SUBJECT: 2008 Financial Report and Audited Financial Statements (FCS09056) (City Wide)

RECOMMENDATION:

That the 2008 Financial Report and Audited Financial Statements for the City of Hamilton attached as Appendix “B” to report FCS09056 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. The financial statements, attached as Appendix “B” to report FCS09056, present the 2008 financial position of the municipality as at December 31, 2008, and the financial activities for the year ended December 31, 2008.

Grant Thornton, LLP, Chartered Accountants, the city’s external auditors, performed the statutory audit function and expressed an opinion, free of any qualifications, that these financial statements present fairly, in all material respects, the financial position of the City of Hamilton as at December 31, 2008. In addition, the external auditors, Grant Thornton Chartered Accountants LLP, will be presenting their reports titled “2008 Communication of Audit Results” and “2008 Internal Control Findings” to the Audit and Administration Committee.
The financial statements have been prepared by staff in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants (“CICA”). PSAB requirements for local governments include fund accounting for current, capital and reserves funds, accrual accounting, post employment and retirement benefit obligations, liabilities associated with the closure and post-closure activities for the solid waste landfill sites, consolidation of government business enterprises and consolidation of the City’s housing corporation.

Effective January 1, 2007, The City of Hamilton adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (“CICA”) with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section PS3150 Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009. During 2008, The City of Hamilton continued to work towards compliance with the recommendations for accounting for tangible capital assets. As of December 31, 2008, the City has completed listings and values for land, vehicles, buildings (except for water and wastewater plant and facilities), roads, bridges/structures and water, wastewater and storm water linear assets. The values of the tangible capital assets are disclosed in the notes to the consolidated financial statements. A complete listing of assets and values for all of the remaining assets is currently underway and expected to be completed by September 30, 2009.

The 2008 City of Hamilton Consolidated Financial Statements include transfers to reserve for the corporate year end operating budget surplus approved in report FCS09040 titled Tax and Rate Operating Budget Variance Report to December 31, 2008 as approved by Council at its meeting of April 15, 2009. The final tax and rate operating budget surplus of $7,355,596 differs from the surplus reported in report FCS09040 of $7,447,667 by $92,071. The difference resulted from adjustments made by HECFI during their 2008 audit.

Appendix “A” to report FCS09056 provides an overview of management’s analysis of the 2008 Consolidated Financial Statements for the City of Hamilton.

**BACKGROUND:**

The 2008 Financial Report (Appendix “B” to report FCS09056) contains the following financial information:

- City of Hamilton Five Year Financial and Statistical Review
- City of Hamilton Consolidated Financial Statements
- City of Hamilton Homes for the Aged Trust Fund Financial Statements
- City of Hamilton Trust Fund Financial Statements
- Financial Statements for the Pension Fund for the Employees of the Hamilton Street Railway
- Financial Statements for the Pension Fund for the Hamilton Wentworth Retirement Fund Pension Plan
Financial statements for the Hamilton Public Library Board, Hamilton Entertainment and Convention Facilities Inc. (“HECFI“), the City’s Housing Corporation and Business Improvement Areas are presented to their respective boards or oversight bodies.

ANALYSIS/RATIONALE:

N/A.

ALTERNATIVES FOR CONSIDERATION:

N/A.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

FINANCIAL: Appendix “A” to report FCS09056 provides an overview of management’s analysis of the 2008 Consolidated Financial Statements for the City of Hamilton.

STAFFING: There are no associated staffing implications.

LEGAL: There are no associated legal implications.

POLICIES AFFECTING PROPOSAL:

N/A.

RELEVANT CONSULTATION:

The annual financial report is prepared with the co-operation of staff in all departments and is audited by the external auditors, Grant Thornton, Chartered Accountants.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No

The 2008 Financial Statements are prepared to ensure fiscal accountability to the ratepayers of the City of Hamilton. It ensures that public activities are reported and audited by independent auditors and
decisions at all levels of government are co-ordinated, efficient, effective and easily accessible to all citizens.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
Timely and accurate financial reporting ensures informed decisions are made at Council, enhancing the environmental well-being.

Economic Well-Being is enhanced. ☑ Yes ☐ No
The 2008 Financial Report, audited financial statements and five year financial and statistical review provide information to the ratepayers and users of the financial information that contributes to Council's strategic goals as a City that spends wisely and invests strategically. The audit concluding memorandum from the external auditors reinforces the responsibilities of the elected officials and management in ensuring that the organization's financial resources are being protected and economic well-being is enhanced.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No