953,821</u>	<u>\$ 5,700,180</u>

Tangible Capital Assets (TCAs) \$5.95B (2019)    \$5.7B (2018)

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 \$5.95B 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, 2019 include:

	<u>2019</u> \$000’s	<u>2018</u> \$000’s
<b>General</b>		
Land	\$ 387,321	\$ 357,211
Land improvements	167,237	157,312
Buildings	815,472	817,598
Vehicles	148,259	137,501
Computer hardware and software	19,499	13,572
Other	93,335	95,871



**Appendix “A” to Report FCS20052**  
**Page 9 of 11**

## **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 \$25M as reported in report FCS19055.

The annual surplus in the Consolidated Statement of Operations of \$267.9M represents the excess of revenue over expenses for 2019 under PSAB’s full accrual basis of accounting and, therefore, is a different surplus than the operating budget surplus reported to Council.

**Revenue** decreased by \$53M to \$1.997B in 2019 from \$2.05B in 2018 and is reported in the Consolidated Statement of Operations as:

	Budget <u>2019</u> \$000's	Actual <u>2019</u> \$000's	Actual <u>2018</u> \$000's
<b>Revenue</b>			
Taxation	\$ 915,412	\$ 917,126	\$ 888,229
Government grants and contributions	441,934	447,833	454,774
User charges	350,781	372,145	347,637
Developer contributions earned	62,359	60,646	119,703
Donated tangible capital assets	21,715	21,715	46,862
Investment and dividend income	43,610	37,598	31,101
Net income from Government Business Enterprises	-	11,262	24,285
Other	<u>105,020</u>	<u>128,764</u>	<u>137,476</u>
Total revenue	<u>\$ 1,940,831</u>	<u>\$ 1,997,089</u>	<u>\$ 2,050,067</u>

The increase in taxation revenue includes the 2019 Operating Budget property tax increase of 3.15%.

**Appendix “A” to Report FCS20052**  
**Page 10 of 11**

Government grants and contributions revenues decreased by \$6.941M in 2019 from 2018. Significant government grants and contributions for operating budget programs and capital projects include:

	<u>2019</u> \$ 000's	<u>2018</u> \$ 000's
General government	\$1,697	\$ 2,062
Protection services	9,751	8,743
Transportation services	52,898	58,980
Environmental services	40,645	27,356
Health services	58,785	57,898
Social and family services	234,556	245,885
Social housing (after consolidations)	40,356	48,728
Recreation and cultural services	4,767	3,397
Planning and development	<u>4,378</u>	<u>1,725</u>
Total Funding	<u>\$447,833</u>	<u>\$ 454,774</u>

User charges of \$372.1M primarily consist of water and wastewater revenues of \$235.4M (\$210.8M in 2018) and transit fares and fees of \$66M (\$59.4M in 2018). Other user fees are recorded in recreation & cultural services of \$24.2M (\$23.3M in 2018), Social and family services of \$16.9M (\$16.3M in 2018), Waste diversion & disposal of \$8.6M (\$9.8M in 2018), planning and development of \$10.7M (\$12.2M in 2018) and protection services of \$6.2M (\$5.9M in 2018).

Development charges and sub-dividers contributions of \$60.6M was recognized as revenue in 2019 while unearned revenue is recorded as deferred revenue on the Statement of Financial Position.

Donated tangible capital assets of \$21.7M 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 consist of investment income of \$37.6M from City municipal and CityHousing operations from fixed income securities, bank balances and deposits.

Net income from Government Business Enterprises represents net income of \$11.3M from HUC, HRPI and HEHCO for 2019 (\$24.3M in 2018). This includes dividends to the City in 2019 of \$14M from HUC (\$11.4M in 2018) and \$0.1M from HRPI (\$0.1M in 2018). The other comprehensive income (loss) from Government Business Enterprises was a loss of \$2.6M in 2019 (2018 - \$39.7M loss) and represents the re-measurement gains and losses arising from HUC.

Other Revenue of \$128.8M represents revenue from licenses and permits of \$23M (\$21.1M in 2018), rents of \$45.4M (\$44.3M in 2018), fines and penalties of \$29.9M (\$30.7M in 2018) and other miscellaneous revenue of \$30.5M (\$41.4M in 2018).

**Appendix “A” to Report FCS20052**  
**Page 11 of 11**

**Expenses** decreased by \$34.7M to \$1.729B in 2019 from \$1.764B in 2018 and are reported in the Consolidated Statement of Operations as:

	Budget <u>2019</u> \$000's	Actual <u>2019</u> \$000's	Actual <u>2018</u> \$000's
<b>Expenses</b>			
General government	\$ 70,503	\$ 66,626	\$ 80,025
Protection services	325,029	330,258	324,227
Transportation services	344,165	337,719	320,005
Environmental services	257,790	252,778	284,271
Health services	105,749	106,057	102,868
Social and family services	320,347	309,361	316,819
Social housing	118,229	97,131	105,893
Recreation and cultural services	172,605	176,949	172,965
Planning and development	<u>57,510</u>	<u>52,263</u>	<u>56,785</u>
Total expenses	<u>\$1,771,927</u>	<u>\$ 1,729,142</u>	<u>\$ 1,763,858</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 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>2019</u> \$ millions	<u>2018</u> \$ millions
Salaries and benefits	\$ 797.6	\$ 780.1
Interest on long term debt	13.8	12.7
Materials and supplies	203.3	207.7
Contracted services	309.6	342.0
Rents and financial expenses	31.1	34.5
External transfers	168.5	190.5
Amortization	<u>205.2</u>	<u>196.4</u>
Total	<u>\$1,729.1</u>	<u>\$1,763.9</u>

Primary drivers for the decrease in expenses relate to the increase of \$17.5M in salaries, decrease of (4.4M) in materials, decrease of (\$32.4M) in contractual services, decrease of (\$3.4M) in rents and financials, decrease of (\$22M) in external transfers, increase of \$8.8M related to amortization.





Hamilton

# **FINANCIAL REPORT**

## **2019**

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

# City of Hamilton Financial Report 2019



## Contents

2019 City of Hamilton Five Year Financial and Statistical Review	<a href="#">Section 1</a>
2019 City of Hamilton Consolidated Financial Statements	<a href="#">Section 2</a>
2019 Consolidated Financial Statements for the City Trust Funds (Cemetery and General Trusts)	<a href="#">Section 3</a>
2019 Financial Statements for the Trust Funds for the Homes for the Aged	<a href="#">Section 4</a>

### **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 2019

**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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Operating Revenue</b>					
Taxation	\$ 917,126	\$ 888,229	\$ 876,880	\$ 854,709	\$ 831,645
Government grants and contributions	447,833	454,774	394,785	385,447	384,363
User charges	372,145	347,637	334,974	332,601	315,340
Development charges and subdivider contributions	60,646	119,703	50,313	82,025	25,611
Donated tangible capital assets	21,715	46,862	18,217	16,646	43,571
Investment and dividend income	37,598	31,101	28,070	27,067	30,284
Net income from Government Business Enterprises	11,262	24,285	134,914	22,857	18,758
Other	128,764	137,476	131,383	116,549	114,019
	<u>1,997,089</u>	<u>2,050,067</u>	<u>1,969,536</u>	<u>1,837,901</u>	<u>1,763,591</u>
<b>Operating Expenses by Function</b>					
General government	\$ 66,626	\$ 80,025	\$ 70,733	\$ 72,550	\$ 57,664
Protection services	330,258	324,227	312,564	306,629	300,362
Transportation services	337,719	320,005	326,274	310,190	318,605
Environmental services	252,778	284,271	239,488	238,553	219,339
Health services	106,057	102,868	99,125	98,443	105,377
Social and family services	309,361	316,819	315,218	302,830	294,343
Social housing	97,131	105,893	105,141	111,113	120,898
Recreation and cultural services	176,949	172,965	169,029	165,214	155,720
Planning and development	52,263	56,785	53,455	51,514	54,882
	<u>1,729,142</u>	<u>1,763,858</u>	<u>1,691,027</u>	<u>1,657,036</u>	<u>1,627,190</u>
<b>Net Operating Revenue or Annual Surplus from Operations</b>	<u>267,947</u>	<u>286,209</u>	<u>278,509</u>	<u>180,865</u>	<u>136,401</u>

Note: Amounts reported may have been restated from previous amounts presented to conform to 2019 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Taxation</b>					
Taxation from real property	\$ 1,102,694	\$ 1,071,092	\$ 1,056,723	\$ 1,032,999	\$ 1,010,050
Taxation from other governments/payments in lieu of taxes	\$ 16,551	\$ 16,256	\$ 17,042	16,469	15,367
Taxation collected on behalf of school boards	(202,119)	(199,119)	(196,885)	(194,759)	(193,772)
Net taxes available for municipal purposes	917,126	888,229	876,880	854,709	831,645
<b>Tax Levies</b>					
City portion	\$ 886,787	\$ 857,981	\$ 845,392	\$ 827,668	\$ 797,619
School Board portion	198,980	196,082	193,714	191,734	188,861
	1,085,767	1,054,063	1,039,106	1,019,402	986,480
<b>Tax arrears</b>					
Taxes receivable	\$ 86,309	\$ 80,972	\$ 77,918	\$ 83,730	\$ 85,429
Taxes receivable per capita	149	145	140	155	155
Taxes receivable as a percentage of current years' levies	7.9%	7.7%	7.5%	8.2%	8.7%
<b>Unweighted Taxable Assessment</b>					
Residential	\$ 66,000,132	\$ 61,518,082	\$ 57,306,633	\$ 53,366,322	\$ 50,882,588
Non-Residential	9,069,880	8,442,007	7,908,588	7,571,212	7,262,270
	75,070,012	69,960,089	65,215,221	60,937,534	58,144,858
<b>Weighted Taxable Assessment</b>					
Residential	\$ 69,119,831	\$ 61,745,624	\$ 61,208,842	\$ 57,357,959	\$ 54,721,738
Non-Residential	19,641,077	18,379,207	17,376,301	16,428,325	15,809,651
	88,760,908	80,124,831	78,585,143	73,786,284	70,531,389
<b>Residential vs Non-Residential Percentage of Total Weighted Taxable Assessment</b>					
Residential	78%	78%	78%	78%	78%
Non-Residential	22%	22%	22%	22%	22%
<b>Taxable Assessment Growth (weighted)</b>	1.2%	1.4%	1.4%	0.7%	1.6%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2019 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Operating Expenses by Object</b>					
Salaries, wages and employee benefits	\$ 797,631	\$ 780,052	\$ 755,403	\$ 741,847	\$ 723,337
Interest on long term liabilities	13,767	12,677	13,442	12,934	14,297
Materials	203,308	207,682	218,037	221,520	223,349
Contracted services	309,634	341,931	275,361	276,159	248,843
Rents and financial expenses	31,084	34,550	42,421	34,297	36,435
External transfers	168,471	190,538	194,241	184,546	202,881
Amortization of tangible capital assets	205,247	196,428	192,122	185,733	178,048
	<u>1,729,142</u>	<u>1,763,858</u>	<u>1,691,027</u>	<u>1,657,036</u>	<u>1,627,190</u>
<b>Operating Expenses as Percentage of Total</b>					
Salaries, wages and employee benefits	46.1%	44.2%	44.7%	44.8%	44.6%
Interest on long term liabilities	0.8%	0.7%	0.8%	0.8%	0.9%
Materials	11.8%	11.8%	12.9%	13.4%	13.7%
Contracted services	18.0%	19.5%	16.3%	16.7%	15.3%
Rents and financial expenses	1.8%	2.0%	2.5%	2.1%	2.2%
External transfers	9.7%	10.8%	11.5%	11.1%	12.5%
Amortization of tangible capital assets	11.8%	11.0%	11.3%	11.1%	10.8%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Long Term Liabilities</b>					
Long Term Liabilities incurred by the City	\$ 432,709	\$ 494,891	\$ 418,145	\$ 472,805	\$ 394,295
Long Term Debt incurred by the City for which other entities have assumed responsibility	-	-	-	-	(3,239)
	<u>432,709</u>	<u>494,891</u>	<u>418,145</u>	<u>472,805</u>	<u>391,056</u>
<b>Long Term Liabilities</b>					
Housing operations	\$ 46,967	\$ 52,803	\$ 58,508	\$ 64,070	\$ 69,466
City operations	385,742	432,088	359,637	408,735	321,590
	<u>432,709</u>	<u>484,891</u>	<u>418,145</u>	<u>472,805</u>	<u>391,056</u>
<b>Long term liabilities as a % of Reserves and Capital Surplus</b>					
	51.60%	57.30%	58.60%	62.20%	62.30%

Note: Amounts reported may have been restated from previous amounts presented to conform to 2019 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Tangible Capital Assets</b>					
General					
Land	\$ 387,321	\$ 357,211	\$ 333,818	\$ 315,467	\$ 304,977
Land improvements	167,237	157,312	152,325	150,337	135,252
Buildings	815,472	817,598	756,160	761,396	735,926
Vehicles	148,259	137,501	128,600	133,786	107,241
Computer hardware and software	19,499	13,572	11,821	11,058	7,876
Other	93,335	95,871	99,540	103,490	92,098
Infrastructure					
Roads	1,310,342	1,293,193	1,261,223	1,253,561	1,248,288
Bridges and structures	181,896	184,387	183,422	184,213	184,794
Water and wastewater facilities	395,495	398,743	403,647	396,884	385,404
Underground and other networks	1,986,865	1,861,011	1,789,334	1,761,542	1,713,019
Net Book Value	5,505,721	5,316,399	5,119,890	5,071,734	4,914,875
Assets under construction	425,067	360,182	309,974	199,680	235,413
	5,930,788	5,676,581	5,429,864	5,271,414	5,150,288
<b>Accumulated Surplus or Municipal Financial Position</b>					
Reserves and reserve funds					
Reserves	\$ 612,513	\$ 660,380	\$ 697,931	\$ 647,278	\$ 660,757
Hamilton Future Fund	52,963	48,635	44,322	43,079	37,711
	665,476	709,015	742,253	690,357	698,468
Capital surplus	\$ 173,857	\$ 136,894	\$ (28,137)	\$ 70,021	\$ (70,758)
Operating surplus	74,118	88,433	1,498	2,020	2,305
Investment in Government Business Enterprises	323,851	329,237	356,098	247,386	232,811
Investment in tangible capital assets	5,393,649	5,102,640	4,995,441	4,780,723	4,740,652
Unfunded liabilities - Employee future benefits	(348,328)	(348,832)	(343,679)	(333,787)	(326,627)
Unfunded liabilities - Solid waste landfill sites	(71,420)	(71,559)	(24,174)	(24,466)	(25,769)
	6,211,203	5,945,828	5,699,300	5,432,254	5,251,082

Note: Amounts reported may have been restated from previous amounts presented to conform to 2019 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Statistical Information</b>					
Population	579,000	572,575	563,480	558,397	550,700
Households	237,200	234,655	227,641	222,918	223,000
Area in hectares	112,775	112,775	112,775	112,775	112,775
Building Permit Values	\$1,408,521,764	\$1,264,757,129	\$1,364,145,419	\$1,056,237,746	\$1,108,192,846
Housing Starts	1,438	1,135	1,340	1,436	1,415
Residential Units - Building Permits	5,012	5,808	6,053	5,835	4,142
Average Monthly Social Assistance Case Load	11,248	11,884	12,807	12,753	12,946
Continuous Full Time Employees	6,841	6,724	6,664	6,670	6,597

Note: Amounts reported may have been restated from previous amounts presented to conform to 2019 Public Sector Accounting Board (PSAB) standards.

## Section 2

# City of Hamilton Consolidated Financial Statements 2019



## Contents

	<u>Section - Page</u>
Independent Auditors' Report	2-1 to 2-4
Consolidated Statement of Financial Position	2-5
Consolidated Statement of Operations	2-6
Consolidated Statement of Changes in Net Financial Assets	2-7
Consolidated Statement of Cash Flow	2-8
Notes to the Consolidated Financial Statements	2-9 to 2-40

## **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**

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## **Independent Auditors' Report**

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## City of Hamilton Consolidated Statement of Financial Position

For the year ended December 31, 2019 (all numbers are in thousands of dollars)

	<u>2019</u>	<u>2018</u>
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 187,704	\$ 130,292
Taxes receivable	86,309	80,972
Accounts receivable	131,232	119,048
Other assets	1,473	1,418
Long term receivables (Note 4)	47,379	63,573
Portfolio investments (Note 3)	1,069,908	1,056,507
Investment in Government Business Enterprises (Note 5)	323,851	329,237
<b>Total financial assets</b>	<u>\$ 1,847,856</u>	<u>\$ 1,781,047</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 339,830	\$ 323,521
Deferred revenue - general	42,542	45,196
Deferred revenue - obligatory reserve funds (Note 6 & 7)	331,278	237,055
Long term liabilities – municipal operations (Note 8)	385,742	432,088
Long term liabilities – housing corporation (Note 9)	46,967	52,803
Employee future benefits and other obligations (Note 10 & 11)	372,695	373,177
Solid waste landfill liabilities (Note 12)	71,420	71,559
<b>Total liabilities</b>	<u>1,590,474</u>	<u>1,535,399</u>
<b>Net financial assets</b>	<u>\$ 257,382</u>	<u>\$ 245,648</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 21)	\$ 5,930,788	\$ 5,676,581
Inventories	15,672	15,174
Prepaid expenses	7,361	8,425
<b>Total non-financial assets</b>	<u>5,953,821</u>	<u>5,700,180</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 6,211,203</u>	<u>\$ 5,945,828</u>

Contractual obligations (Note 17)

Contractual rights (Note 18)

Contingent liabilities (Note 20)

Subsequent event (Note 25)

See accompanying notes to the consolidated financial statements.

## City of Hamilton

### Consolidated Statement of Operations

For the year ended December 31, 2019 (all numbers are in thousands of dollars)

	Budget <u>2019</u> (Note 24)	Actual <u>2019</u>	Actual <u>2018</u>
<b>Revenue</b>			
Taxation (Note 15)	\$ 915,412	\$ <b>917,126</b>	\$ 888,229
Government grants and contributions (Note 16)	441,934	<b>447,833</b>	454,774
User charges, licences and fines	350,781	<b>372,145</b>	347,637
Developer contributions earned	62,359	<b>60,646</b>	119,703
Donated tangible capital assets	21,715	<b>21,715</b>	46,862
Investment and dividend income	43,610	<b>37,598</b>	31,101
Net income from Government			
Business Enterprises (Note 5)	-	<b>11,262</b>	24,285
Other	105,020	<b>128,764</b>	137,476
<b>Total revenue</b>	<b>1,940,831</b>	<b>1,997,089</b>	<b>2,050,067</b>
<b>Expenses</b>			
General government	\$ 70,503	\$ <b>66,626</b>	\$ 80,025
Protection services	325,029	<b>330,258</b>	324,227
Transportation services	344,165	<b>337,719</b>	320,005
Environmental services	257,790	<b>252,778</b>	284,271
Health services	105,749	<b>106,057</b>	102,868
Social and family services	320,347	<b>309,361</b>	316,819
Social housing	118,229	<b>97,131</b>	105,893
Recreation and cultural services	172,605	<b>176,949</b>	172,965
Planning and development	57,510	<b>52,263</b>	56,785
<b>Total expenses</b>	<b>1,771,927</b>	<b>1,729,142</b>	<b>1,763,858</b>
<b>Annual Surplus</b>	<b>\$ 168,904</b>	<b>\$ 267,947</b>	<b>\$ 286,209</b>
<b>Accumulated surplus</b>			
<b>Beginning of year</b>	<b>\$ 5,945,828</b>	<b>\$ 5,945,828</b>	<b>\$ 5,699,300</b>
Other comprehensive loss and other			
Government Business Enterprises (Note 5)	-	<b>(2,572)</b>	(39,681)
<b>End of year</b>	<b>\$ 6,114,732</b>	<b>\$ 6,211,203</b>	<b>\$ 5,945,828</b>

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, 2019 (all numbers are in thousands of dollars)

	Budget <u>2019</u> (Note 24)	Actual <u>2019</u>	Actual <u>2018</u>
<b>Operating activities</b>			
Annual surplus	\$ 168,904	\$ 267,947	\$ 286,209
Other comprehensive loss of			
Government Business Enterprises	-	(2,572)	(39,681)
Acquisition of tangible capital assets	(454,795)	(445,146)	(408,325)
Loss on disposition of tangible capital assets	7,407	7,407	12,039
Amortization of tangible capital assets	205,247	205,247	196,431
Donated tangible capital assets	(21,715)	(21,715)	(46,862)
Decrease in inventories	-	(498)	(2,618)
Increase in prepaid expenses	-	1,064	2,284
<b>Net increase (decrease) in financial assets</b>	<u>(94,954)</u>	<u>11,734</u>	<u>(523)</u>
<b>Net financial assets</b>			
Beginning of year	<u>245,648</u>	<u>245,648</u>	<u>246,171</u>
End of year	<u>\$ 150,694</u>	<u>\$ 257,382</u>	<u>\$ 245,648</u>

See accompanying notes to the consolidated financial statements.



## City of Hamilton Consolidated Statement of Cash Flows

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

	<u>2019</u>	<u>2018</u>
<b>Operating activities</b>		
Annual surplus	\$ 267,947	\$ 286,209
Increase in taxes receivable	(5,337)	(3,054)
(Increase) decrease in accounts receivable	(12,184)	1,357
Increase in other assets	(53)	(91)
Increase in accounts payable and accrued liabilities	16,308	4,334
Decrease in deferred revenue - general	(2,654)	(22,471)
Increase (decrease) in deferred revenue - obligatory reserve fund	94,223	(15,101)
Increase in inventories	(498)	(2,618)
Decrease in prepaid expenses	1,064	2,284
<b>Non-cash activities</b>		
Amortization of tangible capital assets	205,247	196,431
Donated tangible capital assets	(21,715)	(46,862)
Loss on disposition of tangible capital assets	7,407	12,039
Net income from Government Business Enterprises	(11,262)	(24,285)
Change in employee future benefits and other obligations	(482)	5,590
Change in solid waste landfill liabilities	(139)	47,385
	<u>537,872</u>	<u>441,147</u>
<b>Investing activities</b>		
Increase in portfolio investments	(13,401)	(108,579)
Decrease (increase) in long term receivables	16,194	(11,449)
Dividends received from Government Business Enterprises	14,076	11,464
	<u>16,869</u>	<u>(108,564)</u>
<b>Financing activities</b>		
Long term debt issued – municipal operations	-	110,820
Debt principal repayment – municipal operations	(45,728)	(37,749)
Lease obligation payment – municipal operations	(619)	(619)
Debt principal repayment – housing corporation	(5,836)	(5,705)
	<u>(52,183)</u>	<u>66,747</u>
<b>Capital activities</b>		
Purchase of tangible capital assets	(445,146)	(408,325)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>57,412</b>	<b>(8,995)</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>130,292</u>	<u>139,287</u>
End of year	<u>\$ 187,704</u>	<u>\$ 130,292</u>

See accompanying notes to the consolidated financial statements.

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# City of Hamilton

## Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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### 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 2018, 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.

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# City of Hamilton

## Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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### 1. Significant accounting policies (continued)

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

Cemetery trust, and general trust funds administered by the City amounting to \$20,060,000 (2018 - \$18,788,000) 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 \$404,000 (2018 - \$383,000) 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 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.

#### (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, cash equivalents

Cash and cash equivalents include cash on hand, cash held in financial institutions and temporary investments with maturities of 365 days or less. Investments are valued at cost and are written down when there is a decrease in value.

**City of Hamilton**  
**Notes to Consolidated Financial Statements**

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

**1. Significant accounting policies (continued)**

**(e) Portfolio investments**

Portfolio investments mainly comprise of federal, provincial and municipal government bonds and deposit notes and short term instruments of financial institutions. 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:

General - Land improvements	20 to 75 years
General - Buildings	20 to 50 years
General - Vehicles	3 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, storm and road linear	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.

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# City of Hamilton

## Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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### 1. Significant accounting policies (continued)

#### (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.

#### (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 City 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.

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# City of Hamilton

## Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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### 1. Significant accounting policies (continued)

#### (o) 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. As at December 31, 2019, there are no such related party transactions to disclose.

#### (p) 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. As at December 31, 2019, there are no such contingent assets to disclose.

#### (q) Contractual rights

Contractual rights requires 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. Contractual rights are reported in note 18.

#### (r) 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, 2019, all material assets have been disclosed and reported within this definition.

#### (s) 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. For the year ended December 31, 2019, there were no material inter-entity transactions to disclose.

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### 2. Adoption of New Accounting standards

The following standard issued by PSAB was effective January 1, 2019. The implementation of this standard had no impact on the annual surplus, net debt or accounting surplus, but resulted in an additional note disclosure.

#### (a) PS 3430 Restructuring transactions

Restructuring transactions establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. Financial statement presentation and disclosure is required. For the year ended December 31, 2019 there is no restructuring transaction to be disclosed.

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

#### 3. Cash and cash equivalents and portfolio investments

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents are comprised of:		
Cash on hand	\$ 157	\$ 141
Cash held in banks	181,331	123,968
Temporary investments	6,216	6,183
	<u>\$ 187,704</u>	<u>\$ 130,292</u>
Portfolio investments are comprised of:		
Unrestricted investments	\$ 685,667	\$ 770,817
Designated investments (obligatory reserve funds)	331,278	237,055
Designated investments (Hamilton Future Fund)	52,963	48,635
	<u>\$ 1,069,908</u>	<u>\$ 1,056,507</u>

Portfolio investments have a market value of \$1,094,050,000 (2018 - \$1,054,605,000). The City has purchased \$3,057,000 (2018 - \$3,056,000) of its own debentures which have not been cancelled. This investment in its own debenture is included in portfolio investments on the consolidated statement of financial position. The gross amounts of these debentures is \$383,001,000 (2018 - \$428,728,000)

#### 4. Long term receivables

The City has long -term receivables in the amount of \$47,379,000 (2018 - \$63,573,000.) The long-term receivables are comprised of:

	<u>2019</u>	<u>2018</u>
<b>Development charge deferral agreements</b>	<b>\$ 30,012</b>	<b>\$ 37,253</b>
<b>Mortgages receivable:</b>		
Downtown convert to rent program	5,425	13,043
Hamilton Utilities Corporation	6,480	6,804
Hamilton Renewable Power Inc.	-	278
Sheraton Hotel loan	755	868
Other City loan programs	3,764	3,987
<b>Loans to other agencies and organizations</b>	<b>3,632</b>	<b>4,211</b>
<b>Less: Provision for loans with concessionary terms</b>	<b>(2,689)</b>	<b>(2,871)</b>
	<u><b>\$ 47,379</b></u>	<u><b>\$ 63,573</b></u>

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.

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

#### 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 2019 and 2018 is as reported by the Hamilton Utilities Corporation, Hamilton Enterprises Corporation and Hamilton Renewable Power Inc.

	<u>2019</u>	<u>2018</u>
Net income from H.U.C.	\$ 12,899	\$ 25,517
Net loss from H.E.H.C.O.	(1,815)	(1,366)
Net income from H.R.P.I.	178	134
	<u>\$ 11,262</u>	<u>\$ 24,285</u>

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

	<u>2019</u>	<u>2018</u>
Investment in H.U.C.	\$ 327,254	\$ 330,896
Investment in H.E.H.C.O.	(3,172)	(1,357)
Investment in H.R.P.I.	(231)	(302)
	<u>\$ 323,851</u>	<u>\$ 329,237</u>



## City of Hamilton Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (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, 2019 and December 31, 2018 respectively.

	<u>2019</u>	<u>2018</u>
<b>Financial Position</b>		
Current assets	\$ 388	\$ 1,714
Notes receivable from Corporation	51,772	51,772
Long term receivables	6,156	6,480
Due from related parties	2,130	-
Future payments in lieu of income taxes	461	-
Investment in Alectra Holdings Inc.	351,550	356,595
Total assets	<u>\$ 412,457</u>	<u>\$ 416,561</u>
Current liabilities		
(including current portion of long term debt)	324	1,910
Non-current liabilities	74,100	72,976
Total liabilities	<u>74,424</u>	<u>74,886</u>
Change in equity on restructuring	10,779	10,779
Shareholder's equity	<u>\$ 327,254</u>	<u>\$ 330,896</u>
<b>Results of operations</b>		
Revenues	\$ 353	\$ 386
Operating expenses	(816)	(3,150)
Equity income in Alectra Holdings Inc.	10,541	19,272
Financing expenses	(248)	(282)
Other income	248	442
Gain on dilution of investment in Alectra Holdings Inc.	979	-
Equity earnings from operations	<u>11,057</u>	<u>16,668</u>
Recovery of taxes	1,842	8,849
Net income before other comprehensive income	<u>12,899</u>	<u>25,517</u>
Other comprehensive (loss) income	(2,572)	816
Refundable dividend tax on hand	-	(40,506)
Net income (loss)	<u>\$ 10,327</u>	<u>\$ (14,173)</u>
Dividends paid	13,969	11,361

#### 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. Included in receivables 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, 2019, the City has not given notice that it will not renew the loan agreement as such, the loan remains in non-current liabilities.

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (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, 2019 and December 31, 2018 respectively.

	<u>2019</u>	<u>2018</u>
<b>Financial Position</b>		
Current assets	\$ 8,376	\$ 5,169
Capital assets	53,086	53,858
Intangible Assets	1,617	2,003
Right-of-use assets	4,028	-
Goodwill	571	571
Future payments in lieu of income taxes	4,514	31
Total assets	<u>72,192</u>	<u>61,632</u>
Current liabilities		
(including current portion of long term debt)	7,678	2,433
Non-current liabilities	78,762	71,624
Total liabilities	<u>86,440</u>	<u>74,057</u>
Shareholder's deficit		
Non-controlling interest	83	91
Opening equity	(11,159)	(11,159)
Total shareholder's deficit	<u>\$ (3,172)</u>	<u>\$ (1,357)</u>
<b>Results of operations</b>		
Revenues	\$ 14,307	\$ 11,138
Operating expenses	(15,686)	(11,896)
Financing expense	(1,187)	(750)
Other income	199	135
Equity earnings from operations	<u>(2,367)</u>	<u>(1,373)</u>
Recovery of taxes	<u>(544)</u>	<u>(7)</u>
Net loss before dividends	(1,823)	(1,366)
Other comprehensive income	-	4
Non-controlling interest	8	5
Net loss	<u>\$ (1,815)</u>	<u>\$ (1,357)</u>

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (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, 2019 and December 31, 2018 respectively.

	<u>2019</u>	<u>2018</u>
<b>Financial Position</b>		
Current assets	\$ 1,132	\$ 850
Capital assets	5,602	6,187
Other assets	32	32
Total assets	<u>6,766</u>	<u>7,069</u>
Current liabilities		
(Including current portion of long term debt)	685	996
Future payment in lieu of taxes	312	375
Total liabilities	<u>997</u>	<u>1,371</u>
Shareholder's equity	6,000	6,000
Net deficit	<u>\$ (231)</u>	<u>\$ (302)</u>
<b>Results of operations</b>		
Revenues	\$ 3,199	\$ 3,041
Expenses	(3,021)	(2,907)
Net income	<u>\$ 178</u>	<u>\$ 134</u>
Dividends paid	107	103

#### Government Business Enterprises - related party transactions

The following summarizes the Corporations related party transactions with Government Business Enterprises for the year ended December 31.

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Dividend revenue from H.U.C.	\$ 13,969	\$ 11,361
Dividend revenue from H.R.P.I.	107	103
Property and other taxes received by the City from H.U.C.	529	632
Sale of Methane to H.R.P.I.	814	771
<b>Expenditures</b>		
Hydro purchased by the City from H.E.H.C.O.	37,874	34,447
Thermal Energy purchased from H.R.P.I.	284	224
<b>Assets</b>		
Accounts receivable from H.R.P.I.	415	392
Long term receivable from H.U.C.	6,480	6,804

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

#### 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>2019</u>	<u>2018</u>
Development charge reserve funds	\$ 186,994	\$ 128,146
Recreational land dedicated under the Planning Act	56,154	42,763
Gasoline tax revenue: Provincial	9,699	17,332
Federal	54,846	27,604
Building Permit Revenue	23,493	20,700
Other (Main Street Revitalization)	92	510
	<u>\$ 331,278</u>	<u>\$ 237,055</u>

#### 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>2019</u>	<u>2018</u>
Balance at the beginning of the year	\$ 237,055	\$ 252,156
Add:		
Developer and other contributions	134,567	94,686
Interest earned	6,516	6,219
Provincial and Federal Funding	69,166	44,474
	<u>210,249</u>	<u>145,379</u>
Less:		
Contributions used in operating and capital funds	116,026	160,480
Balance at the end of the year	<u>\$ 331,278</u>	<u>\$ 237,055</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 2020 to 2044 with interest rates varying between 1.61% and 5.05% and obligations for leased tangible capital assets with payments from 2020 to 2051 at a discount rate of 5%. The balance of long term liabilities consists of the following:

	<u>2019</u>	<u>2018</u>
Long term liabilities incurred by the City	\$ 383,001	\$ 428,728
Long term liabilities for leased tangible capital assets incurred by the City	2,741	3,360
Net long term liabilities	<u>\$ 385,742</u>	<u>\$ 432,088</u>

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

#### 8. Long term liabilities – municipal operations (continued)

- (b) Of the \$383,001,000 long term debt (2018 - \$428,728,000) 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>2019</u>	<u>2018</u>
General Revenue	\$ 255,373	\$ 290,812
Water & Wastewater user charges	<u>127,628</u>	<u>137,916</u>
	<u>\$ 383,001</u>	<u>\$ 428,728</u>

- (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	<u>2019</u>
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	22,548	12,046	\$ 34,594
2025 and thereafter	119,285	67,026	\$ 186,311
Total	<u>\$ 255,373</u>	<u>\$ 127,628</u>	<u>\$ 383,001</u>

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

	<u>2019</u>
2020	\$ 619
2021	335
2022	62
2023	62
2024	62
2025 and thereafter	<u>1,601</u>
Total	<u>\$ 2,741</u>

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

	<u>2019</u>	<u>2018</u>
Principal repayments	\$ 45,728	\$ 37,749
Interest expense	<u>12,161</u>	<u>10,967</u>
	<u>\$ 57,889</u>	<u>\$ 48,716</u>

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

	<u>2019</u>	<u>2018</u>
Principal repayments	\$ 619	\$ 619
Interest expense	<u>257</u>	<u>247</u>
	<u>\$ 876</u>	<u>\$ 866</u>

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## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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#### 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 2020 to 2030 with interest rates varying between 0.96% and 5.83%. The mortgage obligations for CityHousing Hamilton are \$46,967,000 (2018 - \$52,803,000).

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

		<u>2019</u>
2020	\$	8,461
2021		6,308
2022		12,727
2023		3,473
2024		7,550
2025 and thereafter		8,448
	<u>\$</u>	<u>46,967</u>

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

		<u>2019</u>		<u>2018</u>
Principal repayments	\$	5,836	\$	5,705
Interest expense		1,349		1,463
	<u>\$</u>	<u>7,185</u>	<u>\$</u>	<u>7,168</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 \$8,340,000 (2018 - \$11,000,000), 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.

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## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (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>2019</u>	<u>2018</u>
<b>Accrued Benefit Obligation</b>		
Sick leave benefit plan	\$ 58,789	\$ 57,470
Long term disability	33,431	27,869
Workplace safety and insurance board liabilities (WSIB)	97,787	93,436
Retirement benefits	153,571	151,311
Vacation benefits	26,806	26,906
Pension benefit plans (Note 10 (f))	<u>(2,196)</u>	<u>9,917</u>
	<b>368,188</b>	<b>366,909</b>
Net unamortized actuarial gain	1,513	5,762
Valuation Allowance	<u>2,994</u>	<u>506</u>
<b>Accrued Liability</b>	<b><u>\$ 372,695</u></b>	<b><u>\$ 373,177</u></b>

The City has established reserves for some of these liabilities totalling \$67,885,000 (2018 - \$66,073,000) as described in the following notes.

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

	<u>2019</u>	<u>2018</u>
<b>Liability for Employee Future Benefits and Other Obligations</b>		
<b>balance at beginning of the year</b>	<b>\$ 373,177</b>	<b>\$ 367,587</b>
Plan amendment per actuarial valuation	2,488	2,940
Benefit expense	32,101	28,033
Interest expense	13,420	12,255
Amortization of actuarial loss on accrued benefit obligations	3,220	2,873
Amortization of actuarial gain on earnings on pension assets	(3,261)	(1,802)
Benefit payments	<u>(48,450)</u>	<u>(38,709)</u>
Liability for Employee Future Benefits and Other Obligations		
balance at end of the year	<b><u>\$ 372,695</u></b>	<b><u>\$ 373,177</u></b>

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (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>2019</u>	<u>2018</u>
Plan amendment per actuarial valuation	\$ 2,488	\$ 2,940
Benefit expense	32,101	28,033
Interest expense	13,420	12,255
Amortization of net actuarial loss	(41)	1,071
	<u>\$ 47,968</u>	<u>\$ 44,299</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	Return	Inflation	Payroll	Dental	Life
	Rate	on Assets	Rate	Increases	Increases	Expectancy (Years)
Vested sick leave	3.50%	NA	2.0%	3.0%	NA	15
Long term disability	3.00%	NA	2.0%	3.0%	NA	8.0
Workplace safety and insurance	3.50%	NA	2.0%	3.0%	NA	10.0
Retirement Benefits Health and Dental	3.75%	NA	2.0%	3.0%	4.0%	19
Pensions Benefits (non-OMERS)	4.40 to 4.90%	4.40 to 4.90%	2.0%	NA (1)	NA	7.44 to 9.3

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 \$58,789,000 (2018 – \$57,470,000). Changes in valuation assumptions have resulted in an increase in the liability to \$58,789,000 from the expected liability of \$55,214,000. The actuarial loss as at December 31, 2019 of \$3,575,000 is being amortized over 15 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 \$9,586,000 (2018 - \$8,069,000).



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## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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#### 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, 2019 has estimated the accrued benefit obligation at \$33,431,000 (2018- \$27,869,000). Changes in valuation assumptions have resulted in an increase in the liability of \$33,431,000 from the expected liability of \$27,550,000. The actuarial loss as at December 31, 2019 of \$5,881,000 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 \$15,612,000 (2018 - \$15,814,000)

##### (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, 2019 estimated the accrued benefit obligation for workplace safety & insurance existing claims and future pension awards at \$97,787,000 (2018 - \$93,436,000). Changes in valuation assumptions have resulted in an increase in the liability to \$97,787,000 from the expected liability of \$89,286,000. The actuarial loss of \$8,501,000 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 \$41,110,000 (2018 - \$40,652,000).

##### (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 \$153,571,000 (2018 - \$151,311,000). Changes in valuation assumptions have resulted in an increase in liability to \$153,571,000 from the expected liability of \$140,027,000. The actuarial loss of \$13,544,000 is being amortized over 19 years, which is the expected average remaining life expectancy of the plan members in various groups. The City has \$7,430,000 (2018 - \$7,122,000) set aside in the Consolidated Statements of Financial Position to assist with this liability.

##### (e) Liability for vacation benefits

The City is liable for vacation days earned by its employees as at December 31, 2019 but not taken until a later date. The liability as at December 31, 2019 has been estimated at \$26,806,000 (2018 - \$26,906,000), of which \$16,938,000 is funded by City departments' budgets (2018 - \$17,223,000). Reserves established to provide for this liability are included on the Consolidated Statement of Financial Position in the amount of \$1,577,000 (2018 - \$1,538,000), and the remaining liability of \$8,291,000 is unfunded (2018 - \$8,145,000)

##### (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 asset of the pension plans at \$2,196,000 from an obligation of \$9,917,000 in 2018. Changes in valuation resulted in an asset of \$2,196,000 from an expected liability of \$33,812,000. The actuarial gain of \$36,008,000 is being amortized over 7.4 to 9.3 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, 2019 (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 7,226 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, 2019 indicates a "going concern" Actuarial Deficit based on the plan's current member and employer contribution rates. Contributions were made in the 2019 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 \$60,176,000 (2018 - \$59,519,000) 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 317 current employees and 955 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>2019</u>	<u>2018</u>
Accrued pension benefit obligation	\$ 335,238	\$ 321,429
Pension plan assets		
Marketable securities (Market Value)	<u>(337,434)</u>	<u>(311,512)</u>
Other assets	(2,196)	9,917
Unamortized actuarial gain	<u>33,014</u>	<u>33,363</u>
Accrued pension liability	<u>30,818</u>	43,280
Valuation allowance	2,994	506
Adjusted accrued pension liability	<u>\$ 33,812</u>	<u>\$ 43,786</u>

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (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>2019</u>	<u>2018</u>
Expected pension fund assets at the end of year	\$ 312,488	\$ 342,517
Actual pension fund assets at end of year	<u>337,434</u>	<u>311,512</u>
Actuarial gain (loss) on pension fund assets	<u>24,946</u>	<u>(31,005)</u>
Expected accrued pension benefit obligation at end of year		
Actual accrued pension benefit obligation at end of year	314,820	337,402
Accrued pension benefit obligation	<u>335,238</u>	<u>321,429</u>
Actuarial (loss) gain on accrued pension benefit obligation	<u>\$ (20,418)</u>	<u>\$ 15,973</u>

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

	<u>2019</u>	<u>2018</u>
Amortization of net actuarial loss on accrued pension benefit obligation	\$ (2,198)	\$ (81)
Amortization of net actuarial loss on pension plan assets	<u>(2,680)</u>	<u>(4,599)</u>
Net amortization	<u>(4,878)</u>	<u>(4,680)</u>
Interest on average accrued pension benefit obligation	\$ 16,727	\$ 16,305
Expected return on average pension plan assets	<u>(16,405)</u>	<u>(16,364)</u>
Net interest	<u>322</u>	<u>(59)</u>
Change in valuation allowance	<u>2,488</u>	<u>506</u>
Total expenses	<u>\$ (2,068)</u>	<u>\$ (4,233)</u>

Payment of \$7,907,303 (2018 - \$7,633,836) 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, 2019 will be funded by the City with payments as follows:

2020		\$ 4,267
2021		3,722
2022		3,722
2023		2,471
2024 and thereafter		<u>10,535</u>
Total		<u>\$ 24,717</u>

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## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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#### 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. Filling was initiated at Phase 2 in mid-December and therefore as of December 31, 2019 still retained an estimated 4,855,000 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 2019 approximately 41% of waste generated was diverted from landfills (2018 - 30%).

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 3.0% inflation. These costs are then discounted back to December 31, 2019 using a discount factor of 4.0%. 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 \$80,076,000 (2018 - \$78,973,000). The expenses remaining to be recognized are \$8,656,000 (2018 - \$7,414,000). The liability of \$71,420,000 (2018 - \$71,559,000) 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 \$1,189,000 (2018 - \$1,134,000) was established to finance the future cost for closed landfill sites.

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## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (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>2019</u>	<u>2018</u>
Reserves and discretionary reserve funds set aside for specific purposes by Council are comprised of the following:		
Working funds	\$ 84,933	\$ 84,867
Contingencies	996	971
Replacement of equipment	51,225	61,433
Sick leave (Note 10)	9,586	8,069
Workplace Safety and Insurance Board (WSIB) (Note 10)	41,110	40,652
Pension plans	3,341	3,258
Tax stabilization	20,760	23,215
General government	16,785	8,848
Protection services	1,184	642
Transportation services	25,396	23,319
Environmental services	224,625	259,368
Health and social services	5,478	8,945
Recreation and cultural services	23,848	26,019
Planning and development	8,046	13,190
Other unallocated	95,200	97,584
Hamilton Future Fund (Note 14)	52,963	48,635
<b>Total reserves and discretionary reserve funds</b>	<b>\$ 665,476</b>	<b>\$ 709,015</b>
Operating surplus		
Flamborough recreation sub-committees	\$ 227	\$ 267
Business improvement areas	1,268	1,221
Housing operations	72,343	86,500
Confederation Park operations	280	445
<b>Total operating surplus</b>	<b>\$ 74,118</b>	<b>\$ 88,433</b>
Capital surplus		
Municipal operations	\$ 113,897	\$ 119,822
Housing operations	59,960	17,072
<b>Total capital surplus</b>	<b>\$ 173,857</b>	<b>\$ 136,894</b>
Unfunded liabilities		
Employee benefit obligations	\$ (348,328)	\$ (348,832)
Solid Waste landfill liabilities	(71,420)	(71,559)
<b>Total unfunded liabilities</b>	<b>\$ (419,748)</b>	<b>\$ (420,391)</b>
Investment in Government Business Enterprises (Note 5)	\$ 323,851	\$ 329,237
Investment in tangible capital assets	\$ 5,393,649	\$ 5,102,640
<b>Accumulated surplus</b>	<b>\$ 6,211,203</b>	<b>\$ 5,945,828</b>

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (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>2019</u>	<u>2018</u>
Balance at the beginning of the year	\$ 48,635	\$ 44,322
<b>Current operations</b>		
Investment income	1,203	1,232
Repayment of Waste Management Projects	8,440	8,648
St Joseph's Healthcare Hamilton Foundation	-	(675)
Westdale Cinema Group	-	(250)
Other	(1,142)	(586)
	<u>8,501</u>	<u>8,369</u>
<b>Tangible capital assets</b>		
Waste Management Projects	(173)	(13)
Parkland	(4,000)	(43)
Other	-	(4,000)
	<u>(4,173)</u>	<u>(4,056)</u>
Balance at the end of the year	<u>\$ 52,963</u>	<u>\$ 48,635</u>

#### 15. Taxation

	Budget <u>2019</u>	Actual <u>2019</u>	Actual <u>2018</u>
Taxation from real property	\$ 1,098,165	\$ 1,102,694	\$ 1,071,092
Taxation from other governments payments in lieu of taxes	16,227	16,551	16,256
	<u>1,114,392</u>	<u>1,119,245</u>	<u>1,087,348</u>
Less: Taxation collected on behalf of school boards	(198,980)	(202,119)	(199,119)
Net taxes available for municipal purposes	<u>\$ 915,412</u>	<u>\$ 917,126</u>	<u>\$ 888,229</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, 2019 (all numbers in columns are in thousands of dollars)

### 16. Government transfers

	<u>2019</u>	<u>2018</u>
<b>Government transfers received:</b>		
Policing	\$ 4,447	\$ 4,518
Court security	4,947	4,201
Transit	5,019	4,300
Waste diversion	5,095	5,093
Public Health	33,218	33,381
Ambulance services	25,300	24,517
Social assistance	133,015	137,819
Long term care homes	22,783	22,157
Child care	78,758	84,389
Housing	23,672	30,000
Federal and provincial gas tax	51,241	39,212
Other	4,126	3,855
Infrastructure	56,212	61,332
	<u>\$ 447,833</u>	<u>\$ 454,774</u>
	<u>2019</u>	<u>2018</u>
<b>Government transfers paid:</b>		
Social assistance	\$ 124,549	\$ 131,160
Social housing	53,050	55,788
Grants	22,221	22,538
	<u>\$ 199,820</u>	<u>\$ 209,486</u>

### 17. Contractual obligations

- (a) The City has outstanding contractual obligations of approximately \$556,293,000 at December 31, 2019 for capital works (2018 - \$488,067,000). 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, 2019 amounting to \$2,810,000 (2018 - \$3,307,000) are not reflected in the Consolidated Financial Statements. Payments made to the Ontario Realty Corporation amounting to \$497,000 in 2019 (2018 - \$158,000) 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, 2019 of \$3,460,000 (2018 - \$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 \$500,000 in 2019 (2018 - \$367,000) 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 \$7,883,000 for 2019 (2018 - \$7,969,000) are reported in the Consolidated Statement of Operations.

## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

#### 17. Contractual obligations (continued)

- (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 \$17,602,000 for 2019 (2018 - \$18,393,000) are reported in the Consolidated Statement of Operations.
- (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 1<sup>st</sup> day of July, 2017, and ending on the 30<sup>th</sup> 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 \$22,545,000 for 2019 (2018 - \$20,622,000) 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 \$47,735,000 (2018 - \$37,332,000). The minimum lease payments for these leases over the next five years and thereafter are:

2020	\$	6,716
2021		4,859
2022		3,289
2023		3,082
2024		2,869
2025 and thereafter		26,920
Total	\$	47,735

- (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, 2019, 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, 2019, the remaining principal balance for the second term loan is \$20,269,000 (2018 - \$22,802,000). 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."



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## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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#### 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 \$5,200,000 per year.

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#### 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 \$18,315,000 (2018 - \$20,292,000). Claim expenses for the year in the amount of \$8,423,000 (2018 - \$7,930,000) are reported as expenses in the Consolidated Statement of Operations.

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#### 20. Contingent liabilities

The City has outstanding contractual obligations with its unionized employee groups as of December 31, 2019. An estimated liability has been recorded on the Consolidated Statement of Financial Position to fund the six outstanding settlements. In December 2019 two of these unionized groups reached a settlement and subsequent to December 31, 2019 both were paid the outstanding retroactive payments.

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## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

#### 21. Tangible Capital Assets

Details of the tangible capital assets are included in the Schedule of Tangible Capital Assets (pages 2-37 and 2-38). The City has tangible capital assets valued at cost in the amount of \$9,372,722,000 (2018 - \$8,982,686,000) and a net book value of \$5,930,788,000 (2018 - \$5,676,581,000). The net book value of the tangible capital assets valued as at December 31, 2019 is as follows:

	<u>2019</u>	<u>2018</u>
General		
Land	\$ 387,321	\$ 357,211
Land improvements	167,237	157,312
Buildings	815,472	817,598
Vehicles	148,259	137,501
Computer hardware and software	19,499	13,572
Other	93,335	95,871
 Infrastructure		
Roads	1,310,342	1,293,193
Bridges and structures	181,896	184,387
Water and wastewater facilities	395,495	398,743
Underground and other networks	<u>1,986,865</u>	<u>1,861,011</u>
 Net Book Value	 5,505,721	 5,316,399
 Assets under construction	 <u>425,067</u>	 <u>360,182</u>
 Balance at the end of the year	 <u>\$ 5,930,788</u>	 <u>\$ 5,676,581</u>

Included are leased tangible capital assets with a net book value of \$2,741,000 (2018 - \$3,360,000). 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.

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## City of Hamilton

# Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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### 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 2-39 and 2-40).

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### 23. Liability for Contaminated Sites

The City of Hamilton estimates liabilities of \$8,993,000 as at December 31, 2019 for remediation of various lands using a risk-based approach (2018 - \$9,308,000). Total future undiscounted expenditures are estimated at \$11,889,000. 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 (2018 – nil).

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### 24. Budget figures

The 2019 operating budget and capital financing for the housing corporation was approved by the CityHousing Hamilton Board at a meeting on December 20, 2018. The 2019 operating budget and capital financing for municipal operations was approved by City Council at a meeting on March 27, 2019.

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, 2019 (all numbers in columns are in thousands of dollars)

#### 24. Budget figures (continued)

	<u>2019</u>
<b>Revenue</b>	
Council Approved Gross Revenue Operating Budget - Municipal	\$ 1,739,888
Council Approved Gross Revenue Capital Budget - Municipal	510,948
	2,250,836
Board Approved Gross Revenue Operating Budget - Housing Corporation	60,069
Board Approved Gross Revenue Capital Budget - Housing Corporation	8,688
	68,757
<b>Adjustments to Revenues</b>	
Less: Transfers from reserves and reserve funds Operating Budget Municipal Operations	(25,397)
Less: Transfers from reserves and reserve funds Capital Budget Municipal Operations	(171,720)
Less: Transfers from capital fund to current fund - Municipal Operations	(179,587)
Less: Transfers from capital fund to current fund - Housing Corporation	(8,688)
Less: Long term debt financing Capital Budget	(20,529)
Add: Donated tangible capital assets	21,715
Less: Reclassification - Municipal Operations	(30)
Add: Reserve & reserve funds	23,157
Add: Confederation Park and Westfield Heritage Village Consolidation	2,860
Less: Elimination for consolidation of Housing Corporation	(20,543)
	(378,762)
<b>Consolidated</b>	<b>\$ 1,940,831</b>
<b>Expenses</b>	
Council Approved Gross Expenditure Operating Budget - Municipal	\$ 1,739,888
Council Approved Gross Expenditure Capital Budget - Municipal	510,948
	2,250,836
Board Approved Gross Expenditure Operating Budget - Housing Corporation	60,069
Board Approved Gross Expenditure Capital Budget - Housing Corporation	8,688
	68,757
<b>Adjustments to Expenditures</b>	
Less: Debt principal repayment - Municipal Operations	(45,728)
Less: Debt principal repayment - Housing Corporation	(5,836)
Less: Transfers to reserves and reserve funds - Municipal Operations	(70,044)
Less: Transfers to capital from current funds - Municipal Operations	(179,587)
Less: Tangible capital assets - Municipal Operations	(430,585)
Less: Tangible capital assets - Housing Corporation	(8,688)
Less: Reclassification - Municipal Operations	(30)
Add: Change in employee future benefits and other obligations	(504)
Less: Change in solid waste landfill liability	(139)
Add: Amortization expense for tangible capital assets	205,247
Add: Confederation Park and Westfield Heritage Village Consolidation	2,410
Less: Elimination for consolidation of Housing Corporation	(21,590)
Add: Loss on disposition of tangible capital assets	7,409
	(547,666)
<b>Consolidated</b>	<b>\$ 1,771,927</b>

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## City of Hamilton

### Notes to Consolidated Financial Statements

For the year ended December 31, 2019 (all numbers in columns are in thousands of dollars)

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#### 25. Subsequent event

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable

The Corporation declared a state of emergency under the Emergency Management Act Ontario, on March 17, 2020. The declaration of a state of emergency provides the Mayor with the ability to take action and make orders, as necessary, to protect the health, safety and welfare of residents.

The current challenging economic climate may lead to adverse changes in cash flows, reduction of service levels and budgetary constraints, which may also have a direct impact on the Corporation's revenues, annual surplus or deficit and reserve and reserve funds in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the Corporation, surrounding economy and services are not known at this time.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

**City of Hamilton**  
**Notes to Consolidated Financial Statements**

As at December 31, 2019 (all numbers in columns are in thousands of dollars)

**2019 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		
<b>Cost</b>												
Balance, Jan 1, 2019	\$ 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
Additions, betterments & transfers in 2019	31,156	21,959	35,034	35,115	11,756	11,183	64,019	836	17,487	148,539	68,062	445,146
Disposals & writedowns in 2019	(1,971)	(179)	(3,588)	(13,706)	(368)	(13,320)	(20,055)	(22)	(229)	(20,210)	(3,177)	(76,825)
Donations & contributions in 2019	925	25	-	-	-	-	7,840	-	-	12,925	-	21,715
Balance, Dec 31, 2019	\$ 387,321	\$ 354,095	\$ 1,467,214	\$ 334,807	\$ 35,692	\$ 170,778	\$ 2,512,779	\$ 249,959	\$ 808,438	\$ 2,626,572	\$ 425,067	\$ 9,372,722
<b>Accumulated amortization</b>												
Balance, Jan 1, 2019	\$ -	\$ 174,978	\$ 618,170	\$ 175,897	\$ 10,732	\$ 77,044	\$ 1,167,782	\$ 64,758	\$ 392,437	\$ 624,307	\$ -	\$ 3,306,105
Amortization in 2019	-	11,945	36,346	24,066	5,823	13,717	54,117	3,327	20,529	35,377	-	205,247
Disposals in 2019	-	(65)	(2,774)	(13,415)	(362)	(13,318)	(19,462)	(22)	(23)	(19,977)	-	(69,418)
Balance, Dec 31, 2019	\$ -	\$ 186,858	\$ 651,742	\$ 186,548	\$ 16,193	\$ 77,443	\$ 1,202,437	\$ 68,063	\$ 412,943	\$ 639,707	\$ -	\$ 3,441,934
<b>Net book value Dec 31, 2019</b>	\$ 387,321	\$ 167,237	\$ 815,472	\$ 148,259	\$ 19,499	\$ 93,335	\$ 1,310,342	\$ 181,896	\$ 395,495	\$ 1,986,865	\$ 425,067	\$ 5,930,788
<b>Assets under construction</b>	\$ 14	\$ 49,403	\$ 5,056	\$ 3,247	\$ 3,665	\$ 1,132	\$ 28,820	\$ 79,596	\$ 220,281	\$ 33,853	\$ (425,067)	
<b>Total</b>	\$ 387,335	\$ 216,640	\$ 820,528	\$ 151,506	\$ 23,164	\$ 94,467	\$ 1,339,162	\$ 261,492	\$ 615,776	\$ 2,020,718	\$ -	\$ 5,930,788

**City of Hamilton**  
**Notes to Consolidated Financial Statements**

As at December 31, 2019 (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		
<b>Cost</b>												
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 2019	(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
<b>Accumulated amortization</b>												
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
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
<b>Net book value Dec 31, 2018</b>	\$ 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
<b>Assets under construction</b>	\$ -	\$ 35,310	\$ 59,212	\$ 2,226	\$ 5,612	\$ 4,372	\$ 25,426	\$ 2,334	\$ 120,851	\$ 104,839	\$ (360,182)	
<b>Total</b>	\$ 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, 2019 (all numbers in columns are in thousands of dollars)

**2019 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 2019
<b>Revenue</b>										
Taxation	\$ 917,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 917,126
Government grants and contributions	1,696	9,751	52,898	40,645	58,785	234,556	40,356	4,768	4,378	447,833
User charges	5,542	6,158	66,033	238,185	3,291	16,994	949	24,239	10,754	372,145
Development charges and subdivider contributions	(1,164)	1,439	19,127	30,956	-	-	-	6,981	3,307	60,646
Donations of tangible capital assets	-	-	7,840	12,925	-	-	-	950	-	21,715
Investment income	19,277	1,289	3,473	10,485	63	147	471	1,860	533	37,598
Income from Government Business Enterprises	11,262	-	-	-	-	-	-	-	-	11,262
Other	27,504	28,562	10,591	3,205	228	88	45,410	9,278	3,898	128,764
<b>Total</b>	<b>\$ 981,243</b>	<b>\$ 47,199</b>	<b>\$ 159,962</b>	<b>\$ 336,401</b>	<b>\$ 62,367</b>	<b>\$ 251,785</b>	<b>\$ 87,186</b>	<b>\$ 48,076</b>	<b>\$ 22,870</b>	<b>\$ 1,997,089</b>
<b>Expenses</b>										
Salaries and benefits	\$ 70,975	\$ 276,170	\$ 118,028	\$ 47,208	\$ 82,100	\$ 80,184	\$ 13,789	\$ 78,269	\$ 30,908	\$ 797,631
Interest on long term debt	1,540	546	3,393	4,868	399	315	1,349	1,270	87	13,767
Materials supplies services	35,518	20,591	43,121	38,914	7,388	8,141	16,176	29,738	3,721	203,308
Contracted services	24,935	3,634	60,013	82,024	3,468	81,231	31,726	16,469	6,134	309,634
Rents and financial expenses	3,333	1,979	6,841	4,894	2,135	2,502	3,108	4,462	1,830	31,084
External transfers	280	9,406	-	1,296	14	127,009	23,341	5,655	1,470	168,471
Amortization	9,031	8,513	81,455	62,161	3,259	2,363	6,908	28,578	2,979	205,247
Interfunctional transfers	(78,986)	9,419	24,868	11,413	7,294	7,616	734	12,508	5,134	-
<b>Total</b>	<b>\$ 66,626</b>	<b>\$ 330,258</b>	<b>\$ 337,719</b>	<b>\$ 252,778</b>	<b>\$ 106,057</b>	<b>\$ 309,361</b>	<b>\$ 97,131</b>	<b>\$ 176,949</b>	<b>\$ 52,263</b>	<b>\$ 1,729,142</b>
<b>Annual surplus (deficit)</b>	<b>\$ 914,617</b>	<b>\$ (283,059)</b>	<b>\$ (177,757)</b>	<b>\$ 83,623</b>	<b>\$ (43,690)</b>	<b>\$ (57,576)</b>	<b>\$ (9,945)</b>	<b>\$ (128,873)</b>	<b>\$ (29,393)</b>	<b>\$ 267,947</b>



**City of Hamilton**  
**Notes to Consolidated Financial Statements**

As at December 31, 2019 (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
<b>Revenue</b>										
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
<b>Total</b>	<b>\$ 964,625</b>	<b>\$ 43,273</b>	<b>\$ 160,971</b>	<b>\$ 376,273</b>	<b>\$ 61,257</b>	<b>\$ 262,362</b>	<b>\$ 103,664</b>	<b>\$ 51,013</b>	<b>\$ 26,629</b>	<b>\$ 2,050,067</b>
<b>Expenses</b>										
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	-
<b>Total</b>	<b>\$ 80,025</b>	<b>\$ 324,227</b>	<b>\$ 320,005</b>	<b>\$ 284,271</b>	<b>\$ 102,868</b>	<b>\$ 316,819</b>	<b>\$ 105,893</b>	<b>\$ 172,965</b>	<b>\$ 56,785</b>	<b>\$ 1,763,858</b>
<b>Annual surplus (deficit)</b>	<b>\$ 884,600</b>	<b>\$ (280,954)</b>	<b>\$ (159,034)</b>	<b>\$ 92,002</b>	<b>\$ (41,611)</b>	<b>\$ (54,457)</b>	<b>\$ (2,229)</b>	<b>\$ (121,952)</b>	<b>\$ (30,156)</b>	<b>\$ 286,209</b>

## **Section 3**

# **City of Hamilton Consolidated Financial Statements for the Trust Funds Cemetery and General Trusts December 31, 2019**

## Contents

	<u>Section - Page</u>
Independent Auditor's Report	3-1 to 3-3
Trust Funds - Consolidated Statement of Financial Position	3-4
Trusts Funds – Consolidated Statement of Operations	3-4
Notes to the Financial Statements	3-5 to 3-6
Trust Funds – Cemetery Statement of Financial Position	3-7
Trust Funds – Cemetery Statement of Operations	3-7
Trust Funds – Other Statement of Financial Position	3-8
Trust Funds – Other Statement of Operations	3-8

## **Independent Auditor's Report**

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

## **Independent Auditor's Report**

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

## **Independent Auditor's Report**

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

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**City of Hamilton**  
**Trust Funds – Consolidated**

As at December 31, 2019

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**Statement of Financial Position**

As at December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Financial assets</b>		
Cash	\$ 2,486,026	\$ 4,096,219
Investments (Note 2)	16,800,084	13,918,360
Due from City of Hamilton - Cemetery (Note 3)	1,238,993	1,199,667
Due from City of Hamilton - Other Trust Funds (Note 3)	<u>42,071</u>	<u>49,741</u>
<b>Total financial assets</b>	<u>\$ 20,567,174</u>	<u>\$ 19,263,987</u>
<b>Liabilities</b>		
Deposits	<u>\$ 507,160</u>	<u>\$ 475,556</u>
<b>Accumulated surplus and net financial assets</b>	<u>\$ 20,060,014</u>	<u>\$ 18,788,431</u>

---

**Statement of Operations**

Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Cemetery lots and interments	\$ 818,379	\$ 746,383
Investment income	596,006	562,378
Other revenue	<u>-</u>	<u>2,300</u>
<b>Total revenue</b>	<u>\$ 1,414,385</u>	<u>\$ 1,311,061</u>
<b>Expenses</b>		
Transfer to other trust funds	\$ 124,143	\$ 167,859
Other	<u>18,659</u>	<u>17,833</u>
<b>Total expenses</b>	<u>\$ 142,802</u>	<u>\$ 185,692</u>
<b>Annual surplus</b>	<u>\$ 1,271,583</u>	<u>\$ 1,125,369</u>
<b>Accumulated surplus at the beginning of the year</b>	<u>18,788,431</u>	<u>17,663,062</u>
<b>Accumulated surplus at the end of the year (Note 4)</b>	<u>\$ 20,060,014</u>	<u>\$ 18,788,431</u>

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See accompanying notes to the financial statements

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# City of Hamilton

## Trust Funds

### Notes to The Financial Statements

As at December 31, 2019

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#### 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 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 consolidation

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.

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#### 2. Investments

The total investments recorded at the lower of cost or market value in the Statement of Financial Position are \$16,800,084 (2018 - \$13,918,360). These investments have a market value of \$17,946,604 (2018 - \$14,615,707) at the end of the year.

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#### 3. Due from City of Hamilton

The amount due from the City of Hamilton is non-interest bearing with no fixed repayment terms.

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**City of Hamilton**  
**Trust Funds**  
**Notes to The Financial Statements**

As at December 31, 2019

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**4. Accumulated surplus**

	<u>2019</u>	<u>2018</u>
<b>The accumulated surplus consists of:</b>		
Cemeteries	<u>\$ 19,408,095</u>	<u>\$18,135,887</u>
Other		
Fieldcote Farmer (Ancaster)	<b>334,070</b>	336,169
Knowles Bequest (Dundas)	<b>249,692</b>	249,634
F. Walden Dundurn Castle (Hamilton)	<b>6,586</b>	6,422
Ellen Grafton (Dundas)	<b>8,007</b>	7,829
Fieldcote Livingstone-Clarke (Ancaster)	<b>5,155</b>	5,155
Fieldcote Shaver (Ancaster)	<b>5,155</b>	5,155
Municipal Election (Hamilton)	<b>36,011</b>	35,117
Balfour Estate Chedoke (Hamilton)	<u><b>7,243</b></u>	<u>7,063</u>
	<u><b>\$ 651,919</b></u>	<u>\$ 652,544</u>
	<u><b>\$ 20,060,014</b></u>	<u>\$18,788,431</u>

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**5. Subsequent events**

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is no currently determinable. The current challenging economic climate may lead to adverse changes which may have a direct impact on the Trusts' operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

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**City of Hamilton**  
**Trust Funds - Cemetery**

As at December 31, 2019

**Statement of Financial Position**

As at December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Financial assets</b>		
Cash	\$ 2,162,423	\$ 3,794,622
Investments	16,513,839	13,617,154
Due from City of Hamilton	<u>1,238,993</u>	<u>1,199,667</u>
<b>Total financial assets</b>	<u>\$ 19,915,255</u>	<u>\$ 18,611,443</u>
<b>Liabilities</b>		
Deposits	<u>\$ 507,160</u>	<u>\$ 475,556</u>
<b>Accumulated surplus</b>	<u>\$ 19,408,095</u>	<u>\$ 18,135,887</u>

**Statement of Operations**

Year ended December 31, 2019

	<u>2019</u>	<u>2017</u>
<b>Revenues</b>		
Cemetery lots and interments	\$ 818,379	\$ 746,383
Investment income	580,939	547,044
Other revenue	<u>-</u>	<u>2,300</u>
<b>Total revenue</b>	<u>\$ 1,399,318</u>	<u>\$ 1,295,727</u>
<b>Expenses</b>		
Transfer to other trust funds	\$ 115,088	\$ 158,443
Other	<u>12,022</u>	<u>11,736</u>
<b>Total expenses</b>	<u>\$ 127,110</u>	<u>\$ 170,179</u>
<b>Annual surplus</b>	<u>\$ 1,272,208</u>	<u>\$ 1,125,548</u>
<b>Accumulated surplus at the beginning of the year</b>	<u>18,135,887</u>	<u>17,010,339</u>
<b>Accumulated surplus at the end of the year</b>	<u>\$ 19,408,095</u>	<u>\$ 18,135,887</u>

See accompanying notes to the financial statements

**City of Hamilton**  
**Trust Funds – Other**

As at December 31, 2019

**Statement of Financial Position**

As at December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Financial assets</b>		
Cash	\$ 323,602	\$ 301,597
Investments	286,246	301,206
Due from City of Hamilton	42,071	49,741
<b>Total financial assets</b>	<u>\$ 651,919</u>	<u>\$ 652,544</u>
<b>Accumulated surplus</b>	<u>\$ 651,919</u>	<u>\$ 652,544</u>

**Statement of Operations**

Year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Investment income	\$ 15,067	\$ 15,334
<b>Total revenue</b>	<u>\$ 15,067</u>	<u>\$ 15,334</u>
<b>Expenses</b>		
Transfer to other trust funds	\$ 9,055	\$ 9,416
Other	6,637	6,097
<b>Total expenses</b>	<u>\$ 15,692</u>	<u>\$ 15,513</u>
<b>Annual deficit</b>	<u>\$ (625)</u>	<u>\$ (179)</u>
<b>Accumulated surplus at the beginning of the year</b>	<u>652,544</u>	<u>652,723</u>
<b>Accumulated surplus at the end of the year</b>	<u>\$ 651,919</u>	<u>\$ 652,544</u>

## **Section 4**

# **City of Hamilton Financial Statements for the Trust Funds – Homes for the Aged December 31, 2019**

## Contents

	<u>Section - Page</u>
Independent Auditor's Report	4-1 to 4-3
Statement of Financial Position	4-4
Statement of Operations	4-4
Notes to the Financial Statements	4-5

## **Independent Auditor's Report**

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

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## City of Hamilton Trust Funds – Homes for the Aged

As at December 31, 2019 with comparative information for 2018

### Statement of Financial Position

As at December 31, 2019

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	<b>Total 2019</b>	Total 2018
<b>Financial assets</b>						
Cash	\$ 28,734	\$ 28,120	\$ 23,201	\$ 43,768	<b>\$ 123,823</b>	\$ 201,569
Investments	-	-	-	280,523	<b>280,523</b>	271,022
Total financial assets	<u>28,734</u>	<u>28,120</u>	<u>23,201</u>	<u>324,291</u>	<b>404,346</b>	472,591
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -		-	\$ 89,766
<b>Accumulated surplus</b>	<u>\$ 28,734</u>	<u>\$ 28,120</u>	<u>\$ 23,201</u>	<u>\$ 324,291</u>	<b>\$ 404,346</b>	<u>\$ 382,825</u>

### Statement of Operations

Year ended December 31, 2019

	Macassa Lodge Resident Trusts	Wentworth Lodge Resident Trusts	Macassa Lodge Other Trusts	Wentworth Lodge Other Trusts	<b>Total 2019</b>	Total 2018
<b>Revenue</b>						
Residents' deposits	\$ 143,191	\$ 107,143	\$ 4,871	\$ 21,682	<b>\$ 276,887</b>	\$ 250,418
Investment income	-	-	464	10,967	<b>11,431</b>	11,406
Donations	-	-	857	-	<b>857</b>	869
	<u>143,191</u>	<u>107,143</u>	<u>6,192</u>	<u>32,649</u>	<b>289,175</b>	<u>262,693</u>
<b>Expenses</b>						
Maintenance payments	\$ -	\$ 25,033	\$ -	\$ -	<b>\$ 25,033</b>	\$ 19,786
Residents' charges	118,915	80,039	2,196	17,523	<b>218,673</b>	208,845
Payments to estates	15,970	7,978	-	-	<b>23,948</b>	12,806
Renovation expense	-	-	-	-	-	90,826
	<u>134,885</u>	<u>113,050</u>	<u>2,196</u>	<u>17,523</u>	<b>267,654</b>	<u>332,263</u>
<b>Annual surplus (deficit)</b>	8,306	(5,907)	3,996	15,126	<b>21,521</b>	(69,570)
<b>Accumulated surplus at the beginning of the year</b>	<u>20,428</u>	<u>34,027</u>	<u>19,205</u>	<u>309,165</u>	<b>382,825</b>	452,395
<b>Accumulated surplus at the end of the year</b>	<u>\$ 28,734</u>	<u>\$ 28,120</u>	<u>\$ 23,201</u>	<u>\$ 324,291</u>	<b>\$ 404,346</b>	<u>\$ 382,825</u>

See accompanying notes to the financial statements.

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# City of Hamilton

## Trust Funds – Homes for the Aged

### Notes to the Financial Statements

As at December 31, 2019

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#### 1. Purpose of Trust Funds

The various Trust Funds administered by 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.

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#### 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.

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#### 3. Investments

Investments are valued at cost less any amounts written off to reflect an other than temporary decline in value. The total investments recorded in the Statement of Financial Position are \$280,523 (2018 - \$271,022). These investments have a market value of \$285,598 (2018 - \$280,511) at the end of the year.

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#### 4. Subsequent events

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes which may have a direct impact on the Trust's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

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# The Corporation of City of Hamilton

Audit Findings Report for the year ended  
December 31, 2019

*KPMG LLP*

Chartered Professional Accountants,  
Licensed Public Accountants

June 18th, 2020

[kpmg.ca/audit](http://kpmg.ca/audit)

**KPMG**



# Table of contents

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<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>AUDIT RISKS AND RESULTS</b>	<b>3</b>
<b>ACCOUNTING ESTIMATES</b>	<b>10</b>
<b>TECHNOLOGY IN THE AUDIT</b>	<b>14</b>
<b>ADJUSTMENTS AND DIFFERENCES</b>	<b>15</b>
<b>COVID-19 RESPONSE AND RESOURCES</b>	<b>17</b>
<b>CURRENT DEVELOPMENTS AND AUDIT TRENDS</b>	<b>21</b>
<b>APPENDICES</b>	<b>22</b>



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 **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, 2019.

 **Changes from the Audit Plan**

In March 2020, the coronavirus (COVID-19) was declared a global pandemic by the World Health Organization. In Canada, the federal and provincial governments have enacted emergency measures to combat the spread of the virus. The City has responded to the COVID-19 crisis. From a financial reporting perspective, our audit was adjusted as a result of the implications of COVID-19 on the operations and the financial statements of the City. Audit procedures performed in response to the crisis relate to the collectability of accounts receivable and long term receivables and the valuation of investments.

 **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:

- Receipt of updated legal confirmations to audit report date;
- 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);

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, contaminated sites, valuation related to contributed TCA acquisitions and accruals for employee future benefits.

See pages 9-12



## Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.



## 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 \$466.9M (2018 - \$455.2M), \$21.7M (2018 - 46.7M) of which was due from developer contributed assets.
- 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. Developer contributed assets were appropriately valued at fair value.
- In our testing, we reviewed the assets contributed by developers and others recognized on the statement of financial position and noted that management has appropriately recognized the related revenue in the statement of operations and accumulated surplus.
- 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 \$6M 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 as revenue 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% inflation. The costs were discounted back to December 31, 2019 using a discount rate of 4%.
- Estimates have been based upon a post closure care period of 50 years.
- We reviewed and assessed management assumptions and reviewed the report prepared by management's expert.
- We concur with management's assumptions and did not find any audit misstatements.

##### 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 evaluated our ability to rely on the experts work.
- 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 ensured that management's records agreed to the value reported.
- We performed substantive analytical testing over investment income and noted the amount of related income earned in the current year was reasonable.
- We performed subsequent event procedures to ensure that the value of the investments were reasonably stated subsequent to year end as a result of COVID 19.
- No audit misstatements found.



# 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.

# Audit risks and results

## Area of focus

### Subsequent Events – COVID 19 assessment

#### Our response and significant findings (continued)

- Risk surrounding the valuation over taxes receivable and other accounts receivable balances including long term receivables.
- Management carried out steps to verify whether or not additional allowances were needed as a result of COVID 19. Based on their assessment it was determined that no allowances were needed and that the same assessment that was previously made on the accounts were still appropriate.
- KPMG carried out subsequent event substantive procedures to verify that management's assessment at the time of this report is appropriate.
- Additional disclosure has been added to note 25 of the consolidated financial statements for management's assessment of the impacts of COVID 19.
- No misstatements 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	\$ 21.7M
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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 \$21.7M (2018 - \$46.8M) 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 invoices and contracts.
- No exceptions were noted during testing





# Accounting estimates continued

Item	Balance
Employee future benefits obligation	\$ 372.7M

## 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 as well as pension benefits. 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

# 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
<b>Journal Entry Testing</b>	<p>We utilized our proprietary D&amp;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.

# Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the Company's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter.

We also highlight the following:

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Form, arrangement, and content of the financial statements	The financial statements are, in all material respects, in accordance with the applicable financial accounting framework, Public Sector Accounting Standards. The disclosures in the notes to the financial statements are appropriate.  KPMG provides management with recommendations on financial statement presentation and disclosure.  Subsequent event disclosure has been added to the financial statements regarding COVID-19 and the potential impact for the City.
Application of accounting pronouncements issued but not yet effective	No concerns at this time regarding future implementation.

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# COVID-19 Response and Resources

The rapid advancement of COVID-19 has left many businesses assessing cash flow requirements, resource capacity, staffing levels, and business continuity plans while adapting to new ways of work and managing customer and shareholder expectations. The immediate change in time-of-use pricing outside the usual timing for updating rates further highlight the ever-changing impact of COVID-19. This is no doubt an unprecedented and challenging time. We are here to help. Should you require any further information do not hesitate to reach out. Please visit [KPMG's COVID-19 Insights](#) for up-to-date information.

Thought Leadership	Overview	Links
<b>COVID-19 Podcasts</b>	KPMG is releasing a series of podcasts aimed at discussing relevant and important topics as COVID-19 continues to evolve on matters ranging from tax (HST), cash flow strategy and insurance considerations.	Please reach out to us and we would be happy to share the podcasts with you as they become available
<b>COVID-19 Return to Work guide</b>	The guide outlines the 4 phases of responding to the crisis and returning to the workplace is part of the Recovery phase. The guide provides a framework for the return to the workplace	<a href="#">Link to report</a>
<b>Business Continuity Guide</b>	For many businesses, a continuity plan to minimize disruption is just simply not available or adequate. KPMG has compiled a series of business continuity insights to help businesses across all sectors stay on course.	<a href="#">Link to report</a>
<b>Legal considerations</b>	For everything employee, HR, contracts and credit discussions, KPMG's in-house legal counsel have summarized key information to consider in your decision making.	<a href="#">Link to report</a>
<b>The Board's perspective</b>	COVID-19 response and assessment does not stop at management. The Board must be involved in assessing risks, impacts, and future operations. The Board must understand current implications while balancing long-term strategic goals and become more adaptive than ever.	<a href="#">Link to report</a>



# COVID-19 reporting issues under PSAB



Not only has the ongoing pandemic temporarily shifted the pattern of our society, and tested the resilience of our economy, but it has fundamentally altered our financial reporting environment this year and next year, and perhaps for much longer.

Regardless of a public sector entity's size and complexity, COVID-19 will impact your disclosures and financial reporting for this year-end. Some of the more significant elements you should think about include:

- Subsequent events
- Going concern
- Contingent liabilities and contractual obligations
- Impairment (of tangible capital assets, and financial assets)
- Government transfers
- Loans with concessionary terms
- Tax revenues

## Subsequent events

### Description

- The COVID-19 pandemic has evolved rapidly in 2020 and has impacted how public sector entities evaluate and disclose events after the reporting date ('subsequent events'). Depending on an entity's reporting date, the impacts of the COVID-19 outbreak could be adjusting or non-adjusting events.
- For public sector entities with reporting periods ending March 31, 2020, the COVID-19 outbreak is likely to be a current-period event that will require ongoing evaluation to determine the extent to which developments after the reporting date should be recognized in that reporting period.

### Action tips

- Identify and consider all subsequent events until the date the financial statements are authorized for issue and determine whether these events are adjusting – i.e. they provide evidence of conditions that existed as at the reporting date or indicate that the going concern assumption may be inappropriate
- Disclose the nature and financial effects of events that are considered to be material, even if they are non-adjusting.

## Going concern

### Description

- Under PSAB, going concern is a rebuttable presumption. It is assumed to be valid unless events exist suggesting otherwise.
- With respect to COVID-19, management needs to consider whether these events or conditions, either individually or collectively ('current events or conditions'), cast significant doubt on the entity's ability to continue as a going concern. If management is comfortable that significant doubt does not exist, due to the strength of their financial position, or flexibility of funding sources, the going concern assumption remains appropriate. In severe cases, management may question whether the going concern assumption is still appropriate as a basis for the preparation of the financial statements.

### Action tips

- Management should be prepared to demonstrate their consideration of going concern to their auditors, even if significant doubt does not exist.
- If significant doubt does exist, management should prepare forecasts and sensitivities taking into different possible outcomes.
- Consider downside scenarios
- Assess plans to mitigate events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (including reassessing funding sources).
- Assess whether its plans are achievable and realistic.

## Contingent liabilities and contractual obligations

### Description

- Public sector entities may struggle to fulfil certain legal or contractual obligations and may be subject to penalties – e.g. for delays or non-performance – resulting in a provision.
- Public sector entities may also create new contractual obligations that will become future liabilities, based on the terms of COVID-related financial assistance committed to others.

### Action tips

- Consider if COVID-19 has triggered a liability that would result in an outflow of resources, or a new contractual obligation.
- Review termination clauses in key contracts to consider if a liability should be recognized. Consider if COVID-19 falls under the force majeure clause in your jurisdiction, where applicable.
- Where there remains uncertainty with respect to the amount of an obligation a public sector entity may ultimately incur, the likelihood of an adverse outcome must be evaluated by management. Public sector entities should account for these based on PSAB's contingent liabilities guidance.

## Impairment

### Description

- The COVID-19 outbreak is having a significant impact on global markets driven by supply chain and production disruptions, workforce restrictions, travel restrictions, and reduced spending. This is impacting the financial performance of many investments which public sector entities may hold.

- Public sector entities are also unable to deliver certain programs and services in accordance with their mandate.
- As a result, the conditions requiring a write down of certain investments and tangible capital assets are more likely to be noted, requiring a formal assessment of impairment.

### Action tips

- Management should consider if conditions are present which suggest that an asset may be impaired, requiring a formal impairment assessment.
- If conditions of impairment are noted, management should perform an impairment assessment.
- Where it is determined that a tangible capital asset can no longer contribute to the public sector entity's ability to provide goods and services, it should be written down.
- For other financial assets, a write down is necessary where management determines there is a loss in value that is "other than temporary". This will require the exercise of significant professional judgement.

## Government transfers

### Description

- Federal and provincial governments have reacted to the impact of COVID-19 with a variety of measures, including tax rebates, holidays and various grants, to provide financial support to citizens and businesses.
- Certain programs will meet the definition of a government transfer under PS3410: Transfers of monetary assets from a government to an individual, an organization or another government for which the government making the transfer does not receive any goods or services directly in return; expect to be repaid in the future; or expect a direct financial return.
- PS3410 determines the accounting for government transfers from both a transferring and recipient government perspective.

### Action tips

- Public sector entities should assess any transfers arising from COVID-19 to determine if they meet the definition of a government transfer.
- Transferring and recipient governments should determine the timing of recognition of transfers based on the guidance in PS3410.

### Loans with concessionary terms

## Description

- In response to COVID-19, many public sector entities have announced loan programs to provide financial support to citizens and businesses.
- Certain loans may have significant concessionary terms, such that part of the loan is more akin to a grant.
- Loans may also have forgivable conditions, suggesting they are, in substance, a grant.

## Action tips

- Public sector entities should consider whether COVID-19 related loan programs contain forgivable conditions or significant concessionary terms.
- Where such conditions or terms are present, the public sector entity should ensure that the appropriate component of the loan considered to be a grant (or the entire loan amount, if appropriate) is expensed in the period the loan is made.
- For loans with forgivable conditions, the public sector entity should consider if the loan meets the definition of a conditional grant, and accounted for as a government transfer.

## Tax revenues

### Description

- The COVID-19 pandemic has had a significant, adverse impact on the Canadian economy, and the financial well-being of many Canadians.
- The economic shock brought on by COVID-19 will impact tax revenues, which may be collected by each level of government, as the underlying assumptions previously used to determine tax revenues may no longer be appropriate.

- Given the financial hardship faced by many Canadian businesses and citizens, collection of taxes due may also be challenged.

## Action tips

- Governments should re-consider their assumptions and processes used to estimate tax revenues, to ensure they remain appropriate in the COVID-19 environment.
- Governments should also evaluate assumptions regarding the collectability of tax revenues, to consider if further write-downs for bad debt are necessary.

## Employee benefits

### Description

- Public sector entities may make changes to or introduce new remuneration policies.
- The accounting implications, including any employee termination plans, will require careful consideration.
- Updated actuarial valuations of defined benefit liabilities might be required.

## Action tips

- Consider the appropriate accounting for new employee benefit arrangements
- Assess when to recognize an expense and liability for termination benefits.
- Update estimates, including actuarial assumptions used to measure all employee benefits.
- Consider the need for updated actuarial valuation reports.
- For any actuarial valuation reports obtained before the reporting date, consider how to reflect material events occurring between the valuations and reporting dates.

## Contact us



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Partner, Accounting Advisory  
T: 613-212-3698  
E: bchurch@kpmg.ca



# Current developments and audit trends

Our discussions with you, our audit opinion and what KPMG is seeing in the marketplace—both from an audit and industry perspective—indicate the information below 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
<b>Accelerate</b>	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.	<a href="#">Link to report</a>
<b>Bracing for digital disruption</b>	The digital revolution may be well into its prime, but the disruption is far from over. New and emerging technologies continue to shape (and reshape) how organizations operate and adapt to their customers. While these tools have opened the doors to new capabilities and market opportunities, they have also driven the need for stronger and more adaptive risk management strategies.	<a href="#">Link to report</a>
<b>Asset Retirement Obligation (PS3280)</b>	This standards addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites by public sector entities. This standard will apply to fiscal years beginning on or after April 1, 2021 and earlier adoption is permitted.	
<b>Revenues (PS3400)</b>	This standard outlines a framework describing two categories of revenue – transactions with performance obligations and transaction without performance obligations. This section will apply to fiscal years beginning on or after April 1, 2022, with earlier adoption permitted. This section may be applied retroactively or prospectively. This section will not impact the present accounting for taxation revenues and government transfers.	
<b>Financial Instruments (PS3450)</b>	This standard highlights how to account for and report all types of financial instruments including derivatives. This section applies to fiscal years beginning on or after April 1, 2021 with earlier adoption permitted. This section must be adopted with Section PS 2601, Foreign Currency Translation. Specific transition requirements are outlined within the section.	

# 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

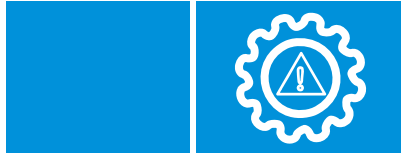
The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.



### 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

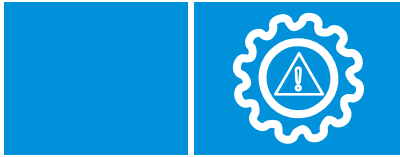
Appropriate supervision and coaching

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

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## **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](https://kpmg.ca/audit)



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**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Information Technology Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	Computer and Technology Acceptable Use Policy (FCS20053) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Fred Snelling (905) 546-2424 Ext. 6059
<b>SUBMITTED BY:</b>	Maria McChesney Director, Information Technology Corporate Services
<b>SIGNATURE:</b>	

### RECOMMENDATION(S)

- a) That the Computer and Technology Acceptable Use Policy, attached as Appendix "A" to report FCS20053, as Human Resource Policy Number HR-15-09, be approved;
- b) That the Computer Acceptable Use Policy approved by Council on February 11<sup>th</sup> of 2009 as Human Resource Policy Number HR-15-09, through report FCS09016 be repealed; and
- c) That the Computer and Technology Acceptable Use Policy be reviewed by staff annually for administrative changes.

### EXECUTIVE SUMMARY

The Computer Acceptable Use Policy is Human Resource Policy No: HR-15-09, was approved by Council on February 11, 2009. Since then, many changes have occurred in the City's technology landscape, in technology usage patterns, in the risk of security breach, and in the privacy of information.

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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: Computer and Technology Acceptable Use Policy (FCS20053) (City Wide) - Page 2 of 5**

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The policy has been updated and strengthened to clarify the City's expectations regarding the use of technology provided by the City to its' employees and elected officials. Also, the policy has been renamed as the "Computer and Technology Acceptable Use Policy" to reflect its' applicability to a wider range of technology.

The Computer and Technology Acceptable Use Policy is Human Resource Policy No: HR-15-09, which was approved by Council February 11, 2009 through report FCS09016. Since 2009, many changes have occurred in the City's technology landscape; in technology usage patterns; in the risk of a security breach; and in the privacy of information.

The policy, attached as Appendix A to report FCS20053, has been strengthened to clarify the City's expectations of staff regarding the use of technology provided by the City to staff. Several administrative changes were made to the policy, the key highlights include:

- Replacing "Computer and Network Services" with "IT Resource"
- Technology updates – e.g. Android phones & iPhones, Twitter
- Reference to new policies – e.g. data classification, social media policies
- More logical order and re-numbering
- Better wording to describe "limited, occasional or incidental use".

The key material changes to the policy include:

- 1.3 – Supervisor must notify IT of employee termination
- 2.1 – City data filed in a personal device is property of the City
- 2.2 – Data ownership can be waived by IT management
- 4.7.4 – Users not permitted to connect unauthorized devices to the network
- 4.7.8 – Sensitive data must be encrypted on mobile devices
- 4.7.10 – Political activities are banned
- Auditing - Staff working for elected officials treated same as other City staff
- Auditing – Staff audits can be approved by a director.

This policy applies to City staff, elected officials, contractors, students, volunteers and interns. This policy is provided to new employees as part of the on-boarding process. New employees are required to sign indicating they have read, understand and agree to adhere to the Computer and Technology Acceptable Use Policy.

**Alternatives for Consideration – Not Applicable**



**SUBJECT: Computer and Technology Acceptable Use Policy (FCS20053) (City Wide) - Page 3 of 5**

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**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: None

Staffing: None

Legal: None

**HISTORICAL BACKGROUND**

A review of the Computer Acceptable Use Policy (approved by Council on February 11, 2009), revealed the need for an update to address changes in technology, legislation and usage patterns.

Since the existing Policy was drafted, the technologies used by the City have changed significantly. City staff and elected officials now use Smart Phones, tablet computers, Twitter and many cloud services. Security threats such as ransomware and phishing have significantly increased the risks associated with the use of technology. New legislation being introduced in the fields of privacy and copyright has also changed the environment.

A clear and comprehensive policy addressing the use of technology within the City of Hamilton is important for the following reasons:

- To set clear expectations for authorized users to ensure that there are no misunderstandings around the use of this Corporate service; and so that authorized users are aware of the impact of Human Rights and ethics issues in the virtual workplace.
- To protect the City's IT resources from both inadvertent and malicious damage caused by the introduction of viruses, hacking or unauthorized uses.
- To avoid or address privacy issues.
- To avoid liability for issues such as inappropriate or illegal email content or Internet use.
- To monitor, audit and control Internet use and server storage to prohibit unacceptable uses and to control costs.

As part of the implementation of the revised Computer and Technology Acceptable Use Policy, a comprehensive communications plan will be developed to ensure that all authorized users are aware of and understand the policy.

**SUBJECT: Computer and Technology Acceptable Use Policy (FCS20053) (City Wide) - Page 4 of 5**

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**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

- The following related documents are referenced in this Policy: Municipal Freedom of Information and Protection of Privacy Act
- Personal Health Information Protection Act
- Human Rights Code
- Copyright Act
- Criminal Code of Canada
- *Criminal Code of Canada*, R.S., 1985, c. C-46
- IT-03 Password policy
- IT-04 Data Classification policy
- IT-05 User Accounts policy
- IT-08 Remote Access policy
- Council Code of Conduct – By-law No. 16-290

**RELEVANT CONSULTATION**

Legal Services Division – Corporate Services Department have reviewed and approved this revised version of the Computer and Technology Acceptable Use Policy attached as Appendix A to report FCS20053.

Human Resources Division – City Managers' Office have reviewed and approved this revised version of the Computer and Technology Acceptable Use Policy attached as Appendix A to report FCS20053.

Senior Leadership Team have reviewed and approved this revised version of the Computer and Technology Acceptable Use Policy attached as Appendix A to report FCS20053.

The City's Privacy Officer has reviewed and approved this revised version of the Computer and Technology Acceptable Use Policy attached as Appendix A to report FCS20053.

The following stakeholders were consulted in the revisions made to this Policy:

- Corporate Policy Review Group
- Information Technology Division – Corporate Services Department
- City staff from several divisions
- Service Excellence Sub-committee

**SUBJECT: Computer and Technology Acceptable Use Policy (FCS20053) (City Wide) - Page 5 of 5**

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**ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

The purpose of this policy is to establish specific requirements to support efficient, cost effective and secure use of major information technology infrastructure and resources. In general, acceptable use shall be taken to mean respecting the rights of other digital users, the integrity of physical and digital assets, pertinent license and contractual agreements, and where applicable, maintaining compliance with legal and regulatory requirements.

**ALTERNATIVES FOR CONSIDERATION**

None

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN****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 – Computer and Technology Acceptable Use Policy (2020)


FS/sn



<b>Corporate Human Resources Policy</b>	 Hamilton	Appendix "A" to Report FCS20053
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02		

## ***Computer and Technology Acceptable Use Policy***

<b>POLICY, STATEMENT &amp; PURPOSE</b>	<p>The City of Hamilton provides employees, elected officials and other authorized organizations and individuals with access to IT Resources to be used for legitimate business purposes in serving the interests of the City. These technologies are valuable tools that enable Authorized Users to effectively carry out the City's business. As such, they must be used in a responsible and appropriate manner.</p> <p>The purpose of this policy is to outline the City's expectations regarding the use of the City's IT Resources and set clear parameters for Authorized Users to ensure clarity surrounding the use of this corporate resource. The use of this corporate resource is not a right but a privilege and is subject to the terms of this Policy. Prior to the use of the City's IT Resources, all Authorized Users are required to read this Policy and acknowledge their agreement to comply with it.</p> <p>Authorized Users are expected to exercise good judgment and to demonstrate a sense of responsibility and consideration of others when using the City's IT Resources. All work undertaken shall be performed in an ethical and lawful manner, demonstrating integrity and professionalism by all users.</p>
<b>SCOPE</b>	<p>This policy applies to all Authorized Users of the City's IT Resources including but not limited to City of Hamilton employees (full-time, part-time, temporary and contract); volunteers, students, interns, staff of elected officials, and all other organizations and individuals who are authorized by the City to use IT Resources.</p>
<b>DEFINITIONS</b>	<p>The following terms referenced in this Policy are defined as:</p> <p><b>"Authorized Users"</b>: includes all persons who are authorized by City of Hamilton leaders to access and use the City's IT Resources for legitimate business purposes. Authorized Users include full-time, part-time, temporary and contract); volunteers, students, interns, staff of elected officials, and all other organizations and individuals who are authorized by the City to use IT Resources.</p> <p><b>"IT Resources"</b>: includes all:</p> <ul style="list-style-type: none"> <li>computer software, hardware and equipment owned or issued by the City, including desktops, laptops, tablets, notebooks, servers or smart phones;</li> <li>• telephones (including IP, cellular or traditional phones), and other audio/voice devices and networks, including voicemail;</li> </ul>

<b>Corporate Human Resources Policy</b>	 Hamilton	Appendix "A" to Report FCS20053
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02		
	<ul style="list-style-type: none"> <li>• video conferencing systems and equipment;</li> <li>• scanners, printers and fax machines and peripheral devices and removable media associated with the computer (such as USB drives, CDs, DVDs, etc.);</li> <li>• transmission methods and services employed by the City's computer hardware and equipment, including wired, wireless and cellular networks, whether accessed from within the City's premises or elsewhere;</li> <li>• Internet and e-mail systems;</li> <li>• data, information and other work products such as computer programs, databases, spreadsheets, etc., created and/or maintained in using these IT resources; and</li> <li>• City related data and information that is accessed, stored, created, processed, transmitted or filed in a personal electronic device.</li>   <li>• <b>"Non-public Information"</b>: means information that is exempt or is potentially exempt from disclosure under the <i>Municipal Freedom of Information and Protection of Privacy Act</i>, R.S.O. 1990, c. M.56 or the <i>Personal Health Information Protection Act, 2004</i>, S.O. 2004, c. 3, Schedule A, or that is otherwise deemed confidential. (Refer to Policy IT-04 "Data Classification" for further information about the classification and use of City data.)</li> </ul>	
<b>TERMS &amp; CONDITIONS</b>	<p>The following terms and conditions apply to this Policy:</p> <p><b>1. ACCESS:</b></p> <p><b>1.1</b> Authorized Users have access to the City's IT Resources. (Refer to Policy IT-05 "User Accounts" for further information about the authorization and use of user accounts.)</p> <p><b>1.2</b> Access to these IT Resources enables Authorized Users to conduct City business, to perform assigned duties, to research and obtain information relevant to City business and to provide information to residents, businesses and business prospects of the City of Hamilton.</p>	

<b>Corporate Human Resources Policy</b>		Appendix "A" to Report FCS20053
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02	Hamilton	

	<p><b>1.3</b> Human Resources must notify Information Technology of the termination of Authorized Users on or before the individual's termination date. This notification will be Information Technology's authorization to revoke access appropriately.</p> <p><b>2. CITY PROPERTY:</b></p> <p><b>2.1</b> All files and electronic communications, including email, Internet and web content systems, created on, generated by or transmitted through the City's IT Resources are deemed to be the property of the City of Hamilton. In addition, any City related data and information that is accessed, stored, created, processed, transmitted or filed in a personal electronic device is deemed to be the property of the City of Hamilton.</p> <p><b>2.2</b> The conditions set forth in subsection 2.1 may be waived if: (i) an Authorized User makes a written request outlining the reasons necessitating a waiver, and (ii) a member of the City's Information Technology management team approves the request in writing, such approval to be granted at the sole discretion of management taking into consideration the specific circumstances of each individual request.</p> <p><b>3. MONITORING:</b></p> <p><b>3.1</b> All Authorized Users should be aware that the City's IT Resources create activity records, including, but not limited to, every Internet site visited and every message sent.</p> <p><b>3.2</b> While the City of Hamilton respects the privacy of Authorized Users, it still reserves the right to monitor use of City IT Resources, including, but not limited to, any email labeled "private". Authorized Users should be aware that they have no right of ownership or expectation of privacy with regards to their use of the City's IT Resources. The City reserves the right to implement reasonable technical and procedural measures in order to:</p> <ul style="list-style-type: none"> <li>• ensure compliance with corporate policies and standards,</li> <li>• assess system or network performance and resource usage,</li> <li>• protect and maintain the security of the City's IT Resources,</li> <li>• protect the City's interests in the event of a reasonable suspicion of crime or inappropriate use of City IT Resources, and</li> <li>• safeguard the integrity of Authorized Users.</li> </ul>
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<b>Corporate Human Resources Policy</b>	 Hamilton	Appendix “A” to Report FCS20053
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02		

	<p>The City reserves the right to take action, including accessing any files, information and equipment, without notice.</p> <p><b>4. USAGE</b></p> <p><b>4.1</b> The City’s IT Resources are corporate resources. The primary use of the IT Resources shall be for business purposes.</p> <p><b>4.2</b> Use of the IT Resources for personal activities including social media (Facebook, Twitter etc.) is permitted within reasonable limits, provided it does not:</p> <ul style="list-style-type: none"> <li>• conflict with business use or time, or</li> <li>• impact negatively on other Authorized Users or on the City’s IT Resources, or</li> <li>• adversely affect an individual’s performance or work duties and responsibilities.</li> </ul> <p>Personal uses that exceed these terms, uses for profit or uses that would otherwise violate any City policy are not permitted.</p> <p>Any inappropriate, excessive or abusive usage may result in an Authorized User’s access privileges being limited or revoked, and City employees may also be subject to disciplinary measures up to and including dismissal.</p> <p><b>4.3</b> The City reserves the right to filter and quarantine both inbound and outbound electronic content, including but not limited to email and web content, in order to ensure the security and integrity of the IT Resources.</p> <p><b>4.4</b> The City reserves the right to report any illegal violations to the appropriate authorities.</p> <p><b>4.5</b> The City’s existing corporate policies, including, but not limited to, the “Code of Conduct for Employees”, “Harassment and Discrimination Prevention”, “Personal Harassment Prevention”, and “Code of Conduct for Members of Council” also apply to conduct while using the City’s IT Resources.</p>
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<b>Corporate Human Resources Policy</b>	 <b>Hamilton</b>	Appendix "A" to Report FCS20053
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02		

**4.6** Acceptable and appropriate usage includes, but is not limited to the following list:

- Participating in professional, work-related research.
- Distributing work-related correspondence, minutes, agendas and reports.
- Responding to public inquiries.
- Accessing work-related on-line learning opportunities.
- Creating work-related information resources.
- Participating in work-related mailing lists or forums.
- Communicating with staff, elected officials, and appropriate outside bodies such as other levels of government, businesses, City partners, citizen groups and residents.

**4.7** Authorized Users are expected to adhere to the following:

- 4.7.1** Authorized Users shall not distribute outside of the City's internal network any Non-public Information, unless such distribution has been properly authorized and, where necessary, properly protected (e.g., encrypted, password-protected). (Refer to Policy IT-04 "Data Classification" for further information)
- 4.7.2** Authorized Users shall not, in any way, attempt to access confidential information to which they have not been previously granted access.
- 4.7.3** Authorized Users shall not download or install software on any City-issued IT hardware without the prior knowledge, approval and authorization of Information Technology management. Authorized Users shall not use any software that is banned for security reasons on City-issued hardware. (See the City's Intranet site for approved and banned software.)
- 4.7.4** Authorized Users shall not connect unauthorized devices (including personal or vendor laptops) to the City's network without obtaining prior approval from Information Technology. Exception: Authorized Users may connect personal devices to public wireless networks where these are provided by the City.

<b>Corporate Human Resources Policy</b>	 Hamilton	Appendix “A” to Report FCS20053
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02		

	<p><b>4.7.5</b> No Authorized User shall possess a hacking or password cracking tool unless authorized in writing by the Director of Information Technology for job related reasons.</p> <p><b>4.7.6</b> Authorized Users shall conduct email messaging in the same manner as they would other business correspondence, being mindful of the fact that email transmissions over the Internet are not secure and may be intercepted, and that email is subject to the provisions of the <i>Municipal Freedom of Information and Protection of Privacy Act</i>. Authorized Users are accountable for all email sent from their individual user name</p> <p><b>4.7.7</b> Authorized Users shall ensure that their password is changed regularly and is not shared with anyone, except within the terms of this Policy. (Refer to Policy IT-03 “Password” for further information.)</p> <p><b>4.7.8</b> Authorized Users must protect sensitive information. Information which is sensitive or confidential in nature should not be stored on mobile equipment, whether City provided or personally owned. Where it is necessary to store sensitive data on mobile equipment, the information must be encrypted. (Refer to Policy IT-04 “Data Classification” for further information)</p> <p><b>4.7.9</b> Authorized Users shall not use the City’s IT Resources to run a personal business. This includes photocopying or printing flyers, advertisements, etc. for a personal business or for personal gain, or sending “for profit” messages via the Internet. Exception: Authorized Users are permitted to use any approved personal “Buy and Sell” page on the City’s Intranet site.</p> <p><b>4.7.10</b> Authorized Users shall not use the City’s IT Resources for any political activities. The use of the City’s name, logo, email, file systems and all other IT Resources to support any political group, political campaign or political activity of any kind is prohibited. Authorized Users who wish to run for political office must advise their management prior to announcing their candidacy to ensure there is no conflict of interest or misuse of the City’s IT Resources. (Refer to “Council Code of Conduct” and “Employee Code of Conduct” for further information)</p>
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<b>Corporate Human Resources Policy</b>	 Hamilton	Appendix “A” to Report FCS20053
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Policy No: HR-15-09, IT-02		

	<p><b>4.7.11</b> Social media sites such as Facebook and Twitter are recognized as useful tools for communicating and collaborating with the public in appropriate circumstances. Authorized Users should use these sites primarily for City business purposes as approved by the Authorized User’s management. (Refer to the Corporate Communications Social Media Policy for further information on the use of social media.)</p> <p><b>4.7.12</b> Authorized Users must comply with copyright and licensing restrictions on any information which has been downloaded. Authorized Users are prohibited from engaging in activities that violate the <i>Copyright Act (R.S.C., 1985, c.C-42)</i> and any applicable copyright policies that the City may implement from time to time. Material which is viewed, copied, scanned, downloaded or saved from the Internet should be primarily related to City business.</p> <p><b>4.7.13</b> Authorized Users must abide by vendor license agreements. Use of applications and/or data is subject to the vendor’s license agreement and may not be reproduced in any form without permission from the vendor.</p> <p><b>4.7.14</b> Authorized users who are permitted to access the City’s IT Resources remotely (e.g., from home) must follow the terms of Policy IT-08 “Remote Access”.</p> <p><b>4.7.15</b> Authorized Users are accountable for the security of IT Resources and City information assigned to them, whether inside or outside of the City’s offices. Authorized Users are required to report any damage to or loss of City property covered by this Policy to Information Technology and to their management immediately. The City is not responsible for any misuse of the IT Resources. Persons found to be misusing the City’s resources will be responsible for any costs or damages sustained by the City or a third party, and will be obligated to indemnify the City for any claims against the City.</p> <p><b>4.7.16</b> Authorized Users are obliged to successfully complete security awareness training as required by Information Technology. This includes an introductory course for new Authorized Users, regular refresher courses and participating in simulated phishing campaigns.</p>
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<b>Corporate Human Resources Policy</b>		Appendix "A" to Report FCS20053
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02		

	<p><b>4.7.17</b> Authorized Users are obliged to follow security and data practices provided by Information Technology to protect City information. (See the City's Intranet site for further details. Security practices may change from time to time and it is the responsibility of each Authorized User to stay up to date on same.)</p> <p><b>4.8</b> Unacceptable and inappropriate usage includes, but is not limited to, the following list. The only exception is in the performance of work-related matters as approved by a member of the City's Senior Leadership Team:</p> <p><b>4.8.1</b> Accessing sites or transmitting material which violates any Canadian federal or provincial law or City by-law or directive, such as defamatory, discriminatory or obscene material or sites which, in the opinion of management, are inappropriate.</p> <p><b>4.8.2</b> Accessing, displaying or storing email messages, graphics or images on the City's IT Resources that are obscene, harassing or fraudulent or that are offensive and conducive to a poisoned work environment. (Inadvertently accessing an inappropriate site or receiving an email with an unacceptable attachment will not be considered a violation of this Policy. Printing, scanning, saving or forwarding inappropriate material, unless approved by the Authorized User's management, shall be considered a violation of this Policy.)</p> <p><b>4.8.3</b> Distributing to members of the public, any Non-public Information such as draft reports, confidential information or information unless approved by the Authorized User's management and, where necessary, proper protection. (Refer to Policy IT-04 "Data Classification" for further information)</p> <p><b>4.8.4</b> Downloading files or introducing removable media to City computers without virus scanning with an approved and up-to-date virus scanner. Authorized Users are accountable for ensuring that their virus scanning software is up-to-date.</p>
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<b>Corporate Human Resources Policy</b>		Appendix "A" to Report FCS20053
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02	Hamilton	

	<p><b>4.8.5</b> Downloading or storing on the City's network servers any non-work related photo, music or video files.</p> <p><b>4.8.6</b> Sending chain letters, junk mail or broadcast transmissions (i.e. sending a single message to a large number of individual email addresses) unless approved by the Authorized User's management.</p> <p><b>4.8.7</b> Using the Internet to access personal email accounts, including those provided by your personal Internet Service Provider (e.g. Rogers, Cogeco, Sympatico, etc.) and web-based email systems (e.g. Hotmail, Yahoo, gMail, etc.) from within the City's network. Note: that this restriction refers to logging on and opening mailboxes in these email systems. Authorized Users may use the City's email system to correspond with users of any type of email system.</p> <p><b>4.8.8</b> Storing games, game related data or personal web site material on any City network server.</p> <p><b>4.8.9</b> Sending anonymous messages or accessing the Internet under another person's network identification.</p> <p><b>4.8.10</b> Allowing others who are not Authorized Users to access and utilize the City's IT Resources.</p> <p><b>4.8.11</b> Sharing City accounts or passwords with any other person, except as authorized by a member of the City's Senior Leadership Team.</p> <p><b>4.8.12</b> Making unauthorized copies of copyrighted software. It is the responsibility of individual departments to ensure they obtain the appropriate software licensing.</p> <p><b>4.8.13</b> Changing the configuration of the City's IT Resources without authorization from Information Technology.</p> <p><b>4.8.14</b> Circumventing City computer security measures, attempting to gain access to a City system for which proper authorization has not been given, probing the security at any computer site or accessing sites or tools dedicated to computer/network hacking.</p>
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<b>Corporate Human Resources Policy</b>	 <b>Hamilton</b>	
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02		
Page 10 of 11		Approval: TBD

	<b>4.8.15</b> Leaving City computers logged on or unlocked when leaving the workplace for any extended period.
<b>AUDITING</b>	<p>Where there are reasonable grounds to suspect that an Authorized User has abused or contravened this Policy, an audit of the Authorized User's usage may be undertaken, with or without notice to the Authorized User.</p> <p>Usage audits of Authorized Users (other than elected officials) may be authorized by a member of the City's Senior Leadership Team. Authorization shall be in writing (email or text) with a copy to Human Resources. The audit will be conducted by Information Technology in concert with the requesting department.</p> <p>Usage audits of elected officials may be authorized by Council. Records required for the audit will be collected by Information Technology and provided to the auditing body authorized by Council.</p> <p>Usage audits of any Authorized User may be requested by law enforcement officials. In the event of such a request, records required for the audit will be collected by Information Technology and provided to law enforcement as required by law or otherwise authorized by legislation.</p>
<b>COMPLIANCE</b>	Failure to comply with this Policy may result in the Authorized User's access privileges being limited or revoked and City employees may also be subject to disciplinary measures up to and including dismissal.
<b>ADMINISTRATION</b>	<p>This Policy is administered by the Corporate Services Department, Information Technology Division.</p> <p><b>CONTACT:</b> For more information or procedures, contact Information Technology, Corporate Services Department.</p>
<b>RELATED DOCUMENTS</b>	<p>The following related documents are referenced in this Policy:</p> <ul style="list-style-type: none"> <li>• <i>Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. M.56</i></li> <li>• <i>Human Rights Code, R.S.O. 1990, c. H.19</i></li> <li>• <i>Copyright Act, R.S., 1985, c. C-42</i></li> <li>• <i>Criminal Code of Canada, R.S., 1985, c. C-46</i></li> <li>• IT-03 Password policy</li> </ul>

<b>Corporate Human Resources Policy</b>	 Hamilton	
Work Environment		Supersedes: Computer Acceptable Use Policy (2009-02-11))
Policy No: HR-15-09, IT-02		
Page 11 of 11		Approval: TBD

	<ul style="list-style-type: none"> <li>• IT-04 Data Classification policy</li> <li>• IT-05 User Accounts policy</li> <li>• IT-08 Remote Access policy</li> <li>• Council Code of Conduct – By-law No. 16-290</li> <li>• Code of Conduct for employees Social Media Policy</li> </ul>
<b>HISTORY</b>	<p>The following stakeholders were consulted in the revisions made to this Policy:</p> <ul style="list-style-type: none"> <li>• Corporate Policy Review Group</li> <li>• Information Technology</li> <li>• Human Resources</li> <li>• Legal Services</li> <li>• City staff from several divisions</li> <li>• Service Excellence sub-committee</li> <li>• Senior Leadership Team</li> </ul> <p>This replaces the Computer Acceptable Use policy approved by Council of the City of Hamilton on February 11, 2009.</p>







Hamilton

**CITY OF HAMILTON**  
**CORPORATE SERVICES**  
**Financial Services and Taxation**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Tina Iacoe (905) 546-2424 Ext. 2796
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

### RECOMMENDATION(S)

- (a) That Council approve a one-year extension of Contract C12-06-18, Professional and Consultant Services Roster, and that the Manager of Procurement be authorized to negotiate, enter into and execute any required documents required to give effect thereto with Rostered Candidates, in a form satisfactory to the City Solicitor;
- (b) That any cost increase associated with amendments to the existing contract be reported to General Issues Committee as a cost pressure for the 2021 Budget Process and presented to Council with an identified funding source.

### EXECUTIVE SUMMARY

Every two years since 2001, the City of Hamilton (City) has issued and awarded a Professional and Consultant Services Roster ("Roster") through a formal Request for Rostered Candidates ("RFRC") process. The preparation of the RFRC begins early in the issuing year and the entire procurement process is completed by February of the following year.

**SUBJECT: Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide) - Page 2 of 9**

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Since January of 2020, Roster Captains and Procurement staff have been working on the new RFRC document with the expectation that the document is to be issued in September 2020. However, since the onset of COVID-19, Roster Captains have experienced delays in completing updates to their respective categories. Although they continue to work towards completion, it is expected that some may not be completed with the schedule timelines for issuance. In addition to this, Procurement staff has been actively involved and redeployed to source and procure personal protective equipment ("PPE") required during the COVID-19 emergency.

At the time of Report FCS20054, Procurement staff vacancies and continued requirements for PPE by the City's first responders, Long-Term Care homes and other City departments have made it significantly difficult to reassign staff's priorities in order to work on the issuance of the RFRC.

Should a subsequent COVID-19 wave hit later in 2020, the Roster Committee and Procurement staff anticipate that this wave of the virus would have a direct impact on staff's ability to finalize the RFRC, administer the procurement process and evaluate submissions received, all contributing to an unsuccessful RFRC.

Staff is recommending that the issuance of the new RFRC be delayed until 2021 and that Council approve a one-year extension of Contract C12-06-18 Professional and Consultant Services Roster. Staff is also recommending that the Manager of Procurement be authorized to execute the extension to the Contract with the ability to negotiate with Roster Candidates in order to secure their services until December 31, 2021 to a maximum of 2%.

A one-year extension will provide staff with additional time to focus and deal with the COVID-19 emergency(ies), ensure the continuity of consultancy required services by Roster Candidates and to properly reissue the RFRC outside of an unstable market.

**Alternatives for Consideration - See Page 8**

**FINANCIAL- STAFFING - LEGAL IMPLICATIONS**

Financial: It is expected that additional costs incurred as a result of the 2% increase in Roster hourly rates will be reflected in the 2021 capital budget process. Using the average of the past four years' annual costs for all Roster assignments, the increase cost of Roster Assignments in 2021 is estimated to be approximately \$374,660.

Staffing: None

**SUBJECT: Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide) - Page 3 of 9**

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Legal: Any changes to the executed Contract with Roster Candidates will require a formal amendment to be prepared and executed by both the City and the Roster Candidate. Legal Services will assist in preparing this amendment and any offer letter to extend.

**HISTORICAL BACKGROUND**

Every two years since 2001, the City of Hamilton has issued and awarded a Professional and Consultant Services Roster ("Roster") through a formal Request for Rostered Candidates ("RFRC") process in accordance with the City's Procurement Policy. The Roster is utilized by multiple Divisions within the City's Planning and Economic Development, Corporate Services and Public Works Departments for a variety of professional consultancy work.

The current Roster, Contract C12-06-18, was issued on September 4, 2018 and closed on October 11, 2018. The City received 486 electronic submissions from professional consultants vying to be selected as a Roster Candidate on one or multiple Roster Categories. The current Roster is in effect for the years 2019 and 2020. It includes 39 Roster Categories (different consultant disciplines) and has 87 different Roster Candidates (successful professional consultants) providing services.

Consultant firms wishing to be on the City's Roster are required to submit Proposals in accordance with the terms and conditions set out in the RFRC document. Proposals submitted must provide qualitative details as to the consultant's team members, their previous experience, competencies and past project examples. Consultants looking to be on multiple Roster Categories must submit separate proposals to each Roster Category independently. All proposals that are received are evaluated whereby an evaluation team of City staff comes together, evaluates every proposal by consensus and provides objective comments with respect to the consultant's strengths and weaknesses.

Along with qualitative information, consultants are also required to include their hourly rates and any applicable fees or charges for work to be completed. These rates are held for the duration of the Roster term (two years). The qualitative and costing scores for each proposal are summed and the top scoring proposals for each Roster Category are selected for inclusion on the City's Roster ("Roster Candidates").

Once the Roster is set, all work assignments are issued to Roster Candidates in accordance with the City's Procurement Policy, Policy #9 - Consulting and Professional Services. Consultancy projects are directly assigned to the Roster Candidates by City staff on a rotational basis as well as a "best fit" basis taking into consideration the work to be completed and the strengths of the Roster Candidate's team and experience. All Roster Assignments must have an estimated procurement cost of less than \$150,000.

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**SUBJECT: Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide) - Page 4 of 9**

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In addition to directly assigning work, staff also received approval from Council in 2016 and 2018 to proceed with a trial period for awarding roster assignments with an estimated procurement value between \$150,000 and \$249,999 following a request for quotations format.

The administration of the Roster is governed by the Roster Committee which is made up of Roster Captains, City staff members who have a good working knowledge of the particular consultancy requirements within a Roster Category. Roster Captains are usually a senior staff person working within a Division that would have the most use for that Roster Category or consultancy discipline.

The applicable Roster Captain has oversight on all work assignments within a Roster Category and they ensure that there is a reasonably equitable distribution of the projects, based on the total dollar value of the work. The Roster Committee submits an annual Information Report to the Audit, Finance and Administration Committee and to Council providing information on the year's spend and number of assignments issued. The average yearly total value of assignments awarded during the past four years is approximately \$18,733,000.

The Roster is seen as a valuable tool for undertaking consultancy work throughout the City in both an efficient and effective manner. Without the Roster, staff would be required to issue multiple procurement processes requiring an exorbitant amount of staffing resources. It is because of this great value to the City that both the Procurement Section and the Roster Committee commit a great deal of time and effort to uphold not only the integrity of the RFRC process but ensure that the administration of the Roster is carried out in compliance with the Procurement Policy.

#### Roster Procurement Process Timeline

The procurement process for the RFRC takes approximately 12 months, from start to finish. As mentioned previously, since there are multiple Roster Categories that are included in the RFRC document. The development and refinement of the RFRC takes staff considerable time and effort before it can be reissued publicly. In principal, issuing a RFRC with 39 different categories requires almost the same amount of time and effort as issuing 39 separate requests for proposals documents.

The Roster Committee and the Senior Procurement Specialist begin working on the RFRC January / February of that year and all Roster Captains are required to have their work finalized for each of their respective Roster Categories by June. It is worth noting that many Roster Captains manage multiple Roster categories and are therefore required not only to finalize one but sometimes two, three or five different categories.

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**SUBJECT: Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide) - Page 5 of 9**

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From June to August, the Senior Procurement Specialist is then required to finalize the document. This includes updating the instructions and all general conditions applying to all the Roster Categories, as well as, refining any supplementary conditions specific to particular categories. Within this timeline, the Senior Procurement Specialist is also required to input all the schedules into the bidsandtenders online platform to allow for the submission of electronic proposals. Depending on the category, there could be anywhere from two to five schedules for each of the 39 Roster Categories. Although this process requires a significant amount of staff's attention and time, it can be completed within the three months by reallocating work and having the Senior Procurement Specialist focused on this task.

The RFRC document has been traditionally released to the public on the Tuesday following Labour Day in September. Professional consultants who are interested in bidding on the RFRC are generally aware of this and look forward to its release.

The RFRC is open to the public for at least six weeks and usually closes mid to late October. Often Procurement staff has extended the initial closing date to allow for additional time to respond to questions through addenda. Once the RFRC closes, all staff within the Procurement Section work to perform the due diligence required of all the submissions received. Proposals are reviewed and read at a high level to ensure compliancy and that they do not include any qualifications or caveats to cause the proposal to be rejected.

Compliancy checks usually take between two to four weeks to complete, depending on the issues to be addressed and any legal review required. Once all the proposals in a Roster Category have been reviewed, the proposals are released to the Roster Captain and their teams for evaluations.

Roster Captains and their teams have one to two months to complete their evaluations and recommendations for the award of the Roster. All the scores and comments are then reviewed by the Senior Procurement Specialist and then presented to the Manager of Procurement and the General Manager of the applicable department for approval. Once approved, the bidsandtenders website is updated and all consultants are advised of the successful list of Roster Candidates.

In accordance with the Procurement Policy, Policy #18 - Vendor Complaint Resolution, all proponents have five business days after being advised of the results of the RFRC to raise a vendor dispute to the Manager of Procurement. Fortunately, with the implementation of electronic bids, the number of disqualifications and vendor complaint resolutions raised has significantly dropped in the past four years. However, there remains a small number of disputes that are raised and require addressing. This could potentially create another two-week delay in the release of any proposal.

**SUBJECT: Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide) - Page 6 of 9**

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Once the Roster is confirmed and approved, Procurement staff spend January and February (and sometimes longer) gathering Roster Candidates' information, including certificates of insurance, WSIB clearance certificates, statement of acknowledgements regarding the City's AODA Customer Service Standard Handbook, data license agreements and electronic funds transfer information. It is only after these documents are received that work can be assigned.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The RFRC is issued in accordance with By-law 17-064, City Procurement Policy, specifically Policy #9 - Consulting and Professional Services and Policy #5.4 - Request for Proposals.

**RELEVANT CONSULTATION**

The Roster Executive was consulted in the preparation of Report FCS20054 and fully supports the recommendations presented to Committee and Council.

Corporate Services (Finance and Administration) was consulted on the Financial Implications section of Report FCS20054.

A representative from the Consulting Engineers of Ontario (CEO) was also consulted regarding workload pressures and stimulus funding potentials during and post COVID-19.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

As per the timeline information set out in Report FCS20054, the issuance and completion of the procurement process for the RFRC is currently scheduled for the fall/winter of 2020. Should a subsequent COVID-19 wave hit Ontario during this time, staff is anticipating that it will have a direct impact on staff's ability to run a successful and competitive RFRC. Staff fully expect that, should the City experience another wave of the virus, the City will not receive the same level of response from consultant firms as with previous RFRC procurements (2018 received 486 submissions).

**SUBJECT: Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide) - Page 7 of 9**

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**Concerns from the Consultancy Perspective**

With respect to the current COVID-19 virus wave, staff is aware that some consultancy firms are currently running their offices with a skeleton crew and have had to put employees on reduced hours or forced vacation in order to avoid layoffs or terminations. With these pressures on internal staffing, it may be very difficult for consultancy firms to properly respond to a RFRC and multiple Roster Categories. If a firm is not at full staff, they may not have the ability to propose a team of experts due to their reduced staffing levels.

Conversely, staff is also concerned that, should any stimulus funding opportunities be generated in response to COVID-19, both City staff and consultants alike will be focused on delivering projects and helping with the overall recovery. In consultations with current Roster Candidates, staff has learned that there will be a significant amount of work to be done due to the stimulus funding and consultants will be at full capacity, focusing on delivering projects and generating income for their firm rather than spending the time and effort on submitting proposals.

Less proposals being submitted to the City will directly result in a smaller pool of successful Roster Candidates for consultancy work required for the new two-year term of the Roster. A reduced number of Roster Candidates available for work assignments will put additional capacity pressures on those Roster Candidates and, in turn, cause delays in completing the work which will ultimately negatively impact and further delay City staff's ability to get work done.

**Concerns from the City Staff Perspective**

In addition to these concerns raised regarding consultants, staff is also expecting internal challenges to facilitate the RFRC procurement process. As we are currently experiencing, the COVID-19 emergency has resulted in staff being redeployed to work in other areas of the City. Should a subsequent wave hit, it is conceivable to believe that these same staff will be redeployed once again and not be available to participate on any evaluation committee.

This same concern would also apply for Procurement staff who are currently working on the procurement of PPE and who have also been redeployed to Public Health. Although the Procurement Section regularly deals with staff vacancies, it would not have the capacity to reassign work priorities during the pandemic.

**SUBJECT: Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 {FCS20054} {City Wide} - Page 8 of 9**

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### Process for Extending the Contract

Should Council approve the extension of Contract C12-06-18, Procurement staff will immediately engage the Roster Candidates and advise them that the City wishes to extend the Contract. Since the RFRC did not include an option to extend the Contract beyond the two-year term, the City cannot require a Roster Candidate to agree to the extension. Therefore, the Roster Candidate will have full discretion and they can either agree to the extension and the terms or end the Contract on December 31, 2020.

Staff is recommending negotiating with Roster Candidates an increase of no more than 2% on their hourly rates and no increase on any additional fees or charges. Staff feel that this increase is reasonable since the Consumer Price Index for 2018 and 2019 was 2.4 and 1.9, respectfully, for all goods and services in Ontario. Further, consultants benefit from the additional year to provide services to the City without having to spend time and money on preparing new Proposals.

Additionally, proponents who bid on multi-year contracts such as the Roster would typically quote rates high enough to mitigate any increase in inflation or cost of living for the duration of the new contract. Therefore, by extending the Roster for one additional year, the City could prolong any significant increase in hourly rates until 2022.

### **ALTERNATIVES FOR CONSIDERATION**

#### Alternative #1

Council may choose to approve the one-year extension of Contract C12-06-18 but not approve the 2% increase on hourly rates. If this alternative is chosen, Roster Candidates may be hesitant to continue to offer their services at rates that were quoted in 2018. Should there be a significant demand for consultancy work due to an influx of stimulus funding and projects, Roster Candidates may choose to walk away from the Roster to work on other more profitable projects with another municipality or owner.

This alternative is not recommended as it may lead to a reduced number of Roster Candidates for 2021 and may cause delays in completing work.



**SUBJECT: Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide) - Page 9 of 9**

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## Alternative #2

Council may choose to not approve the recommendations in Report FCs20054 and direct staff to continue to work on completing the new RFRC. If this alternative is chosen, it is certain that the issuance and award of the new RFRC will be delayed well into 2021 because of the current workload due to COVID-19. Staff will not be able to award any further Roster assignments until the new RFRC has been awarded and all vendor documentation is received and correct. Should consultancy services be required before the completion of an award, staff will need to either issue another procurement process, a Policy #11 Non-Competitive Procurement or request Council approval to proceed.

This alternative is not recommended as it may lead to a reduced number of Roster Candidates for 2021 and will cause delays in completing work because of the prolonged schedule to award. In addition to this, it is anticipated that an RFRC issued in 2020 will result in higher hourly rates, fees and charges beyond 2%.

**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.

**Our People and Performance**

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

**APPENDICES AND SCHEDULES ATTACHED**


None

TI/dw





**CITY OF HAMILTON**  
**CITY MANAGER'S OFFICE**  
**Office of the City Auditor**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 18, 2020
<b>SUBJECT/REPORT NO:</b>	City Auditor Reporting of Serious Matters to Council Policy (AUD20003) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Brigitte Minard CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107  Charles Brown CPA, CA, CPA (Illinois) (905) 546-2424 Ext. 4469
<b>SUBMITTED BY:</b>	Charles Brown CPA, CA, CPA (Illinois) City Auditor Office of the City Auditor City Manager's Office
<b>SIGNATURE:</b>	

### RECOMMENDATION

- (a) That the Office of the City Auditor Policy, City Auditor Reporting of Serious Matters to Council Policy, attached as Appendix "A" to Report AUD20003, be approved; and,
- (b) That a by-law to amend the Whistleblower By-law 19-181, updating the frequency of reporting from quarterly to semi-annually, with a mid-year status report and a comprehensive annual report, attached as Appendix "B" to Report AUD20003, be enacted by Council.

### EXECUTIVE SUMMARY

The City Auditor reports functionally to City Council via the Audit, Finance and Administration Committee. The intent of the "City Auditor Reporting of Serious Matters to Council" policy is to provide clarity on when the City Auditor should proactively

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**SUBJECT: City Auditor Reporting of Serious Matters to Council Policy  
(AUD20003) (City Wide)**

**Page 2 of 4**

communicate matters being investigated to Council, outside of the typical reporting process for the Office of the City Auditor (OCA).

Serious matters require urgent attention. As per the policy, proactive disclosure to Council is called for with respect to serious matters that:

- Pose a security threat (e.g. cybersecurity exposure) to the organization's information systems/hardware/software applications or involves major privacy breach.
- Threaten public safety.
- Involve potential fraud over \$100,000.
- Could have a significant adverse impact on the City's vulnerable populations.
- Result in investigation by OCA and referral to the Police
- In the judgement of the City Auditor are deemed to be of a significant risk to the Corporation.

Due to the addition of this policy, it is also recommended that the reporting frequency of Whistleblower By-law disclosures be adjusted to streamline the OCA's reporting process.

**Alternatives for Consideration – Not Applicable**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: N/A

Staffing: N/A

Legal: The Legal Services & Risk Management Division is consulted as required per the Fraud Policy and Protocol.

**HISTORICAL BACKGROUND**

During this term of Council, various members of the Audit, Finance and Administration Committee have discussed with the City Auditor what is considered to be a "serious matter" that is to be reported to Council. This topic has also arisen due to the July 2019 launch of the City of Hamilton's Fraud and Waste Hotline ([www.hamilton.ca/fraud](http://www.hamilton.ca/fraud)), and the increased volume of reports and investigations that the Office of the City Auditor has been undertaking since July 2019.

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**SUBJECT: City Auditor Reporting of Serious Matters to Council Policy  
(AUD20003) (City Wide)****Page 3 of 4**

The "City Auditor Reporting of Serious Matters to Council" policy was developed to provide clarity on what a "serious matter" is and the reporting requirements for the City Auditor.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

This report is regarding a policy that is being put forward for Council's consideration and approval. The relevant policy is "City Auditor Reporting of Serious Matters to Council Policy" that is included as Appendix "A" to Report AUD20003.

This report also proposes a change to the frequency in reporting of Whistleblower disclosures be moved to semi-annually. The rationale for this is because any serious matters that fit the definition of the criteria to be reported to Council would be done by the City Auditor in an expediated manner and moving to semi-annual reporting would streamline the OCA's reporting process.

**RELEVANT CONSULTATION**

City of Toronto - Auditor General's Office  
Niagara Region - Internal Audit

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The purpose of the "City Auditor Reporting of Serious Matters to Council Policy" is to outline and provide guidelines on when the City Auditor should proactively inform Council about a serious matter pertaining to the City of Hamilton.

The City Auditor's compliance with this policy would serve to keep Council informed and minimize the risk of Council not being aware of serious matters that OCA is investigating or that management may not have previously reported to Council that have come to the OCA's attention through the course of its work.

This policy applies to the City Auditor who is the appointed Auditor General for the City under the Municipal Act and to any matter that comes to their attention. It applies to serious matters uncovered through investigations launched under the Fraud and Waste/Whistleblower protocols, in the course of audits, and/or other engagements (i.e. risk assessments or consulting projects). With the approval of this policy, the reporting frequency for Whistleblower By-law disclosures changes. Rather than quarterly reporting of Whistleblower reports, it is recommended that the frequency be moved to semi-annually as any serious matters reported to Council would be done by the City Auditor in an expediated manner.

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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: City Auditor Reporting of Serious Matters to Council Policy  
(AUD20003) (City Wide)****Page 4 of 4**

As a result, the Fraud and Waste Hotline and Whistleblower updates will be reported in Q3 for Hotline activity and Whistleblower disclosures that occur in the first six months of the year. A comprehensive annual Fraud and Waste Hotline and Whistleblower report will encompass Hotline activity and Whistleblower disclosures for the entire year (i.e. January to December) and will be reported in the following year. This change in reporting frequency strikes the balance between keeping Council well informed and ensure the OCA's resources are utilized in an efficient manner.

**ALTERNATIVES FOR CONSIDERATION**

Not applicable.

**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 AUD20003 – City Auditor Reporting of Serious Matters to Council Policy

Appendix "B" to Report AUD20003 – Amending Whistleblower By-law

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<b>Office of the City Auditor Policy</b>		Content Updated: 2020-02-20
Reporting Serious Matters to Council		Supersedes Policy: N/A
Policy No: OCA-03		
Page 1 of 4		Approval: YEAR-MM-DD

### ***City Auditor Reporting of Serious Matters to Council Policy***

<b>POLICY STATEMENT</b>	<p>The City Auditor reports functionally to City Council via the Audit, Finance and Administration Committee. The intent of this policy is to provide clarity on when the City Auditor is to communicate serious matters to Council that fall outside of the typical reporting process for the Office of the City Auditor (OCA).</p> <p>The City Auditor is one of the Accountability Officers at the City of Hamilton.</p>
<b>PURPOSE</b>	<p>The purpose of this policy is to outline and provide guidelines on when the City Auditor should proactively inform Council about a serious matter pertaining to the City of Hamilton. The provisions and standards in this policy should be followed to keep Council informed and minimize the risk of Council not being aware of serious matters that come to the attention of the City Auditor.</p>
<b>SCOPE</b>	<p>This policy applies to the City Auditor who is the appointed Auditor General for the City and to any matter that comes to their attention. It applies to serious matters uncovered through investigations launched under the Fraud and Waste/Whistleblower protocols or in the course of audits or other engagements.</p>
<b>DEFINITIONS</b>	<p>The following terms referenced in this Policy are defined as:</p>
<b>Accountability Officer</b>	<p>Independent parties that ensure transparency and accountability and receive and investigate complaints. This can include the City Auditor, Integrity Commissioner, Lobbyist Registrar or Ombudsman.</p>
<b>Information</b>	<p>All hard copy, electronic records and meta data.</p>
<b>Sensitive and Confidential Information</b>	<p>Information that is protected, including information excluded from MFIPPA and PFIPPA FOI requests.</p>

<p><b>Office of the City Auditor Policy</b>          Reporting Serious Matters to Council          Policy No: OCA-03          Page 2 of 4</p>	 Hamilton	<p>Content Updated: 2020-02-20          Supersedes Policy: N/A          Approval: YEAR-MM-DD</p>
<p><b>PRINCIPLES</b></p>	<p><b>Independence</b></p> <p>The Office of the City Auditor, the City Auditor and its staff are independent of City administration and operations. This independence is a safeguard that enables the OCA to fulfil its auditing and reporting responsibilities objectively and fairly.</p> <p><b>Confidentiality</b></p> <p>Under the <i>Municipal Act</i> the OCA has the mandate and the authority to set the parameters of an audit or investigation. All dealings with the OCA shall be respectful of that authority.</p> <p><b>Responsibility</b></p> <p>Per the Municipal Act Section 223.19, the Auditor General (City Auditor) reports to Council and is responsible for assisting the council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations. The Auditor General is to perform their responsibilities in an independent manner.</p> <p><b>Need to know basis</b></p> <p>Information regarding investigations should be disclosed on a need to know basis, and members of management will be informed of investigations (including those regarding serious matters) relevant to their scope of authority/work.</p>	
<p><b>TERMS AND CONDITIONS</b></p> <p><b>Investigation Standards</b></p>	<p>While conducting an investigation, Auditors are obliged to follow investigation standards and Fraud Investigation protocols of the City. Auditors are required to maintain an attitude of professional skepticism in ensuring that all the information examined is supportable.</p> <p>The following considerations are important to the interpretation and implementation of this policy:</p> <ul style="list-style-type: none"> <li>• During an ongoing investigation, it is generally best to avoid discussion of particulars before all facts are known, and specifically to avoid discussing the investigation plan, excepting the principals that are involved where necessary.</li> </ul>	



<p><b>Office of the City Auditor Policy</b>                  Reporting Serious Matters to Council                  Policy No: OCA-03                  Page 3 of 4</p>	 Hamilton	<p>Content Updated: 2020-02-20                  Supersedes Policy: N/A                  Approval: YEAR-MM-DD</p>
	<ul style="list-style-type: none"> <li>• Confidentiality is integral to the integrity of an investigation.</li> <li>• Knowledge of investigations by Management or members of Council prior to their conclusion, must be balanced against the need to protect the integrity of investigations and the privacy and dignity of people involved.</li> <li>• Disclosing information before an investigation is complete may:                         <ul style="list-style-type: none"> <li>○ Be harmful to the investigation in terms of eliciting cooperation of witnesses, the availability of information, or revealing the investigation strategy.</li> <li>○ Be prejudicial to a fair outcome.</li> <li>○ Adversely affect the City’s position in litigation.</li> <li>○ Have an unintended negative impact on people and their reputation(s).</li> </ul> </li> </ul>	
<p><b>Serious Matter</b></p>	<p>Urgent attention and disclosure to Council is called for with respect to serious matters that:</p> <ul style="list-style-type: none"> <li>• Pose a security threat (e.g. cybersecurity exposure) to the organization’s information systems/hardware/software applications or involves major privacy breach.</li> <li>• Threaten public safety.</li> <li>• Involve potential fraud over \$100,000.</li> <li>• Could have a significant adverse impact on the City’s vulnerable populations.</li> <li>• Result in investigation by OCA and referral to the Police</li> <li>• In the judgement of the City Auditor are deemed to be of a significant risk to the Corporation.</li> </ul> <p>For a serious matter the City Auditor will:</p> <ul style="list-style-type: none"> <li>• Report the matter to the Audit, Finance and Administration Committee at the earliest opportunity from the time there is sufficient information to judge that a criterion for reporting has been met or in the case of a Police referral the earliest opportunity from the time of referral</li> <li>• Consult with the Clerk on the appropriateness of reporting the item in-camera.</li> </ul> <p>For a serious matter, the City Auditor may also:</p> <ul style="list-style-type: none"> <li>• Alert Legal Services and Risk Management of the matter to ensure actions enable appropriate mitigation of damages/costs to the City and support a timely recovery.</li> <li>• Inform functions/leadership individuals where necessary to enable effective discharge of their responsibilities.</li> </ul>	



**Authority:** Item TBD, Audit, Finance &  
Administration Committee Report 20-  
TBD (AUD20003)  
CM: TBD  
Ward: City Wide

**Bill No. TBD**

**CITY OF HAMILTON**

**BY-LAW NO. 20-**

**To Amend By-law No. 19-181, the Whistleblower By-law**

**WHEREAS** Council enacted a Whistleblower By-law being City of Hamilton By-law No. 19-181;

**AND WHEREAS** it is necessary to amend By-law 19-181.

**NOW THEREFORE** the Council of the City of Hamilton enacts as follows:

- 1. That By-law No. 19-181, be amended:
  - (i) to replace reporting to Council quarterly with reporting to Council semi-annually;

2 This By-law comes into force on the day it is passed.

**PASSED** this \_\_\_\_\_th day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
F. Eisenberger  
Mayor

\_\_\_\_\_  
A. Holland  
City Clerk