




**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Financial Services and Taxation Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	June 15, 2023
<b>SUBJECT/REPORT NO:</b>	2022 City of Hamilton Financial Report and Audited Financial Statements (FCS23059) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Nikki Freeman (905) 546-2424 Ext. 3020
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
<b>SIGNATURE:</b>	

### RECOMMENDATION

That the 2022 City of Hamilton Financial Report and Audited Financial Statements, attached as Appendix "B" to Report FCS23059 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 FCS23059, present the consolidated statement of financial position of the Municipality as at December 31, 2022, the consolidated statement of operations for the year ended December 31, 2022, the consolidated statement of changes in net financial assets and the consolidated statement of cash flow.

KPMG LLP, the City of Hamilton's (City) external auditors, performed the statutory audit function and expressed an opinion, free of qualification, that these financial statements present fairly, in all material respects, the financial position of the City of Hamilton as at December 31, 2022. The Audit Findings Report prepared by KPMG for the year ended December 31, 2022, is attached as Appendix "C" to Report FCS23059. KPMG's report provides the status of the audit, a summary of significant audit, accounting, and

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.

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reporting matters; a summary of audit adjustments; and updates to technical accounting and auditing standards. The report from KPMG indicates that there were no significant internal control deficiencies during the 2022 audit. There is an uncorrected disclosure difference relating to assumptions used to measure the employee future benefit obligation, however, this has no impact on the consolidated statements of Financial Position or Operations and only impacts the note disclosure.

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.

Appendix "A" to Report FCS23059 provides the 2022 Consolidated Financial Statement Executive Summary for the City. At the January 19, 2023 Audit, Finance and Administration Committee meeting, a motion was passed requesting an executive summary of the financial audit to be included as part of the final audit report.

The 2022 Financial Report (Appendix "B" to Report FCS23059) 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

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 FCS23059 provides the 2022 Consolidated Financial Statement Executive Summary for the City. Appendix "B" to Report FC23059 provides the 2022 City of Hamilton Financial Report.

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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).

PSAB changes are applied in the years' they come into effect in legislation and will include any required note disclosure. Most recent changes include PSAB 3260 – Liability of Contaminated Sites which came into effect January 1, 2015 and was shown for the first time in our 2015 Financial Statements, applied retroactively as prescribed. Details of the liability for 2022 can be found in the financial statements in Appendix “B” to Report FCS23059, 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 FCS23059, Note 1.

Effective January 1, 2019, the City adopted PS3430 Restructuring Transactions in their Consolidated Financial Statements. The adoption of this new standard had no impact on the City's Consolidated Financial Statements but did result in an additional note disclosure. Details of this new standard can be found in Appendix “B” to Report FCS23059, Note 1.

The Audit Findings Report provided by KPMG in Appendix “C” to Report FCS23059 includes discussion on application of new accounting pronouncements.

The City's Operating and Capital Budget process is reported on a modified accrual basis of accounting. The Operating and Capital Budgets include expenditures for principal payments on debt, payments of retiree benefits, payments of contaminated sites, payments of environmental liabilities and payments of landfill costs and revenues from the proceeds on the issuance of debentures or loans. The Consolidated Financial Statements of the City account for these transactions differently in accordance with Canadian public sector accounting standards.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Not Applicable

**RELEVANT CONSULTATION**

KPMG LLP, our external auditors performed the annual audit for the City of Hamilton consolidated financial statements for 2022 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 2022 City of Hamilton Financial Report and Audited Financial Statements are included in Appendix “B” to Report FCS23059.

**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 FCS23059 – 2022 Consolidated Financial Statement Executive Summary

Appendix “B” to Report FCS23059 – 2022 City of Hamilton Financial Report

Appendix “C” to Report FCS23059 – KPMG’s Audit Findings Report for the year ended December 31, 2022

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