



**The Corporation of the City of Stratford
Finance and Labour Relations Sub-committee
Open Session
AGENDA**

Date: Tuesday, September 17, 2019
Time: 3:30 P.M.
Location: Council Chamber, City Hall
Sub-committee Present: Councillor Clifford - Chair Presiding, Councillor Gaffney - Vice Chair, Councillor Beatty, Councillor Bunting, Councillor Ritsma
Staff Present: Michael Humble - Director of Corporate Services, Jacqueline Mockler - Director of Human Resources, Janice Beirness - Manager of Financial Services, Jodi Akins - Council Clerk Secretary

Pages

1. Call to Order

The Chair to call the meeting to Order.

2. Disclosure of Pecuniary Interest and the General Nature Thereof

The *Municipal Conflict of Interest Act* requires any member of Council declaring a pecuniary interest and the general nature thereof, where the interest of a member of Council has not been disclosed by reason of the member's absence from the meeting, to disclose the interest at the first open meeting attended by the member of Council and otherwise comply with the *Act*.

Name, Item and General Nature of Pecuniary Interest

.....

3. Delegations

None scheduled.

4. Report of the Manager of Financial Services

4.1 Draft 2018 Consolidated Financial Statements (FIN19-033)

4 - 40

Cameron Johnston CPA, CA, LPA, of Millard, Rouse & Rosebrugh LLP, auditors for the City of Stratford will be in attendance at the meeting to present the audit report.

Motion by _____

THAT Cameron Johnston CPA, CA, LPA, of Millard, Rouse & Rosebrugh LLP be heard.

Motion by _____

Staff Recommendation: THAT the draft 2018 Consolidated Financial Statements be approved and the 2018 Audit Report be received for information.

5. Report of the Manager of Environmental Services

5.1 Request to Waive Water and Wastewater Charges due to Discolouration Event (FIN19-034)

41 - 42

Motion by _____

Staff Recommendation: THAT the report on the request to waive water and wastewater charges due to discolouration event for 94 Louise Street, 90 Louise Street, and 104 Blake Street be received for information.

5.2 Request for Changes to 2019 Capital Budget – Grit Removal System (G941-9782) (FIN19-035)

43 - 44

Motion by _____

Staff Recommendation: THAT Council amend the capital budget for the Grit Removal System replacement and re-allocate \$150,000 towards the Tertiary Filter Rehabilitation at the Water Pollution Control Plant.

6. Report of the Director of Human Resources

6.1 Council Remuneration (FIN19-036)

45 - 68

Motion by _____

Staff Recommendation: THAT the Ad Hoc Citizen's Committee on Council Remuneration Report be considered by the Finance and Labour Relations

Sub-committee;

AND THAT direction be given.

7. Advisory Committee/Outside Board Minutes

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The following Advisory Committee/Outside Board minutes are provided for the information of Sub-committee:

Stratfords of the World Advisory Committee minutes dated May 23, 2019

8. Next Sub-committee Meeting

The next Finance and Labour Relations Sub-committee meeting is Tuesday, October 22, 2019 at 3:30 p.m. in the Council Chamber, City Hall.

9. Adjournment

Meeting Start Time:

Meeting End Time:

Motion by _____

THAT the Finance and Labour Relations Sub-committee meeting adjourn.



MANAGEMENT REPORT

Date: September 17, 2019
To: Finance and Labour Relations Sub-committee
From: Janice Beirness, Manager of Financial Services
Report#: FIN19-033
Attachments: Draft 2018 Consolidated Financial Statements and 2018 Audit Report

Title: Draft 2018 Consolidated Financial Statements

Objective: To have the Auditors present the draft 2018 Consolidated Financial Statements and the 2018 Audit Report.

Background: The 2018 audit was conducted by Millard, Rouse & Rosebrugh LLP. This is the fifth year Millard's has performed the audit. A Request for Proposal for external auditors is being issued this Fall.

Analysis: The auditors will provide a verbal presentation of their audit opinion and discussion points regarding the annual audit.

Two significant changes are:

-increase in the annual surplus of approximately \$10,000,000 as noted on the Consolidated Statement of Operations, page 2. The two largest contributing factors are the increase in other revenue which is a result of two land sales, the fairgrounds and the Kiwanis Community Centre resulting in revenue of \$5,247,478. As well the increase in conditional grants most significantly the Public Transit Infrastructure Fund, \$1,059,226 and increased usage of Federal Gas Tax, \$2,194,692. It should be noted that Federal Gas Tax is recognized as revenue when it is spent.

-increase in cash and cash equivalents on the balance sheet. This increase is summarized in the Consolidated Statement of Cash Flows on page 4. Most notably is the \$10,000,000 increase in the annual surplus. The other significant increase is a result of the new debt issued in the amount of \$6,113,000. Although principal payments of \$5,973,638 were made, the new debt resulted in an overall increase in long term debt.

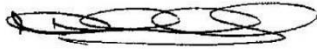
The annual surplus in the Consolidated Financial statements is \$24,230,414 compared to the Cash (budget) surplus of \$53,678 which was transferred to the tax stabilization reserve. The majority of the difference is the result of removing transfers to/from reserves and reserve funds, capital expenditures and principle debt payments from the Consolidated Financial statements and adding amortization expense to the Consolidated Financial statements. This is done so the basis of reporting uses accrual accounting versus cash accounting.

Financial Impact: None

Staff Recommendation: THAT the draft 2018 Consolidated Financial Statements be approved and the 2018 Audit Report be received for information.



Janice Beirness, Manager of Financial Services



Michael Humble, Director of Corporate Services



Joan Thomson, Acting Chief Administrative Officer

The Corporation of the City of Stratford

**Report to the Finance and Labour
Relations Sub-committee**

December 31, 2018

September 4, 2019

To the Members of the Finance and Labour Relations Sub-committee
The Corporation of the City of Stratford

Our audit of the financial statements of The Corporation of the City of Stratford (the City) for the year ended December 31, 2018 is complete and we have issued a draft report on these financial statements without qualification.

The report to the councillors been prepared to facilitate communication with those charged with governance, as required by Canadian Auditing Standards. These standards require that we communicate with those charged with governance regarding various matters including:

- Auditor responsibilities in relation to the consolidated financial statement audit
- Planned scope and timing of the audit
- Auditor independence
- Significant findings from the audit, including:
 - qualitative aspects of accounting practices
 - difficulties encountered during the audit
 - matters discussed with management
 - other matters relevant to the financial reporting process

We express our appreciation for the cooperation and assistance received from the management and the Finance Department of the City during the course of our audit.

If you have any particular comments or concerns, please do not hesitate to contact me.

Yours very truly,

MILLARD, ROUSE & ROSEBRUGH LLP



Cameron Johnston CPA, CA, LPA
 Engagement Partner

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Introduction

This report summarizes significant matters that we believe should be brought to your attention for the City. We emphasize that the audit and this report would not necessarily identify all matters that may be of interest to the committee.

This report has been prepared solely for the purpose of assisting the finance committee in the discharge of its oversight responsibility and should not be used for any other purpose. We disclaim any obligation to any other party that may rely upon this report.

Audit Scope and Responsibility

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Stratford

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Stratford (the 'Corporation'), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2018, and the results of its operations, its changes in its 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 Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 these consolidated 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 consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these 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 consolidated 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 may identify during our audit.

Approval Date
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Independence

As external auditors of the City, we are required to be independent in accordance with Provincial professional requirements. These standards require that we disclose to the Finance Committee all relationships that, in our professional judgement, may reasonably be thought to bear on our independence. We provided a letter to management at the commencement of our audit, which confirms our independence with respect to the City.

We confirm that we are not aware of any relationship or non-audit services that would impair our independence for purposes of expressing an opinion on the financial statements.

Responsibility of Management

Preparation of financial statements

The preparation of the financial statements, including the accompanying notes, is the responsibility of management. This includes the preparation of the financial statements in accordance with Canadian public sector accounting standards.

Management is responsible for selecting the significant accounting policies used in the preparation of the financial statements, for applying judgment in preparing accounting estimates contained in the financial statements, and for preparing or obtaining documentation supporting amounts and disclosures in the financial statements. In addition, management is responsible for assessing the impact of any misstatements detected during the preparation and audit of the financial statements, individually and in aggregate, on the fair presentation of amounts and disclosures contained in the financial statements and determining if such adjustments should be recorded.

Management's representations

The transactions and estimates reflected in the accounts and in the financial statements are within the direct control of management. Accordingly, the fairness of the representations made through the financial statements is an implicit and integral part of management's responsibility.

Throughout the course of our audit, we obtain representations from management in the form of answers to our audit inquiries. We will also obtain a formal representation letter from management at the conclusion of the audit.

Reportable Matters

CPA Canada has specified matters that should be brought to the attention of management. The following summarizes the matters to be communicated.

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the financial statements. Within the context of the audit, management has represented to us that there have not been any material changes in the accounting principles and policies during the year.

We have not noted any significant unusual transactions.

Materiality

Millard, Rouse & Rosebrugh LLP planned the audit with the objective of having reasonable assurance of detecting misstatements that would be material to the financial statements taken as a whole. As required by audit standards, materiality was utilized during the conduct of the audit and the evaluation of any misstatements identified.

Misstatements and significant audit adjustments

Misstatements represent audit findings for which we do not agree with the amount, classification, presentation or disclosure of items in the financial statements.

A misstatement may arise from an error or from fraud and other irregularities. An error refers to an unintentional misstatement in financial statements, including an omission of amount or disclosure.

Fraud and other irregularities refer to an intentional misstatement in financial statements, including an omission of amount or disclosure, or to a misstatement arising from theft of the Corporation's assets.

In conducting our procedures, we may identify misstatements that require adjustments to the recorded amounts. These audit adjustments are discussed with management, who in consultation with us, determine if an adjustment should be recorded.

During the course of our audit, we did not discover any misstatements arising from fraud or other irregularities.

Internal controls

Management is responsible for the design and operation of an effective system of internal control that provides reasonable assurance that the accounting systems provide timely, accurate and reliable financial information, as well as safeguard the assets of the City.

Through our role as auditors of your financial statements we possess an understanding of the City and its operating environment, including internal control. However, a financial statement audit is not designed to provide assurance on internal control. Professional standards do require us to communicate to the finance committee significant deficiencies and material weaknesses in internal control that have come to our attention in the course of performing the audit.

During the course of our audit, we did not discover any significant deficiencies in internal control.

Fraud and illegal acts

Our inquiries of management and our testing of financial records did not reveal any fraud, illegal or possible illegal acts. However, please be aware that improper conduct is usually carefully and often elaborately concealed and therefore, the probability of detecting such acts is not high. Management is also asked in the formal letter of representations to disclose if they are aware of any fraud, illegal or possible illegal acts that would impact the financial statements.

Difficulties

We did not encounter any difficulties in the performance of the audit. We have had no disagreements with management, and have resolved all auditing, accounting and presentation issues to our satisfaction.

Cooperation during the audit

We report that we have received excellent cooperation from staff and management of the City. To our knowledge, we were provided with complete access to all necessary accounting records and other documentation. Issues identified as a result of our audit work, whether in amounts for the financial statements or disclosure, were discussed with management and issues have been resolved to our satisfaction. There were no limitations placed on the scope of our audit.

Current Accounting and Reporting Developments

We continually monitor the potential impact of new accounting pronouncements on the accounting practices of The Corporation of the City of Stratford.

Financial Instruments

Public Sector Accounting Standards are changing for the presentation and disclosure of financial instruments. The changes will be effective for year ends beginning on or after April 1, 2019.

CORPORATION OF THE CITY OF STRATFORD

Consolidated Statement of Financial Position

For the year ended December 31, 2018 with comparative figures for 2017

	2018	2017
Financial assets		
Cash and cash equivalents (note 2)	\$ 33,110,555	\$ 12,500,784
Other receivables	6,954,830	9,704,585
Taxes receivable	2,542,338	2,520,857
Loans receivable (note 3)	1,748,377	1,413,552
Investments (note 4)	17,280,207	16,884,293
Investment in government business enterprises (note 5)	43,406,750	41,665,015
Land held for resale	1,045,550	1,199,613
	<u>106,088,607</u>	<u>85,888,699</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 14,422,279	\$ 11,303,785
Deferred revenue (note 7)	18,658,155	16,148,126
Solid waste landfill closure and post closure liability (note 8)	1,412,134	1,604,829
Employee benefits payable (note 10)	13,869,245	13,691,913
Long term debt (note 11)	68,755,668	68,616,306
	<u>117,117,481</u>	<u>111,364,959</u>
Net debt	<u>(11,028,874)</u>	<u>(25,476,260)</u>
Non-financial assets		
Prepaid expenses	692,896	696,185
Inventory	312,741	274,493
Other non financial assets	145,162	145,890
Tangible capital assets (note 17)	288,598,197	278,849,400
	<u>289,748,996</u>	<u>279,965,968</u>
Accumulated surplus (note 13)	<u>\$ 278,720,122</u>	<u>\$ 254,489,708</u>
Contractual Obligations (note 9)		
Contingencies (note 14)		

The accompanying notes are an integral part of these consolidated financial statements.

CAO, City of Stratford_____
Treasurer, City of Stratford

CORPORATION OF THE CITY OF STRATFORD
Consolidated Statement of Operations

For the year ended December 31, 2018 with comparative figures for 2017

	2018 budget (note 18)	2018 actual	2017 actual
Revenue:			
Net municipal taxation	\$ 58,004,979	\$ 57,230,770	\$ 54,739,809
Payments-in-lieu of taxation	-	509,717	503,304
Conditional grants	31,529,177	33,949,462	30,683,960
Revenue from other municipalities	5,810,574	4,117,713	3,909,624
User fees and service charges	20,888,972	23,070,154	21,201,166
Licences, permits and rents	4,187,003	8,073,107	7,904,599
Fines and penalties	650,000	618,441	602,300
Other revenue	14,942,917	12,771,995	7,544,423
Net earnings from government business enterprises	2,150,000	1,741,735	1,240,290
Total revenue	138,163,622	142,083,094	128,329,475
Expenses:			
General government	11,921,013	\$ 8,073,816	\$ 7,255,881
Protection services	19,982,493	20,562,970	19,642,740
Transportation services	12,722,742	13,171,360	12,157,752
Environmental services	33,023,699	11,863,621	13,424,970
Health services	8,434,504	7,477,506	7,666,061
Social and family services	23,786,181	25,062,924	21,991,937
Social housing	19,136,812	13,186,499	14,087,343
Recreation and cultural services	10,386,549	12,157,169	11,684,113
Planning and development	5,909,125	6,296,815	6,124,721
Total expenses	145,303,118	117,852,680	114,035,518
Annual surplus (deficit)	(7,139,496)	24,230,414	14,293,957
Opening accumulated surplus	254,489,708	254,489,708	240,195,751
Ending accumulated surplus	\$ 247,350,212	\$ 278,720,122	\$ 254,489,708

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE CITY OF STRATFORD

Consolidated Statement of Changes in Net Debt

For the year ended December 31, 2018 with comparative figures for 2017

	2018 Budget (note 18)	2018	2017
Annual surplus	(7,139,496) \$	24,230,414 \$	14,293,957
Acquisition of tangible capital assets	18,347,336	(13,853,074)	(18,577,304)
Acquisition of tangible capital assets-WIP	-	(4,494,262)	1,307,363
Amortization of tangible capital assets	7,335,239	8,401,854	8,273,337
(Gain)/loss on disposal of tangible capital assets	-	(36,224)	(6,375)
Proceeds from sale of tangible capital assets	-	232,909	111,139
Change in net financial assets	\$ 18,543,079	\$ 14,481,617	\$ 5,402,117
Change in inventory	-	(38,248)	34,425
Change in other non financial assets	-	728	8,713
Change in prepaid expenses	-	3,289	621,129
Change in net debt	\$ 18,543,079	\$ 14,447,386	\$ 6,066,384
Net debt, beginning of the year	\$ (25,476,260)	(25,476,260)	(31,542,644)
Net debt, end of the year	\$ (6,933,181)	\$ (11,028,874)	\$ (25,476,260)

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE CITY OF STRATFORD
Consolidated Statement of Cash Flows

For the year ended December 31, 2018 with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 24,230,414	\$ 14,293,957
Items not involving cash:		
Amortization of tangible capital assets	8,401,854	8,273,337
Government business enterprises net earnings	(2,732,875)	(2,231,430)
(Gain)/loss on disposal of tangible capital assets	(36,224)	(6,375)
Changes in non-cash operating working capital:		
Other receivables	2,749,755	(1,434,302)
Taxes receivable	(21,481)	254,725
Inventory	(38,248)	34,425
Prepaid expenses	3,289	621,129
Other non financial assets	728	8,713
Accounts payable and accrued liabilities	3,118,494	(1,215,229)
Deferred revenue	2,510,029	1,994,644
Employee benefits payable	177,332	948,795
Land held for resale	154,063	295,147
Solid waste landfill closure and post closure liability	(192,695)	432,036
	38,324,435	22,269,572
Financing activities:		
Proceeds from long term debt	6,113,000	-
Repayment of long term debt	(5,973,638)	(6,016,998)
	139,362	(6,016,998)
Investing activities:		
Dividends from Government business enterprises	991,140	991,140
Net increase in investments	(395,914)	(151,908)
Net increase in loans receivable	(334,825)	180,185
	260,401	1,019,417
Capital transactions		
Purchase of tangible capital assets	(18,347,336)	(17,269,941)
Proceeds from the sale of tangible capital assets	232,909	111,139
	(18,114,427)	(17,158,802)
Change in cash and cash equivalents	20,609,771	113,189
Cash and cash equivalents, beginning of year	12,500,784	12,387,595
Cash and cash equivalents, end of year	\$ 33,110,555	\$ 12,500,784

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements

For the year ended December 31, 2018

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the City of Stratford (the "Corporation") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. Significant aspects of accounting policies are as follows:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, and expenditures of the Corporation and include the activities of all committees of Council and the following local boards, municipal enterprises and utilities which are accountable to the Corporation for the administration of their financial affairs and resources and are owned or controlled by the Corporation.

(i) Consolidated entities:

- Stratford Public Library
- Police Services Board
- Board of Parks
- Stratford City Centre Committee
- Perth & Stratford Housing Corporation
- SEED CO

(ii) Proportionally consolidated entities:

The following entities are proportionally consolidated with the financial statements of the Corporation based on an approved funding agreement effective January 1, 2018.

	2018	2017
Perth District Health Unit	43.21%	44.18%
Spruce Lodge Home for the Aged	43.21%	44.18%
Spruce Lodge Home Assistance Corporation	43.21%	44.18%
Spruce Lodge Foundation	43.21%	44.18%

The method of consolidation is based on notional weighted assessment as stated in the new shared services costing agreement.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

1. Significant accounting policies (continued):

(a) Reporting entity (continued):

(iii) Equity accounting:

Government business enterprises are accounted for by the modified equity method. Under the modified equity method, the accounting principles of government business enterprises are not adjusted to conform to the Corporation's accounting principles and inter-organizational transactions and balances are not eliminated. However, inter-organizational gains and losses are eliminated on assets remaining with the government reporting entities at the reporting date.

The government business enterprises include:

- Festival Hydro Inc.
- Festival Hydro Services Inc.

(b) Accrual accounting:

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

(c) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 60 days or less.

(d) Bank indebtedness

Bank indebtedness is a fluctuating short term line of credit held in a financial institution.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, and include interest charges when these charges are directly attributable to the capital project. Donated or contributed assets are capitalized and recorded at their estimated fair value upon acquisition. Leased 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.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

Works of art and other historical treasures are accounted for in the same method as the other tangible capital assets, with the exception that they are not amortized.

Work in progress identified in this and subsequent notes relates to assets under construction. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follow:

Land Improvements	20 to 30 years
Buildings and building equipment	15 to 50 years
Computer equipment	5 years
Furniture and fixtures	15 to 30 years
Vehicles	2 to 25 years
Machinery and equipment	5 to 25 years
Linear	20 to 40 years
Other capital assets	50 years
Roads	15 to 60 years
Bridges	60 to 75 years
Water and wastewater facilities	35 to 100 years
Underground and other networks	100 years

(f) Land held for resale:

The land held for resale is recorded at the lower of cost and net realizable value.

(g) Tax revenues:

In 2018 the Corporation billed over \$56.7 million in property tax revenue for municipal purposes. A further \$13.2 million in provincial education taxes were billed on behalf of the Province of Ontario for education purposes and remitted to the Province during the year. The authority to levy and collect property taxes is established under the Municipal Act, 2001, the Assessment Act, the Education Act and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province of Ontario each year in order to fund the costs of education on a Province wide basis.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Corporation may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplemental/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any given year may also be reduced as a result of reductions in assessment values rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

1. Significant accounting policies (continued):

(h) Deferred revenue:

The recreational land (Planning Act), development charges funds, and sub divider contributions are prescribed by legislation, or agreement and are reported as deferred revenue on the consolidated statement of financial position. Grants that are received in the year, but are subject to external restrictions that have not been fulfilled, are recorded in deferred revenue until those obligations are met. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(i) Long-term investments:

Long-term investments are recorded at cost less any amounts written-off to reflect a permanent decline in market value below cost. Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures, pooled investment funds and short-term instruments of various financial institutions.

Investment income earned are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

(j) Inventory:

Inventory is valued at the lower of cost and net realizable value on a first-in, first-out basis.

(k) Employee benefits payable:

The Corporation provides post-retirement health care, life insurance and unused sick leave benefits to eligible retired employees. The benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected benefit costs.

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are expensed in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the average remaining service life of the related employee group. Employee future benefit liabilities are discounted at the Corporation's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of the consolidated financial statements in conformity 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The amounts subject to such estimates include employee benefits payable, assessment appeals, claims provisions, and solid waste landfill closure and post-closure liability. Actual results could differ significantly from those estimates.

(m) Transactions on behalf of others:

Trust funds operated by the Corporation amounting to \$2,626,182 (2017 - \$2,570,895) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations, as they are reported on separately.

(n) Government transfer revenue:

Government transfer revenue is recorded once it is authorized by the transferring government and the Corporation is eligible to receive the transfer. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3410 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

Government transfers include social assistance program funding representing 80-100% of certain social services programs, social service administration funding covering 50% of certain administration costs and transfers for social housing totaling approximately 20% of costs of the program.

In addition, the Corporation periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of gas tax funds.

(o) Contaminated sites:

Public Sector Accounting Handbook section 3260 - Liability for Contaminated Sites, requires that the City recognize a liability for remediation of contaminated sites when contamination of a site, for which the City is directly responsible or accepts responsibility, exceeds an existing environmental standard and a reasonable estimate of the remediation costs can be made. The City has established an inventory of contaminated sites and is in the process of evaluating if it will be required to recognize a liability for remediation of any of the sites.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

2. Cash and cash equivalents:

The following is a breakdown of cash and cash equivalents:

	2018	2017
Cash and cash equivalents:		
Bank accounts	\$ 33,106,968	\$ 12,497,197
Petty Cash	3,587	3,587
	<u>33,110,555</u>	<u>12,500,784</u>

3. Loans receivable:

The following loans are outstanding at December 31, 2018:

	2018	2017
Stratford Perth Museum	\$ 308,516	\$ 320,619
Heritage Conservation District Loans	150,220	199,776
Stratford Soccer Association	90,000	100,000
Stratford Perth Museum (2)	146,314	153,440
Household Sewer Loans	-	2,859
Stratford Tourism Alliance	84,375	126,593
Stratford Perth Humane Society	-	25,000
Stratford Chef School	394,233	485,265
Stratford Soccer Association Turf Field	574,719	-
	<u>\$ 1,748,377</u>	<u>\$ 1,413,552</u>

The Stratford Perth Museum loan matures in 2038, has an interest rate of 3% with repayments of \$1,791 being made monthly.

The Heritage Conservative District loans are interest free 10 year loans with maturity dates between May 2020 and July 2027.

The Stratford Perth Museum (2) matures in 2038, has an interest rate of .5% with repayments of \$656.34 being made monthly.

The Stratford Soccer Association loan is a 15 year interest free loan maturing September 2028 with a yearly payment of \$10,000.

The Stratford Tourism loan is a 4 year interest free loan.

The Stratford Chef School loan is a 6 year loan at an interest rate of 5%.

The Stratford Soccer Association turf field loan is a 15 year interest free loan maturing December 2032 with a yearly payment of \$41,051.33.

4. Investments:

	2018 Cost	Market Value	2017 Cost	Market Value
Deposit notes/GIC's	1,102,666	1,102,796	1,359,126	1,359,126
Fixed Income	16,177,541	15,553,677	15,525,167	15,440,451
	<u>\$ 17,280,207</u>	<u>\$16,656,473</u>	<u>\$16,884,293</u>	<u>\$16,799,577</u>

Long-term investments earn interest between 2.48% and 5.22% and have maturity dates between June 2020 and June 2025.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

5. Investment in Government Business Enterprises:

The Corporation holds a 100% interest in Festival Hydro Inc. and Festival Hydro Services Inc. as follows:

			2018		2017
Festival Hydro Inc.	(a)	\$	42,166,296	\$	40,682,866
Festival Hydro Services Inc.	(b)		1,240,454		982,149
		\$	43,406,750	\$	41,665,015

(a) Festival Hydro Inc.:

			2018		2017
Financial position:					
Current assets	\$	13,989,874	\$	14,212,588	
Capital assets		53,711,085		52,353,164	
Deferred tax assets		-		187,685	
Other Assets		2,096,216		2,184,875	
Total assets		69,797,175		68,938,312	
Regulatory balances		1,112,545		1,151,528	
Current liabilities		12,413,601		12,869,266	
Demand loan payable to the City of Stratford		15,600,000		15,600,000	
Post-employment benefits		1,287,745		1,422,778	
Other liabilities		14,617,447		14,795,547	
Total liabilities		43,918,793		44,687,591	
Regulatory balances		424,631		319,383	
Equity	\$	26,566,296	\$	25,082,866	
Financial activities:					
Revenues	\$	81,751,261	\$	81,655,347	
Operating expenses		(76,925,947)		(79,050,369)	
Finance costs (net)		(1,549,035)		(1,479,558)	
Income tax		(718,011)		(627,691)	
Net movement in regulatory balance		(166,056)		1,676,321	
Other comprehensive income (loss)		82,358		(67,822)	
Equity, beginning of year		25,082,866		23,967,778	
Dividends paid or payable on common shares		(991,140)		(991,140)	
Equity, end of year	\$	26,566,296	\$	25,082,866	
			2018		2017
Investment in Festival Hydro Inc.:					
Equity, end of year	\$	26,566,296	\$	25,082,866	
Demand loan payable to the City of Stratford		15,600,000		15,600,000	
Net investment	\$	42,166,296	\$	40,682,866	

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

5. Investment in Government Business Enterprises (continued):

(b) Festival Hydro Services Inc.:

	2018	2017
Financial position:		
Current assets	\$ 75,011	\$ 77,557
Capital assets	2,604,209	2,330,626
Other assets	37,052	79,561
Total assets	2,716,272	2,487,744
Current liabilities	71,402	115,321
Demand loan payable to the City of Stratford	372,000	372,000
Other liabilities	1,404,416	1,390,274
Total liabilities	1,847,818	1,877,595
Equity	\$ 868,454	\$ 610,149
Financial activities:		
Revenues	\$ 1,418,746	\$ 1,389,223
Operating expenses	(1,058,397)	(1,156,376)
Finance costs (net)	(17,044)	(56,645)
Income tax	(85,000)	(51,000)
Net assets, beginning of year	610,149	484,947
Dividends on common shares	-	-
Equity, end of year	\$ 868,454	\$ 610,149
	2018	2017
Investment in Festival Hydro Services Inc.:		
Equity, end of year	\$ 868,454	\$ 610,149
Demand loan payable to the City of Stratford	372,000	372,000
Net investment	\$ 1,240,454	\$ 982,149

During the year, and within the normal course of operations, the Corporation was provided water and sewer billing and collection services by Festival Hydro. Amounts paid to Festival Hydro Inc. by the Corporation were \$487,994 (2017 - \$479,848).

The Corporation also leases space from Festival Hydro for which it paid rent of \$35,420 (2017 - \$34,897) during the year.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

6. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The 2018 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter for employees with a normal retirement age of 65. The 2018 contribution rates are 9.2% for employees earnings below the year's maximum pensionable earnings and 15.8% thereafter for employees with a normal retirement age of 60. Employees and employers contribute jointly to the plan.

OMERS is a multi-employer pension plan, therefore any pension plan surplus or deficit is a joint responsibility of all Ontario municipalities and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit. Employer contributions for current service amounted to \$3,302,538 (2017 - \$3,169,187) and are matched by employee contributions in a similar manner. Employer contributions are recognized as an expenditure in the consolidated statement of financial activities in the year contributions are made. The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

7. Deferred revenue:

	December 31, 2017	Additions	Withdrawals	December 31, 2018
Obligatory reserve funds:				
Development charges	\$ 8,971,013	\$ 3,425,744	\$ 1,871,112	\$ 10,525,643
Subdivider contributions	107,925	2,011		109,936
Recreational land (The Planning Act)	344,482	126,151		470,633
Federal gas tax	5,735,392	2,089,811	2,463,122	5,362,081
Provincial gas tax	467,582	463,135	930,717	0
Other current miscellaneous	421,055	1,173,149		1,594,204
Other consolidated entities:				-
Other	100,677	501,360	6,379	595,658
	<u>\$ 16,148,126</u>	<u>\$ 7,781,361</u>	<u>\$ 5,271,331</u>	<u>\$ 18,658,155</u>
	December 31, 2016	Additions	Withdrawals	December 31, 2017
Obligatory reserve funds:				
Development charges	\$ 8,745,598	\$ 1,968,721	\$ 1,743,306	\$ 8,971,013
Subdivider contributions	106,608	1,317		107,925
Recreational land (The Planning Act)	535,060	46,897	237,475	344,482
Federal gas tax	4,054,794	1,949,028	268,430	5,735,392
Provincial gas tax	534,462	441,740	508,620	467,582
Other current miscellaneous	9,727	421,055	9,727	421,055
Other consolidated entities:				-
Other	167,233	86,095	152,651	100,677
	<u>\$ 14,153,482</u>	<u>\$ 4,914,853</u>	<u>\$ 2,920,209</u>	<u>\$ 16,148,126</u>

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

8. Solid waste landfill closure and post-closure liability:

Solid waste landfill closure and post-closure liability, accounts for anticipated closure and post-closure costs for the existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenditures related to those activities required when the site or phase stops accepting waste.

Post-closure activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage system and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs. The liability includes the portion of the landfill that was closed in 1995. This liability is not funded with reserves.

Key assumptions in arriving at the liability are:

	2018	2017
The landfill is expected to reach capacity in 2043		
Remaining capacity as at December 31, 2018	1.25 million tonnes	1.66 million tonnes
Expected closing cost in 2018 dollars	\$ 1,412,134	\$ 1,604,829
Costs still to be recognized	\$ 1,715,934	\$ 2,127,510
Expected inflation rate	2%	2%
Discount rate	4.00%	3.50%
Estimated time needed for post-closure care	50 Years	50 Years

9. Contractual obligations:

(a) The City has a contract with Ontario Clean Water Agency to operate the sewage system. The term of the agreement is 10 years for the period January 1, 2018 to December 31, 2027. The contract fees amounting to \$1,399,555 (2017-\$913,663) are reported in the Consolidated Statement of Operations.

(b) The City has contractual lease agreements for vehicles that are renewed every one to three years. The 2019 commitment is \$43,605. The commitment thereafter will be affected by changes to the leased fleet.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

10. Employee benefits payable:

Employee future benefits are liabilities of the Corporation to its employees and early retirees for benefits earned but not taken. Details are as follows:

	2018	2017
Post-retirement benefits (a)	\$ 9,434,109	\$ 9,596,345
Workplace Safety and Insurance Board Obligation (b)	4,435,136	4,095,568
	\$ 13,869,245	\$ 13,691,913

The Corporation provides benefits to retirees until they reach 65 years of age, provides certain benefits to employees on long-term disability, allows certain employees to accumulate unused sick leave to be taken as a cash payment on termination. Above values are based on actuarial and management estimates as at December 31, 2018.

(a) The actuarial analysis is only for the City of Stratford, not including WSIB. Significant assumptions used in the actuarial valuation are as follows:

	2018	2017
Discount rate	4.00%	3.50%
Rate of compensation increase	1.50%	1.50%
Healthcare cost increase	5.00%	5.00%

The benefit obligation continuity is as follows:

	2018	2017
Accrued benefit obligation end of prior year	\$ 8,651,600	\$ 8,257,600
Adjustment to accrued benefit obligation at January 1	\$ 657,700	\$ 353,000
Current period benefit cost	521,600	458,300
Retirement interest expenditure	332,000	338,900
Benefits paid	(690,800)	(756,200)
Accrued benefit obligation, December 31	9,472,100	8,651,600
Unamortized actuarial loss (gain)	(320,900)	657,700
Liability for post-retirement benefits	\$ 9,151,200	\$ 9,309,300

Post-retirement benefits expense is as follows:

	2018	2017
Current period benefit cost	\$ 521,600	\$ 458,300
Retirement interest expenditure	332,000	338,900
Amortization of actuarial (gain) loss	74,900	4,800
Total post-retirement benefits expense	\$ 928,500	\$ 802,000

Reserves have been established to partially provide for this past service liability. The balance at the end of the year is \$6,066,378 (2017 - \$5,764,789). An amount of \$301,632 (2017 - \$391,386) was paid out of reserves to employees who left the Corporation's employment during the current year.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

10. Employee benefits payable (continued):

- (b) The City of Stratford is a Workplace Safety and Insurance Board (WSIB) Schedule 2 employer. The City has recorded an accrual for the estimate of future benefit costs and administrative loading as calculated by WSIB. During the year \$296,110 (2017-\$311,650) was paid by the City to the WSIB in relation to those benefits.

11. Long-term debt:

The balance of long-term debt reported on the consolidated statement of financial position consists of total long-term debt incurred by municipal enterprises. The amount at the end of the year is as follows:

	2018	2017
OSIFA debenture bearing interest at 2.57% due June 2032	\$ 18,087,916	\$ 19,427,760
OSIFA debenture bearing interest at 2.78% due September 2024	402,000	469,000
OSIFA debenture bearing interest at 2.74% due November 2028	2,892,015	3,181,216
OMEIFA debenture bearing interest at 4.96% due November 2034	10,762,475	11,435,130
OMEIFA debenture bearing interest at 2.70% due November 2034	925,338	971,032
OMEIFA debenture bearing interest at 4.28% due December 2024	2,199,997	2,566,664
OMEIFA debenture bearing interest at 3.21% due December 2026	11,222,741	12,625,583
OMEIFA debenture bearing interest at 3.42% due December 2033	6,113,000	-
Royal Bank loan payable, interest at 2.63% per annum, due February 2026	2,572,763	3,335,575
Royal Bank loan payable, interest at 2.42% per annum, due June 2024	1,237,125	1,413,171
Royal Bank loan payable, interest at 2.84% per annum, due April 2027	4,067,514	4,204,277
Royal Bank loan payable, interest at 2.88% per annum, due April 2028	4,025,130	4,159,807
Royal Bank loan payable, interest at 1.75% per annum, due April 2020	361,007	626,243
Royal Bank loan payable, interest at 2.49% per annum, due April 2025	1,324,025	1,514,597
Royal Bank loan payable, interest at 2.51% per annum, due April 2023	1,278,525	1,341,007
Royal Bank loan payable, interest at 2.80% per annum, due April 2026	1,284,097	1,345,244
	<u>\$ 68,755,668</u>	<u>\$ 68,616,306</u>

Principal repayments are summarized as follows:

2019	\$ 6,140,063
2020	6,009,359
2021	5,965,976
2022	5,661,560
2023	5,310,196
Thereafter	<u>39,668,514</u>
	<u>\$ 68,755,668</u>

Long-term liabilities and commitments to be financed from reserves beyond the term of Council are covered by by-law. The principal and interest payments required to service existing and pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

Total interest expense on long term debt was \$2,144,659 (2017 - \$2,318,035).

CORPORATION OF THE CITY OF STRATFORD

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

12. Public liability insurance:

In recent years there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Corporation has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Corporation is self insured for public liability claims up to \$50,000 for any individual claim and \$50,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

Claims settled during the year amounted to \$118,345 (2017 - \$311,914) and have been provided for in the revenue fund and are accordingly reported as an expenditure in the consolidated statement of financial activities. Total unsettled claims at the end of the year are \$400,276 (2017 - \$348,540).

13. Accumulated surplus:

The accumulated surplus balance is comprised of balances in reserves and 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.

	2018	2017
Reserves set aside for specific purpose by Council:		
Revenue purposes	\$ 8,920,243	\$ 16,581,006
Current purposes	1,072,200	1,497,115
Capital purposes	-	10,455,140
Total reserves	\$ 9,992,443	\$ 28,533,261
Reserve Funds set aside for specific purpose by Council:		
Revenue purposes	\$ -	\$ 51,379
Current purposes	4,273,323	1,838,943
Capital purposes	26,722,933	573,007
Total reserve funds	\$ 30,996,256	\$ 2,463,329
Amounts to be recovered:		
Investment in Government Business Enterprises	\$ (7,800,000)	\$ (7,800,000)
Solid waste landfill closure and post closure liability	(1,412,134)	(1,604,829)
Employee benefits payable	(13,869,245)	(13,691,913)
Long-term debt	(68,755,668)	(68,616,306)
Interest accrual on debt	(146,889)	(160,035)
Total amounts to be recovered	\$ (91,983,936)	\$ (91,873,083)
Cumulative operating deficit	\$ (3,335,138)	\$ (6,347,827)
Investment in Government Business Enterprise	43,406,750	41,665,015
Land held for resale	1,045,550	1,199,613
Work in Progress	15,206,185	10,711,923
Investment in tangible capital assets	273,392,012	268,137,477
Total accumulated surplus	\$ 278,720,122	\$ 254,489,708

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

14. Contingencies:

As of December 31, 2018, certain legal actions and other contingent liabilities are pending against the Corporation. Reference can be made to note 12 for details of the public liability insurance maintained by the Corporation. Not all contingencies can be estimated at year end since the outcome of these matters is indeterminate at this time.

15. Financial Information for the Library Board:

The Ministry of Culture provides operating and pay equity grants to the Library. A condition of this grant is that the Library Board supply its financial information to the Ministry. This information may be included in the consolidated financial statements provided that the financial information of the library is identified either by a separate schedule or a note.

	2018	2017
Revenue		
Other grant revenue	\$ 15,521	\$ 13,087
Public library operating grant	50,798	50,798
Pay equity grant	604	604
Fees and charges	338,517	318,879
Donations	9,059	3,810
Total revenue	414,499	387,178
Expenses		
Wages	2,039,854	1,976,865
Materials	253,160	278,836
Services	309,526	302,209
Other	22,417	15,489
Total expenses	2,624,956	2,573,399
Deficiency of revenue over expenses	\$ 2,210,457	\$ 2,186,221
Deficiency was funded as follows:		
Transfer from (to) reserves and reserve funds	(52,057)	23,608
Contribution from the Corporation	2,262,514	2,162,613
	\$ 2,210,457	\$ 2,186,221

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

16. Segmented information:

The Corporation of the City of Stratford is a diversified municipal government institution that provides a wide range of services to its citizens. For reporting purposes the Corporation's operations and activities are organized in segments. The services and activities of each segment are as follows:

General government

This item is related to the revenues and expenses of the operations of the Corporation itself and cannot be directly attributed to a specific segment.

Protection services

Protection is comprised of police services, fire department and building department. The police services department is to ensure the safety and protection of the citizens and their property, preserve peace and good order, detect offenders and enforce the law. The fire department provides fire suppression service, fire prevention programs, training and education related to prevention and detection of fires. The building department enforces the building and construction codes and municipal by-laws.

Transportation services

Transportation services includes public works services related to planning, development and maintenance of the roadway systems, street lighting, transit and parallel transit, parking administration and control and the operations of the Stratford Municipal Airport.

Environmental services

Environmental services include providing sanitary and storm sewer, water, waste collection and disposal and recycling services.

Health services

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. This segment also includes ambulance services and cemetery operations.

Social and Family services

Social Services provides services that are meant to help the less fortunate in society through Ontario Works assistance, child care subsidy program and best start and special needs programs. This segment also includes the operations of a municipal day care.

Social housing

Housing services are meant to help the less fortunate through social housing, affordable housing and public housing programs.

Recreation and Cultural services

Recreation and cultural services are meant to improve the health and development of the citizens. Programs such as swimming, skating, day camps, festivals and library services are provided at locations such as parks, library, art gallery, recreation complexes, arenas, sports fields and other municipal buildings. This segment also includes grants to numerous community organizations providing recreation and cultural activities.

Planning and Development

Planning and development services manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the city centre. This segment also includes economic development and tourism.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are used in preparation of segmented financial information. The revenue fund reports on municipal services that are funded primarily by property taxation revenues. Taxation and payments-in-lieu of taxes are apportioned based on the segment's net surplus. The segmented information follows the same accounting policies as disclosed in note 1.

CORPORATION OF THE CITY OF STRATFORD

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

16. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	2018 Total
Revenue										
Taxation	\$ 3,955,668	\$ 10,074,577	\$ 6,453,148	\$ 5,812,437	\$ 3,663,513	\$ 12,279,275	\$ 6,460,565	\$ 5,956,257	\$ 3,085,048	\$ 57,740,486
Grants	750,037	300,396	5,144,765	1,708,451	3,186,510	11,296,160	10,732,033	333,981	497,130	33,949,462
Other Municipalities	145,179	394,209				1,164,599	2,375,428	38,298		4,117,713
Fees and user charges	447,244	221,670	1,328,605	14,113,113		3,637,567	2,529,965	788,139	3,850	23,070,154
Licences and permits	1,092,483	28,425								1,120,908
Rents, fines, penalties	759,644	9,560	861,229		331,230	3,761,386		1,847,592		7,570,640
Other	9,518,812	270,332	676,776	331,270	201,304	15,098		1,291,067	2,209,070	14,513,730
	16,669,067	11,299,170	14,464,523	21,965,271	7,382,557	32,154,083	22,097,991	10,255,333	5,795,098	142,083,093
Expenses										
Salaries & benefits	3,723,462	17,843,803	5,064,119	3,440,072	3,780,615	7,061,275	1,133,989	5,590,985	1,088,819	48,727,139
Material	394,093	635,479	2,038,060	1,398,284	310,234	883,095	2,547,457	1,501,852	146,586	9,855,140
Contracted Services	2,570,142	1,150,961	3,034,501	4,078,543	174,105	3,309,239	2,195,551	1,764,290	1,659,285	19,936,618
External Transfers	403,340				3,082,606	12,517,586	5,754,743	1,040,263	3,186,510	25,985,048
Amortization	547,146	520,147	2,918,159	2,195,814	118,071	197,224	363,103	1,556,731	4,084	8,420,479
Other	435,632	412,580	116,521	750,909	11,875	1,094,505	1,191,656	703,048	211,530	4,928,256
	8,073,816	20,562,970	13,171,360	11,863,621	7,477,506	25,062,924	13,186,499	12,157,169	6,296,815	117,852,680
Net Revenue										
(expenditures)	\$ 8,595,251	\$ (9,263,800)	\$ 1,293,163	\$ 10,101,650	\$ (94,949)	\$ 7,091,160	\$ 8,911,491	\$ (1,901,835)	\$ (501,717)	\$ 24,230,413

CORPORATION OF THE CITY OF STRATFORD

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

16. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	2017 Total
Revenue										
Taxation	\$ 3,515,023	\$ 9,515,685	\$ 5,889,674	\$ 6,503,563	\$ 3,713,730	\$ 10,653,725	\$ 6,824,441	\$ 5,660,226	\$ 2,967,046	\$ 55,243,113
Grants	- 3,900	510,961	4,650,766	1,564,148	3,149,221	16,189,133	3,524,514	494,568	604,550	30,683,960
Other Municipalities	150,000					1,197,158	2,512,595	49,871		3,909,624
Fees and user charges	472,203	225,100	1,179,722	13,227,846	61,647	2,885,699	2,390,391	755,733	2,824	21,201,166
Licences and permits	889,719	15,000								904,719
Rents, fines, penalties	722,333		839,504		365,414		3,758,890	1,916,039		7,602,180
Other	4,126,031	47,652	2,648,459	12,460	244,269	13,428		52,101	1,640,313	8,784,713
	9,871,409	10,314,398	15,208,126	21,308,016	7,534,281	30,939,144	19,010,831	8,928,538	5,214,733	128,329,475
Expenses										
Salaries & benefits	3,602,807	17,417,382	5,172,932	3,319,719	4,062,074	8,136,275	1,044,794	5,187,083	1,126,494	49,069,560
Material	383,635	652,006	1,953,808	1,524,658	228,671	413,280	2,456,372	1,449,642	421,268	9,483,340
Contracted Services	2,039,900	970,307	2,011,379	4,916,899	238,804	1,630,009	3,674,861	2,071,702	1,166,196	18,720,057
External Transfers	399,287				3,007,658	10,780,878	5,958,382	769,022	3,112,396	24,027,623
Amortization	518,267	491,136	2,913,412	2,123,092	119,363	278,876	327,967	1,499,932	2,525	8,274,570
Other	311,985	111,909	106,221	1,540,602	9,491	752,619	624,967	706,732	295,842	4,460,368
	7,255,881	19,642,740	12,157,752	13,424,970	7,666,061	21,991,937	14,087,343	11,684,113	6,124,721	114,035,518
Net Revenue (expenditures)										
	\$ 2,615,528	\$ (9,328,342)	\$ 3,050,374	\$ 7,883,046	\$ (131,780)	\$ 8,947,207	\$ 4,923,488	\$ (2,755,575)	\$ (909,988)	\$ 14,293,957

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

17. Tangible Capital Assets

	General Land	Land Improvements	Buildings and Building Equipment	Computer Equipment	Furniture and Fixtures	Vehicles	Linear Assets	Machinery and Equipment	Bridges - Walking	Other	Infrastructure Roads	Bridges	Water/Wastewater Facilities	Underground and Other Networks	Total	Work In Progress	Grand Total
Cost																	
Balance, Dec 31, 2017	17,075,222	9,759,456	73,029,337	3,846,967	6,463,647	9,338,407	5,998,517	15,757,339	57,542	109,738	116,705,204	8,292,310	82,365,832	90,301,317	439,100,834	10,711,923	449,812,757
Additions	0	350,956	1,778,940	110,949	41,976	1,753,287	0	1,951,498	0	0	3,227,753	1,536,782	2,752,799	348,134	13,853,074	4,504,251	18,357,325
Adjustments	-436	-746	-144,944	0	-3,689	0	0	-30,971	0	0	-632	0	0	0	-181,418	0	-181,418
Disposals	0	0	20,697	0	31,232	270,695	0	1,196,635	0	0	0	0	0	0	1,519,259	9,989	1,529,248
Balance, Dec 31, 2018	17,074,786	10,109,666	74,642,636	3,957,916	6,470,702	10,820,999	5,998,517	16,481,231	57,542	109,738	119,932,325	9,829,092	85,118,631	90,649,451	451,253,231	15,206,185	466,459,416
Accumulated Amortization																	
Balance, Dec 31, 2017	0	1,804,627	30,161,424	3,227,102	4,653,411	5,451,782	4,851,031	11,229,922	9,750	12,631	50,463,157	3,181,521	32,406,466	23,510,533	170,963,358	0	170,963,358
Amortization	0	296,837	1,912,413	233,731	317,965	752,601	83,966	859,831	1,918	1,443	1,973,259	110,495	1,086,488	869,460	8,500,407	0	8,500,407
Adjustments	0	-525	-71,756	0	-2,303	0	0	-23,549	0	0	-420	0	0	0	-98,553	0	-98,553
Disposals	0	0	20,697	0	31,232	260,385	0	1,191,678	0	0	0	0	0	0	1,503,992	0	1,503,992
Balance, Dec 31, 2018	0	2,100,939	31,981,384	3,460,833	4,937,841	5,943,998	4,934,997	10,874,526	11,668	14,074	52,435,996	3,292,016	33,492,954	24,379,993	177,861,220	0	177,861,220
Net Book Value Dec 31, 2018	17,074,786	8,008,727	42,661,252	497,083	1,532,861	4,877,001	1,063,520	5,606,705	45,874	95,664	67,496,329	6,537,076	51,625,677	66,269,458	273,392,012	15,206,185	288,598,197
Cost																	
Balance, Dec 31, 2016	17,074,871	5,062,429	69,761,450	3,753,456	6,393,443	9,668,459	5,998,517	15,348,134	57,542	109,738	113,443,171	8,235,394	77,690,263	89,942,836	422,539,702	12,019,285	434,558,987
Additions	0	4,697,119	3,290,071	93,511	78,066	1,405,898	0	659,562	0	0	3,262,111	56,916	4,675,569	358,481	18,577,304	834,684	19,411,988
Adjustments	351	-92	-3,039	0	3,050	0	0	-2,295	0	0	-78	0	0	0	-2,103	0	-2,103
Disposals	0	0	19,145	0	10,912	1,735,950	0	248,062	0	0	0	0	0	0	2,014,069	2,142,046	4,156,115
Balance, Dec 31, 2017	17,075,222	9,759,456	73,029,337	3,846,967	6,463,647	9,338,407	5,998,517	15,757,339	57,542	109,738	116,705,204	8,292,310	82,365,832	90,301,317	439,100,834	10,711,923	449,812,757
Accumulated Amortization																	
Balance, Dec 31, 2016	0	1,595,415	28,306,794	2,960,859	4,347,581	6,368,340	4,760,787	10,632,536	7,832	11,188	48,530,177	3,081,556	31,356,597	22,641,767	164,601,430	0	164,601,430
Amortization	0	209,272	1,876,894	266,243	315,026	717,761	90,244	846,271	1,918	1,443	1,933,028	99,965	1,049,869	868,766	8,276,700	0	8,276,700
Adjustments	0	-60	-3,119	0	1,716	0	0	-1,850	0	0	-48	0	0	0	-3,361	0	-3,361
Disposals	0	0	19,145	0	10,912	1,634,319	0	247,035	0	0	0	0	0	0	1,911,411	0	1,911,411
Balance, Dec 31, 2017	0	1,804,627	30,161,424	3,227,102	4,653,411	5,451,782	4,851,031	11,229,922	9,750	12,631	50,463,157	3,181,521	32,406,466	23,510,533	170,963,358	0	170,963,358
Net Book Value Dec 31, 2017	17,075,222	7,954,829	42,867,913	619,865	1,810,236	3,886,625	1,147,486	4,527,417	47,792	97,107	66,242,047	5,110,789	49,959,366	66,790,784	268,137,477	10,711,923	278,849,400

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2018

18. Budget:

The Financial Plan (budget) By-Law adopted by Council on January 22, 2018 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$NIL. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations represent the Financial Plan adopted by Council January 22, 2018 including proportionate consolidated budgets of local boards with adjustments as follows:

	2018
Financial Plan (budget) Bylaw deficit for the year	\$ 263,758
Add:	
Budgeted principal repayment of debt	6,316,346
Budgeted transfer to accumulated surplus	9,941,042
Capital Expenditures	18,347,336
Less:	
Budgeted transfers from accumulated surplus	(34,672,739)
Amortization	(7,335,239)
Budget surplus (deficit) per statement of operations	\$ (7,139,496)

19. Financial information for SEED Co.:

	2018	2017
Revenue		
Ontario grants	\$ 226,517	\$ 218,668
Federal grants	270,613	205,258
Other revenue	42,551	24,623
Special project revenue	591,120	243,823
Total revenue	1,130,801	692,372
Expenses		
Wages	422,527	405,974
Materials	38,205	126,636
Services	180,154	202,716
Special project	787,434	520,216
Other	173,593	121,082
Total expenses	1,601,913	1,376,624
Deficiency of revenue over expenses	\$ 471,112	\$ 684,252
Deficiency was funded as follows:		
Contribution from the Corporation	597,300	585,557
Contribution (to) from reserve	(126,188)	98,695
	\$ 471,112	\$ 684,252



MANAGEMENT REPORT

Date: September 17, 2019
To: Finance & Labour Relations Sub-committee
From: Mike Mortimer, Manager of Environmental Services
Report#: FIN19-034
Attachments: None

Title: Request to Waive Water and Wastewater Charges due to Discolouration Event

Objective: To provide details to Council of the request by the property owner to waive excess water and wastewater charges for 94 Louise Street, 90 Louise Street, and 104 Blake Street in relation to a discolouration event that occurred on the property in July of 2019.

Background: Mr. Rick Caven, owner of 94 Louise Street, is requesting full relief of water and wastewater charges (above his average billing) as a result of a discolouration event that occurred while he was filling his pool in July of 2019. Mr. Caven was using his own water source, along with 2 neighbouring properties, to fill his pool when the discolouration event occurred. As a result, he is also requesting full relief of water and wastewater charges (above the average billing) for 90 Louise Street and 107 Blake Street.

Mr. Caven contends that he should not be charged for the water consumption as the water quality caused excess chemical to be used to rectify the lack of clarity.

There was an increase in usage on July 7 due to a response to a fire in Perth East Township. As a result, this may have caused anomalies to water flow dynamics and may have contributed to some discolouration events throughout the City. Mr. Caven contends that the 3 hoses ran on July 4 and 5 and that the event should not be attributed with the increase in flows.

Analysis: The calculated usage for filling the pool is 86 cubic meters for a total water charge of \$87.72 and a total wastewater charge of \$145.26 above the average billing. Therefore, the total request for relief is \$232.98.

There are no known past cases where relief has been granted due to a discolouration event.

Financial Impact: Water losses such as this, if not recovered, can have a negative impact on the everyday water bill for City of Stratford customers. Water and Sewer rates may be impacted if a consistent approach, as per the Water Use By-law, is not followed.

Staff Recommendation: THAT the report on the request to waive water and wastewater charges due to discolouration event for 94 Louise Street, 90 Louise Street, and 104 Blake Street be received for information.



Mike Mortimer, Manager of Environmental Services



Ed Dujlovic, Director of Infrastructure & Development Services



Joan Thomson, Acting Chief Administrative Officer



MANAGEMENT REPORT

Date: September 17, 2019
To: Finance and Labour Relations Sub-committee
From: Mike Mortimer, Manager of Environmental Services
Report#: FIN19-035
Attachments: None

Title: Request for Changes to 2019 Capital Budget – Grit Removal System (G941-9782)

Objective: To obtain approval to amend the 2019 sanitary capital budget for the Grit Removal System replacement and to re-allocate funds from this project towards an emergency rehabilitation (repair) of the tertiary filter system.

Background: The City of Stratford 2019 sanitary capital budget included \$350,000 for a grit removal system replacement at the Water Pollution Control Plant (WPCP). This value was based on estimates during consultation between Ontario Clean Water Agency (operating authority of the WPCP), City of Stratford staff, and the distributor of the preferred unit.

During the tender process, it has been determined that actual costs will likely be between \$600,000 and \$1,000,000. This is based on findings during a more formal engineering review.

In late August, Filter #4 of the tertiary filter system at the WPCP failed and was put out of service. A professional review has deemed that the filter will need a full rehabilitation. The costs have been estimated at \$150,000.

Analysis: Due to the importance of the filter system towards overall compliance and performance of the WPCP, the rehabilitation needs to be undertaken as soon as possible.

Therefore, based on this information, and the higher than anticipated costs for the grit removal system, it is recommended that the grit removal system replacement action plan be modified to allow for funds to be re-allocated towards the filter repair.

Engineering consulting services can proceed for the Grit Removal System replacement as there are sufficient funds for this part of the process. However, the procurement and installation will need to be deferred to the 2020 sanitary capital budget as there is not enough funding remaining based on the new estimates.

The remaining funds from the Grit Removal System budget can now be re-allocated towards the rehabilitation of the tertiary filter system.

Financial Impact: Based on the estimate for the rehabilitation of the filter, there would be no negative impact to the 2019 sanitary capital budget.

Staff Recommendation: THAT Council amend the capital budget for the Grit Removal System replacement and re-allocate \$150,000 towards the Tertiary Filter Rehabilitation at the Water Pollution Control Plant.



Mike Mortimer, Manager of Environmental Services



Ed Dujlovic, Director of Infrastructure & Development Services



Joan Thomson, Chief Administrative Officer



MANAGEMENT REPORT

Date: September 17, 2019
To: Finance and Labour Relations Sub-committee
From: Jacqueline Mockler, Director of Human Resources
Report#: FIN19-036
Attachments: Ad Hoc Citizen's Committee on Council Remuneration Report
 City of Stratford By-Law Number 20-98

Title: Council Remuneration

Objective: To consider the report on council remuneration prepared by the Ad Hoc Citizen's Committee on Council Remuneration.

Background: In 2018, Council approved the establishment of an Ad Hoc Citizen's Committee on Council Remuneration given the impending elimination of the 1/3 tax free exemption for members of municipal councils effective January 1, 2019.

The mandate of the Committee was to review and provide recommendations on the remuneration of both the Mayor and Councillors, giving consideration to related benefits and pension. In its discernment the committee considered: current total compensation including the per-diem structure, roles and responsibilities, historical remuneration data and appropriate survey information and comparators.

Current base remuneration for Council members is as follows:

Position	Annual Base Pay (2019)
Mayor	\$66,869
Deputy Mayor	\$13,860
Councillor	\$12,141

Base remuneration is indexed annually in accordance with the previous year's whole Consumer Price Index. Council members, other than the Mayor, receive a per diem for attendance at various meetings and events. All members of Council may also participate in the Corporation's group insurance plan at his/her expense, but are not eligible to participate in the pension plan.

Analysis: At the August 26, 2019 Regular Council meeting, the Committee presented an overview of findings and analysis included in their report and made the following recommendation.

1/3 Tax Exemption:

The Committee recommended adjusting the base pay of members of Council to include the loss of the 1/3 tax exemption. The 2019 net cost impact would be \$12,758 or .022% of the tax levy.

To implement this recommendation three options were recommended for consideration:

1. Make the change retroactive to January 1, 2019.
2. Make the change effective January 1, 2020.
3. Implement the recommendation immediately upon approval with no retroactive pay applicable.

Pension:

The Committee recommended that a pension would not be included as part of the remuneration package based on information gathered from comparators.

Base Pay, Per Diems and Benefits:

The Committee further recommended the following three options for consideration:

Option 1: includes an adjusted base rate, which accounts for the 1/3 tax exemption, and an estimated average per diem for Councillors.

Option 2: includes the adjusted base rate which accounts for the 1/3 tax exemption, an estimated average per diem for Councillors and a set amount in lieu of group health and dental coverage benefits in the amount of \$4,000. This would contain the option to purchase group health and dental coverage.

Option 3: includes the adjusted base rate which accounts for the 1/3 tax exemption, consisting of \$4,000 in lieu of group health and dental coverage, and an estimated average per diem for Councillors.

The costs associated with each option are outlined below:

	Mayor	Appointed Deputy Mayor*	Councillor*	Estimated total cost
Current	\$77,212	\$18,632	\$16,679	\$245,955
Option 1	\$77,212	\$25,988	\$24,278	\$321,702
Option 2	\$81,212	\$29,988	\$28,278	\$365,702
Option 3	\$81,212	\$29,988	\$28,278	\$365,702

*Amounts include estimated average per diem costs.

All options would be subject to annual inflation increase based on the Consumer Price Index

Additional Recommendations:

The following additional recommendations were made for consideration:

- complete a governance review;
- complete a council remuneration review with every term of Council;
- create a standardized format for review of council's remuneration; and consider
- moving to a salary remuneration model without per diems

The Committee also noted that if a governance review is not completed then a review of the per diem rate is recommended.

At the August 26 meeting, Council referred this matter to the next Finance and Labour Relations Sub-committee.

Financial Impact: The 2019 budget included an increase to council's remuneration by the CPI. The cost implication to the budget for each option is outlined below:

Council Remuneration and the Impact to Tax Levy						
	Mayor	Appointed Deputy Mayor*	Councillor*	Estimated total cost	Additional cost from current	Impact to Tax Levy
Current	\$77,212	\$18,632	\$16,679	\$245,955		
Option 1	\$77,212	\$25,988	\$24,278	\$321,702	\$75,747	0.128%
Option 2	\$81,212	\$29,988	\$28,278	\$365,702	\$119,747	0.202%

Council Remuneration and the Impact to Tax Levy						
	Mayor	Appointed Deputy Mayor*	Councillor*	Estimated total cost	Additional cost from current	Impact to Tax Levy
Option 3	\$81,212	\$29,988	\$28,278	\$365,702	\$119,747	0.202%

*Amounts include estimated average per diem costs.

Staff Recommendation: THAT the Ad Hoc Citizen's Committee on Council Remuneration Report be considered by the Finance and Labour Relations Subcommittee;

AND THAT direction be given.



Jacqueline Mockler, Director of Human Resources



Joan Thomson, Acting Chief Administrative Officer



Report on Council Remuneration

Submitted by:

The Ad-Hoc Citizen's Committee on Council Remuneration

August 26, 2019

Executive Summary:

The purpose of this report is to outline how the Ad-Hoc Citizen's Committee on Council Remuneration ("the Committee") accomplished the mandate set out by Council and provides recommendations for Mayor and Council remuneration, giving consideration to related benefits and pension and the elimination of the 1/3 tax free exemption from the Federal Government.

Council compensation is always a contentious issue with a negative perception of elected officials approving a raise for themselves. However, this Council with its experience, is in a better position to make these decisions from the Committee's recommendations. The Committee reviewed remuneration levels that we thought were commensurate with the execution of duties as well as being fair and competitive to encourage local residents to run for office. The Committee made recommendations to resolve the loss in pay from the tax change and separate recommendations to correct the disparity in Councillor remuneration versus the comparable municipalities.

Background:

In September 2018, the Corporation of the City of Stratford's City Council voted to establish an Ad-Hoc Citizen's Committee to review and provide recommendations on Mayor and Council remuneration giving consideration to related benefits and pension.

With the impending Federal Government's elimination of the 1/3 tax free exemption for members of municipal council as of January 1, 2019, Council also directed the Ad-Hoc Committee to make recommendations on how to manage the elimination of this 1/3 tax free exemption.

Review Process:

To simplify the analysis of information, the Committee chose to look at the elimination of the 1/3 exemption and Council remuneration as two separate issues.

The review process included the following components:

- Setting the foundation for the review and analysis
- Determining the appropriate comparators
- Selecting resources that would provide objective information to accomplish the mandate
- Selecting financial indicators that were appropriate to the process and the municipality

Findings:

Setting the Foundation

What is a Remuneration Review?

A compensation review consists of several factors:

- Determine the responsibilities of the position through a job analysis
- Determine the current total remuneration
- Understanding of the historical remuneration data
- Determine what criteria to use for selecting comparators
- Collect and analyze the comparator data
- Develop a pay structure which is fair and reasonable for the position while taking into consideration the position and the comparator data

Throughout the analysis, the Committee discovered there is not a set structure or methodology set out by the City of Stratford, the Municipal Act, or comparator municipalities to review Council Remuneration.

Council's Mandatory Requirements under the Municipal Act

The Municipal Act clearly outlines the legislated responsibilities for the Head of Council and Members of Council.

The Head of Council (Mayor) is charged with the following duties:

- Act as the CEO for the Municipality
 - Uphold and promote the purposes of the municipality
 - Promote public involvement in municipal activities
 - Represent the municipality in and outside of the city
 - Promote the city locally, nationally, and internationally
 - Participate in and foster activities that enhance the economic, social, and environmental well-being of the municipality and its residents
- Preside over Council meetings
- Provide leadership to Council
- Provide information and recommendations to Council with respect to the role of Council
- Represent the municipality at official functions

Members of Council are charged to:

- Represent the public and to consider the well-being and interests of the municipality
- Develop and evaluate the policies and programs
- Determine what services are offered
- Ensure administrative policies, practices, and procedures are in place to implement council decisions
- Maintain the financial integrity of the municipality

Time Requirements

An informal survey of Council Members found that on average a Councillor commits approximately ten (10) to twenty (20) hours per week to prepare for and attend meetings of Council and various advisory committees. As elected officials, they spend numerous hours responding to constituent concerns.

Governance Model

The City of Stratford is a single-tier municipality. Single-tier municipalities are geographically located within a county, but are not part of the county for the municipal purposes. Single-tier municipalities have responsibilities for all local services to their residents including but not limited to: transit, water and wastewater systems and social services.

Stratford City Council consists of a Mayor, Appointed Deputy Mayor and nine (9) Councillors at large. A 'Councillor at large' structure means each Councillor represents the city as a whole, and not just a specific area or ward.

Meetings of Council include the following Standing Committees:

- Community Services
- Finance and Labour Relations
- Planning and Heritage
- Infrastructure, Transportation and Safety
- Social Services

In addition to Council, Committee of the Whole, Standing Committees and Sub-Committees, there are Statutory Committees, Boards and Advisory Committees approved by Council. The majority of committees have two (2) members of Council participating. The Committee determined that on average Councillors attend approximately six (6) additional committees, boards or other meetings on a monthly basis. There are thirty-seven (37) distinct committees or boards listed below with varied membership participation and involvement from Council members.

Statutory Committees

Statutory committees and local boards are established by a municipal by-law or provincial law, and function according to legal requirements. An example of provincial legislation requiring certain committees include the Police Services Act (Police Services Board), the Accessibility for Ontarians with Disabilities Act (Accessibility Advisory Committee) and the Ontario Heritage Act (Heritage Advisory Committee). Below is a complete list of Stratford's statutory advisory committees and local boards:

- Accessibility Advisory Committee
- Board of Park Management
- Heritage Stratford
- Library Board
- Perth District Health Unit Board
- Police Services Board
- Property Standards Committee
- Perth & Stratford Housing Corporation
- Spruce Lodge Non-Profit Housing Corporation
- Spruce Lodge Board of Management
- Stratford City Centre Business Improvement Area (BIA)

Boards Established by Council

Council representation is also required on additional committees as per their terms of reference, resolution or agreement. Council representation is also often required as part of a financial agreement. The following list outlines the boards established by Council requiring council representation:

- Festival Hydro Inc.
- Festival Hydro Services Inc.
- Joint Acquisition Committee (Hydro)
- Shared Services Committee [MLC]
- Stratford Economic Enterprise Development Co

Outside Boards

The following is a list of Outside Boards which have requested or are required to have Council representation:

- Stratford Chef School Board of Directors
- Stratford Tourism Alliance Board
- Chamber of Commerce
- Gallery/Stratford Board of Directors
- Minor Sports Council
- Municipal Golf Course Association
- Social Research and Planning Council
- Southwest Economic Alliance
- Stratford Agricultural Society
- Stratford Festival Board of Directors
- Stratford Perth Museum Association
- Stratford Summer Music Board of Directors
- Technical Training Group

Advisory Committees to Council

An advisory committee advises Council directly based on the mandate outlined in their terms of reference, usually related to a specific topic. The establishment of these Committees is at the discretion of Council. Advisory Committees of Council include:

- Ad-Hoc Transit Committee
- Active Transportation Advisory Committee
- Communities in Bloom Advisory Committee
- Energy & Environment
- Sports Wall of Fame Committee
- Stratford Town and Gown Advisory Committee
- Stratford Youth Advisory Council (SYAC)
- Stratford's of the World - Ontario Committee

Current Remuneration Structure

The remuneration structure encompasses a base pay for attending mandated meetings of Council, Committee of the Whole, and Sub-Committee meetings plus public meetings, consultant presentations, open houses, public consultations, visioning sessions, and ceremonial functions. Members of Council also receive a per diem for attending Advisory or Committees of Council. The per diem rate is \$60 for meetings three (3) hours or less or \$90 for meetings three (3) hours or more in one day. To receive payment for these meetings, Members of Council must submit their meeting attendance to the Finance Department for payment. The analysis showed that there is wide variation in terms of Councillor involvement with committees and boards.

It was also confirmed that some Councillors do not submit their meeting attendance and are therefore, not paid a per diem for attending these meetings. This adds to the difficulty in assessing work-load and compensation not only within Stratford's Council but also relative to comparators.

The base rate is adjusted annually for inflation based on figures provided by the Consumer Price Index (CPI). The per-diems are not adjusted annually based on CPI.

Stratford City Council members do not receive group benefits or pension as part of their remuneration package, however, they may participate in the City's group insurance plan at his/her expense in accordance with Council Remuneration By-law 20-98.

Councillors can claim out of town mileage expenses.

The analysis showed the comparator municipalities make provision for group benefits as part of total compensation and are mixed on the approach from payment in lieu to supported participation in the group insurance health and dental plan.

Neither comparator municipality offers Council members the opportunity to participate in a pension savings plan.

2019 Remuneration of Council

The chart below outlines the current remuneration for the Mayor and a Member of Council. For the purposes of the Committee's analysis, an assumption was made that the Mayor and each Council attended an average number of known Council, Standing Committees, Sub-Committee meetings and that there are other Advisory Committees and Boards where Council have been appointed. An estimated average per diem based on six (6) meetings per month was necessary versus relying on the Annual Statement of Remuneration as not all Councillors submit for meeting attendance as noted above. The remuneration amount did not include meetings that Councillors were paid to attend i.e. Police Services and Festival Hydro boards.

Position	Annual Base Pay (2019)	Estimated Annual Average Per Diem	Total
Mayor	\$66,869	\$0	\$66,869
Appointed Deputy Mayor	\$13,860	\$4,320	\$18,180
Per Councillor	\$12,141	\$4,320	\$16,461

Council's Impact on the Quality of Life in Stratford

A Council priority is to maintain the quality of life for Stratford residents. Council has created several discretionary committees to help accomplish this task. The analysis showed that Stratford has significantly more mandated, statutory, and discretionary committees compared to our comparator municipalities. This fact demonstrates that the Mayor and Members of Council are significantly involved in the community and that their input is valued.

Historical Data

Council created a Citizen's Advisory Committee in 2007 to explore ways to determine a fair and supportable formula to determine the appropriate rate of remuneration for members of Stratford City Council on an ongoing basis.

The previous Citizen's Advisory Committee gathered information from members of the public, current and past members of Council and current and past Mayors.

Their findings were:

- Based on the comparison with comparable municipalities across Southwestern Ontario, the remuneration for Members of Council was below the mean average of stipends
- Annual adjustments to the stipends for Council using the ongoing application of the recommended remuneration formula should be conducted.

Their recommendations were:

- Bring salaries to the mean average of similar sized municipalities in Southern Ontario
- Review current Council representation on all boards and other organizations to ascertain the necessity and/or benefit of representation
- Consider a reduction in the size of Council from ten (10) to eight (8), coincident with the next election, after reviewing the increase in workload to be allocated
- Consider implementation of information sessions, to outline Council time commitments and responsibilities for any member of the public who are considering standing for election
- Review the type and duration of meetings that are remunerated to Council
- Review Council Remuneration at the mid-term of each Council

The previous committee also recommended increases in base pay for the Mayor (\$50,000 per year), with an additional increase (\$60,000 per year) in 2008, the Deputy Mayor (\$1501 greater than the base remuneration of Council), and Council (\$10,600). They also recommended base salaries be adjusted annually for inflation based on the Consumer Price Index. The per-diem amounts were to remain at \$60 for meetings 3 hours or less and \$90 for meetings 3 hours or more in one day.

Determining Appropriate Comparators

When conducting a review of remuneration, it is helpful to determine comparisons or bench marks for the purpose of analysis. Comparators provide objective information to form the basis of a remuneration structure.

Selection of Comparators

Initially, the Committee selected 7 municipalities as comparators. All had a Council (including the Head of Council) of 9 members or less. We quickly realized this size of comparator base would be onerous. Therefore, the Committee selected St. Thomas (9 members including the Mayor) and Woodstock (7 members including the Mayor) as comparators based on the following criteria:

- Similar population
- Similar responsibilities and structure
- Comparators used by City Staff for other purposes
- Relatability/ close proximity to Stratford

Compensation Information

Surveys that provide information on council remuneration break down data in various ways. To maintain the integrity of the analysis the Committee chose the following criteria:

- Similar population
- Remuneration vs stipend
- Levels of pay
- Benefit and pension offerings
- Other benefits
- Size of Council
- How remuneration is reviewed

Selecting Resources:

Comparator Municipalities

The Committee wanted objective data. Staff collected the following information from the comparator municipalities:

- Council structure including the number of meetings they attended
- Their current remuneration
- Remuneration or base pay plus per diem
- Benefits or Pension or pay in lieu of
- How did they manage the 1/3 tax exemption discontinuation?

The following chart summarizes key comparator municipality findings:

Municipality	Stratford Base Pay	Stratford with Average Per Diem	Stratford with Average Per Diem & Adjusted for 1/3 Tax Exemption	Woodstock Adjusted for 1/3 Tax Exemption	St. Thomas Adjusted for 1/3 Tax Exemption
Type	Single Tier	Single Tier	Single Tier	Lower Tier	Single Tier
Mayor	\$66,869	\$66,869	\$77,212	\$68,640	\$64,711
Deputy Mayor	\$13,860	\$18,180	\$18,632	\$31,140	\$0
Council	\$12,141	\$16,461	\$16,679	\$28,740	\$24,260
Benefits	No	No	No	12.25% in lieu based on Council Base pay (\$3520)	Approx. cost of benefits is \$6,000 or \$2000 in lieu of taking benefits **Assume 2/3 benefit 1/3 in lieu
Pension	No	No	No	No	No
Total Compensation		Mayor: \$66,689 DM: \$18,180 Council: \$16,641	Mayor: \$77,212 DM: \$18,632 Council: \$16,679	Mayor: \$72,160 DM: \$34,660 Council: \$32,260	Mayor: \$69,411 Council: \$28,960 **Based benefit assumption estimated \$4700
Council Size		11 Mayor, Deputy Mayor, 9 Councillors		7 1 Mayor, Deputy Mayor 5 Councillors	9 1 Mayor, 8 Councillors

Remuneration Survey Data

In addition to the compensation survey information provided relative to comparators, staff provided the 2018 Municipal Council Compensation in Ontario Report from the Association of Municipal Clerks and Treasurers of Ontario (AMCTO). It is important to note this survey was released prior to the elimination of the 1/3 tax free exemption.

In August of 2017, AMCTO conducted a survey of municipalities in Ontario. The goal was to gain a better understanding of how municipalities compensated their Councils, create a resource for municipalities who are reviewing their council remuneration packages, and to add to the body of research about how local politicians are paid. While there had been a lot written about private sector compensation, there has been considerably less study of compensation for politicians at the local level. A total of 257 municipalities responded to the survey provided the following information for this report:

For populations 25,000 – 49,999:

- 75% of municipalities pay their Heads of Council (Mayor) and Council a Remuneration compared to stipend of which
 - 42% of Mayors receive a Remuneration of \$40,000 - \$60,000 per annum and 17% pay between \$60,000 - \$80,000
 - 55% of Councils receive a Remuneration of \$20,000 - \$40,000 per annum
- 63% offer a group benefits package
- 25% offer a pension contribution

Other Factors

- 33% of 257 municipalities surveyed provide group benefits
- 16% of responding municipalities provide pension contributions
- 2.72% (7 of the 257) of the respondents have 11 Members of Council compared to 44.36% (114 of 257) have 5 or 6 members, 32.68% (84 of 257) have 7 Members of Council
- 74% of respondents use the neighbouring municipalities remuneration levels to determine remuneration for their councils
- 39% of the respondents use the fiscal capacity of the municipality
- 39% ensure that Councillor pay is competitive
- 43% of municipalities have reviewed council remuneration in the last 4 years compared to 11% in the last ten years.

Financial Indicators

The financial impact to the rate payers of Stratford weighed heavy on the minds of the Committee Members. The Committee discussed at length which, if any, variances would be fair and reasonable in this situation. The ratios considered were:

- Size of Council
 - Estimated Cost Compared to Population
 - Estimated Cost Compared to Number of Households
- Population of the Municipalities
- Number of Households within the Municipalities
- The impact on the tax levy
- The impact on the operation budget

The Committee realized the information gathered was interesting but in the end was not relevant to the mandate of determining a fair and reasonable Council Remuneration. Remuneration is based on what a position is worth not the cost per population or household.

Implications on the Tax Levy

The Committee looked at the fiscal capacity of the municipality to pay. This was part of the AMCTO survey findings where "39% of the respondents use the fiscal capacity of the municipality when determining Council remuneration".

Total Impact to Tax Levy

Municipality	Council Remuneration	Tax Levy	% of Tax Levy
Stratford - pre 1/3 adjustment	\$233,199	\$59,220,220	0.39378%
Stratford - post 1/3 adjustment	\$245,955	\$59,220,220	0.4153%
St Thomas	\$258,791	\$54,784,991	0.4724%
Woodstock	\$243,486	\$56,290,470	0.4326%

Benefits & Pension

The current by-law allows Members of Council to purchase group insurance plan at their own cost. There is no provision for contributions to a pension plan.

Currently, no member of Council has purchased group insurance. To determine what is fair and reasonable for Members of Council to receive benefits and pension we looked to the comparator municipalities and the AMCTO Survey and asked the following questions:

- Who had benefits and/or pension?
- What type of benefits or pension were provided?
- What was the cost of the benefits and pension to the Municipality?

The survey highlighted that 63% of municipalities of 25,000-49,999 population surveyed offer group insurance to members of Council. The comparator municipalities offered either payment in lieu of benefits or access to group insurance (health and dental).

1/3 Tax Free Exemption

The discussion on the 1/3 tax free exemption was raised due to the elimination of this exemption by the Federal Government in January 2019.

Prior to January 1st 2019 elected officials paid no taxes on 1/3 of their compensation. That exemption was lost in 2019 resulting in a reduced net pay for all elected officials. The amount of loss would vary by individual based on their total income.

The committee contemplated two potential options outlined in the management report FIN18-042 dated June 19, 2018:

- No change in remuneration
 - Each member of Council would bear the cost of the 1/3 tax free elimination which would reduce their net pay
- Keep the Net Pay the same
 - This would be accomplished by increasing the gross pay

The Committee looked to comparator municipalities to see how they handled the situation. In both cases they kept the net pay the same. The numbers presented in this report reflect the increases in gross pay to maintain the net pay.

The Committee discussed the financial implications of both options to Members of Council and the municipality. We concluded the elimination of the tax free exemption should not impact the remuneration of Members of Council.

Recommendations:

The Committee respectfully submits the following recommendations for Council's consideration:

Management of the Elimination of the 1/3 Tax Free Exemption

The Committee recommends that the city adjust the pay levels of Mayor and Council so the net pay from the city is the same as it was before the loss of the exemption. The cost of this pay correction is \$12,758.

The chart below shows the impact by role:

	Mayor	Appointed Deputy Mayor	Councillor
Current Compensation	\$66,869	\$18,180	\$16,461
Proposed Compensation	\$77,212	\$ 18,632	\$16,679

** Compensation for Appointed Deputy Mayor and Councillors include an estimated average per diem \$4,320 for Councillors and for Deputy Mayor*

The Committee submits three (3) options to Council for implementation of this recommendation:

1. Make the change retroactive to January 1, 2019. This is the fairest method of correcting the loss in net pay.
2. Make the change January 1, 2020. This allows for the increase to be included in the 2020 budget.
3. Implement the recommendation immediately upon approval, with no retro.

It is important to note in Options 2 and 3 as listed above, members of Council would personally absorb the loss in net pay.

Remuneration for Mayor, Appointed Deputy Mayor, and Members of Council

Following review of all the factors, the Committee determined that City of Stratford Councillors are significantly under-compensated when compared to the comparator municipalities. Woodstock and St. Thomas Councillor remuneration is respectively 72% and 45% higher than Stratford.

Stratford has more Councillors per household than either of the comparators. The Committee also noticed Stratford Councillors have a much higher level of engagement through the large number of meetings attended. We concluded there was no reason why City of Stratford Councillors would not be at parity with the comparator municipalities.

The Mayor's Remuneration adjusted for the 1/3 tax exemption impact is 15.8% higher than the average of the Mayors of the other two cities. As such, the Committee felt there was no need for any enhancement other than the correction for the loss of the 1/3 tax exemption.

The Committee agreed that full benefit provision and pension contributions were not warranted. Based on the survey data from the AMCTO, 63% of municipalities with populations between 25,000 and 49,999 provide group benefits. Our comparators do offer a payment in lieu or participation in group benefits. As such, the Committee put forward a payment in lieu of benefits for consideration by Mayor and Council.

The Committee also agreed to keep the per diems at the current rate. Base pay only would be subject to annual inflationary increases based on the Consumer Price Index. The Committee did not recommend an increase in the per diems as it was believed that Council should review their governance structure and workload for Members of Council in order to move to a salary remuneration structure. Moving to a salary remuneration structure would be in line with the comparator municipalities and with the survey data from AMCTO where 75% of municipalities with a population of 25,000 to 49,999 pay a salary to Members of Council. Therefore, the Committee recommends a status quo for per diems until December 31, 2020. This date is to provide sufficient time for Council to complete a governance review.

The Committee recommends the following three (3) options for Council's consideration:

Option 1

Option 1 includes the establishment of a new base pay using the midpoint between Woodstock and St. Thomas. To determine the base pay the following rational for the calculation is provided:

Estimated Total Compensation Midpoint @ \$30,610
 Minus Estimated City of Stratford Per Diem @ \$4320
 Minus Estimated Family Benefit Costs for City of Stratford @ \$6332
Base Pay = \$19,958

This provided a new base pay of \$19,958 and with average per-diem of \$4,320 would result in a new estimated remuneration of \$24,278.

Based on the data from the comparison municipalities, the Committee recommends no change in base pay for the Mayor.

For Options 1 and 2, all members of Council would be able to purchase group insurance (health and dental) through the City at their own expense.

The total cost increase from current compensation to Option 1 is \$75,747 and a tax levy impact of 0.128%

Option 1 Impact to Mayor and Councillor Wages

	Current Mayor	Option 1	Current Councillor	Option 1
Base	\$77,212	\$77,212	\$12,359	\$19,958
Benefits	\$0	\$0	\$0	\$0
Estimated per diems	\$0	\$0	\$4,320	\$4,320
Total	\$77,212	\$77,212	\$16,679	\$24,278

***Current base pay includes adjustment for 1/3 tax exemption*

**** All base pay would be subject to annual inflation increase based on the Consumer Price Index.*

Option 2

In Option 2, an additional set dollar value is included for group health and dental coverage. The Committee determined an annual amount of \$4,000 was reasonable and fair. The benefit amount is similar to comparators (Woodstock is 12.25% or \$3520) and is representative of the approximate mid- point of family and single premium cost at the City of Stratford for health and dental coverage. The base pay is the same as Option 1 with the addition of \$4,000 for payment in lieu of health and dental benefits, for the Mayor and members of Council. The total cost increase of Option 2 is \$119,747 and a levy impact of 0.202%. Base pay would be subject to annual CPI increases.

Option 2 Impact to Mayor and Councillor Wages

	Current Mayor	Option 2	Current Councillor	Option 2
Base	\$77,212	\$77,212	\$12,359	\$19,958
Benefits	\$0	\$4,000	\$0	\$4,000
Estimated per diems	\$0	\$0	\$4,320	\$4,320
Total	\$77,212	\$81,212	\$16,679	\$28,278

***Current base pay includes 1/3 tax exemption adjustment*

**** All base pay would be subject to annual inflation increase based on the Consumer Price Index.*

Option 3

Option 3 is the same as Option 2 without the option to purchase benefits and the \$4,000 set aside in lieu of benefits would be rolled into the base pay. The total cost increase of option 3 is the same as Option 2 \$119,747 and a levy impact of 0.202%

Option 3 Impact to Mayor and Councillor Wages

	Current Mayor	Option 3	Current Councillor	Option 3
Base	\$77,212	\$81,212	\$12,359	\$23,958
Benefits	\$0	\$0	\$0	\$0
Estimated per diems	\$0	\$0	\$4,320	\$4,320
Total	\$77,212	\$81,212	\$16,679	\$28,278

***Current base pay includes 1/3 tax exemption adjustment*

**** All base pay would be subject to annual inflation increase based on the Consumer Price Index.*

The Committee discussed implementation of a phased in approach for increases.

Council Compensation and the Impact to Tax Levy

	Mayor	Appointed Deputy Mayor	Councillor	Estimated total cost	Additional cost from current	Impact to Tax Levy
# of positions	1	1	9			
Current	\$77,212	\$18,632	\$16,679	\$245,955		
Option 1	\$77,212	\$25,988	\$24,278	\$321,702	\$75,747	0.128%
Option 2 or 3	\$81,212	\$29,988	\$28,278	\$365,702	\$119,747	0.202%

Other Points for Consideration:

The Committee suggests moving to a salary structure instead of base pay and per diem. At present there is a significant difference in the workload. There are some Councillors involved with numerous committees while others very few.

The Committee suggests that Council allocate funds in the upcoming budget for a governance review. The study would consider the comparators and municipalities of similar population when reviewing:

- The current structure of the government
- The committee structure
- The number of meetings
- The number of Councillors
- Council representation on committees

The goal is to ensure the City of Stratford has effective, transparent, and fiscally responsible governance structure to represent its citizens and ratepayers.

The Committee felt that after the study, Council would in a better position to determine the number of Councillors required and how to distribute workload evenly. In addition,

this formal study would determine the number of required committees for each Member of Council. The Committee recommends completing this task by December 31, 2020. Following this Council should consider moving to a salary remuneration model without per diems.

Should Council not proceed with a governance review and change to salary, a review of the per diem rates is recommended. Per diem rates have not increased since before 2007 and have not been adjusted for inflation. If there is no change in this regard the gap between Stratford's remuneration and its comparators will increase again, resulting in the need for adjustment in the future.

The final point for Council's consideration is the continuation of an Ad-Hoc Citizen Committee to review Council Remuneration. It is the recommendation of the Committee, that a review take place once per Council term. This helps to ensure that decision making on Council Compensation is current with consideration to the impact on the tax levy. The last review of Council remuneration was in 2007. The lack of follow through on the previous committees' recommendation of reviewing mid-council term may result in a perceived large increase in Council wages. A set review of the remuneration structure would be a fiscally responsible. The Committee recommends that Council develops a framework methodology for future Ad-Hoc Committees to enable the review process to be more efficient and effective.

The Committee appreciates Council's confidence in completing this sensitive task. We completed this project to the best of our abilities. We believe we filled our mandate "to review and provide recommendations on Mayor and Council remuneration giving consideration to related benefits and pension". The Committee put great thought into our recommendations to ensure we provided Council with information to make an informed decision. We are very grateful for the support and guidance of Jacqueline Mockler, Director of Human Resources; Kathy Bjorkquist, Human Resources Coordinator; Janice Beirness, Manager of Financial Services; Tatiana Dafoe, Acting Clerk; Joan Thomson, Acting CAO; Danielle Clayton, Committee Secretary.

Respectfully submitted by:

Ad-Hoc Citizen's Committee on Council Remuneration

- **Kimberly Richardson, Chair**
- **Bob Malcolmson, Vice Chair**
- **Derek Averell**
- **Barry Jesson**
- **Jeff Skubowius**



**BY-LAW NUMBER 20-98
OF
THE CORPORATION OF THE CITY OF STRATFORD**

BEING a By-law to establish the indemnity and remuneration of members of Council for the City of Stratford and to repeal By-law Number 34-90.

WHEREAS section 242 of The Municipal Act, R.S.O. 1990, chapter M.45 allows the Council of a municipality to pass by-laws for paying remuneration to the members of Council;

AND WHEREAS section 243 of *The Municipal Act* allows the Council of a municipality to pass by-laws to provide for the payment in whole or in part of such expenses of the members of Council as are actually incurred as a result of their acting either within or outside of the municipality in their capacity as members of Council;

AND WHEREAS section 244 of *The Municipal Act* allows the Council of a municipality to pass by-laws to provide for the payment of remuneration to a member of Council to serve as a member of a local board as defined in *The Municipal Affairs Act*, or of any other body, in respect of services as a member of that board;

AND WHEREAS By-law 20-98 was adopted by Council of The Corporation of the City of Stratford to establish indemnities and remuneration for the members of Stratford City Council;

AND WHEREAS Sections 8 and 9 of the *Municipal Act*, 2001, S.O. 2001, as amended, confer authority on municipalities to govern their affairs as they consider appropriate;

AND WHEREAS Section 5 of the said *Municipal Act*, 2001, S.O. 2001, as amended authorizes council to exercise the powers of the municipality by by-law;

AND WHEREAS Section 283 of the *Municipal Act*, 2001, S.O. 2001, as amended, authorizes municipalities to pay remuneration and expenses of the members of any local board of the municipality and of the officers and employees of the local board if the expenses are of those persons in their capacity as members, officers or employees, and if the expenses are actually incurred or the expenses are a reasonable estimate, in the opinion of the council or local board, of the actual expenses that would be incurred, and

AND WHEREAS it is deemed necessary to amend By-law 20-98 as amended, to reflect Council resolutions accepting the recommendations in part, arising out of the Final Report from the Council Compensation Review Ad-Hoc Committee;

NOW THEREFORE BE IT ENACTED by Council of The Corporation of the City of Stratford as follows:

1. That the annual allowance to be paid to the Mayor, shall be as follows:

- | | |
|------------------------------|---|
| a) Effective 2007 | \$50,000.00 plus out-of-pocket expenses |
| b) Effective January 1, 2008 | \$60,000.00 plus out-of-pocket expenses |

and that the remuneration be indexed commencing January 1, 2011 in accordance with the previous year's whole Consumer Price Index.

2. That, notwithstanding Section 2 above, the Mayor and Councillors elected to the Council of The Corporation of the City of Stratford and appointed to any other body, are entitled to receive any remuneration payable to them in that capacity, such as but not limited to

Stratford Police Services Board and Festival Hydro Inc., and Festival Hydro Services Inc. so far as such remuneration is not funded by The Corporation of the City of Stratford.

3. That the annual allowance to be paid to each member of Council, other than the Mayor, shall be as follows:
 - a) Effective June 1, 2007: \$10,253.00 plus out-of-pocket expenses
 - b) Effective December 1 2007: \$10,600.00 plus out of pocket expenses

and that the remuneration be indexed in future years, in accordance with the previous year's whole Consumer Price Index.
4. That the annual allowance to be paid to the Deputy Mayor, in addition to the allowance for a member of Council herein established, shall be as follows:
 - a) Effective June 1, 2007: \$1,501.00 greater than the base rate paid to Councillors,

and indexed in future years in accordance with the previous year's whole Consumer Price Index.
5. In addition to the remuneration provided for in this By-law, Councillors shall also be paid remuneration in accordance with the scale provided for in Paragraph 6 herein, while attending the following:
 - a) meetings of local boards or other bodies to which they have been appointed by Council, or on which they serve as ex-officio members, other than Council, Standing Committees or Sub-committees of Council;
 - b) Trade Shows and meetings attended on behalf of the City of Stratford, outside the Corporation limits;
 - c) except that where such local boards or other bodies provide a stipend or remuneration to the members appointed thereto, then the member shall receive such stipend or remuneration from the local board or other body and not the remuneration set out in paragraph 6 herein;
 - d) Members of Council shall not be paid remuneration for attending the following meetings:
 - i) Public Meetings;
 - ii) Presentations by consultants;
 - iii) Open Houses;
 - iv) Public consultations;
 - v) Visioning sessions;
 - vi) Ceremonial functions.
6. Any stipend or remuneration paid by local boards or other bodies as provided for in paragraph 5 herein, shall be paid to the Treasurer of the City of Stratford and not to the member of Council who sits on such local board or other body, and the Treasurer of the City of Stratford shall pay such stipend or remuneration to the member of Council:
 - a) For a meeting, the duration of which is three (3) hours or less - \$60.00;
 - b) For a meeting, the duration of which is more than three (3) hours in any one day - \$90.00.
7. That the mileage rate to be paid to members of Council shall be at the City's approved rate per kilometre.
8. That By-law Number 34-90 and any amendments thereto, and any other by-laws or policies inconsistent with the provisions of this By-law, are hereby and the same repealed.
9. That each member of Council may participate in the City's group insurance plan at his/her expense.

10. That Schedule "A" to By-law 20-98 as amended, is hereby repealed.
11. That, upon the elimination coming into effect, of the one third tax free allowance as determined in the 2017 Federal Budget, the City will discontinue administering the one-third of the remuneration allowance paid to elected members of Council and local boards deemed as expenses incidental to the discharge of their duties as prescribed in section 283(5) of the *Municipal Elections Act, 2001* as amended.
12. That By-law 20-98 as amended, be further amended by deleting reference to the one third tax free allowance from any and all sections of the By-law, upon the elimination coming into effect by the Federal Government.
13. That the Treasurer and Clerk of The Corporation of the City of Stratford are authorized to take all actions necessary with respect to this By-law, upon the elimination of the one third tax free allowance coming into effect.

Read a FIRST time this 9th day of February, 1998.

Read a SECOND time this 23rd day of February, 1998.

Read a THIRD time and FINALLY PASSED this 9th day of March, 1998.

"Dave Hunt"

Mayor – Dave Hunt

"Joan Thomson"

Acting Clerk – Joan Thomson



A meeting of the **Stratfords of the World Committee** was held on the above date at 4:00 p.m. – 82 Erie Street, Stratford ON – Avon Room

Present: Joan Ayton – Chair Presiding, Wayne Whitehorn, Susan Kummer, Ken Clarke, Joyce Mohr, Councillor Tom Clifford, June Wells, Bill Andrus

Staff Present: Casey Riehl – Recording Secretary

Absent: Donnalene Tuer-Hodes, Malorie Leonetti

MINUTES

1.0 CALL TO ORDER

Joan Ayton called the meeting to order at 4:00 p.m.

2.0 DISCLOSURE OF PECUNIARY INTEREST

None declared

3.0 ADOPTION OF THE PREVIOUS MINUTES – March 21, 2019 & April 25, 2019

Motion by Ken Clarke, seconded by Joyce Mohr to adopt the minutes dated March 21, 2019 and April 25, 2019 as amended. Carried.

4.0 BUSINESS ARISING FROM PREVIOUS MINUTES

(a) Open House Update (April 28, 2019)

The open house and the presentation went well. Members were able to sign up some more hosts, as well as people willing to volunteer doing various jobs during the reunion.

(b) 2020 Reunion Planning Updates

Registration form and website link

The registration form has gone out and is posted on the city's website. Joan Ayton has received five registrations back already, all from PEI. Wayne Whitehorn inquired if local Stratford citizens wish to participate in any of the activities; will there be an option for them to buy in as a delegate? Joan Ayton

stated that once all the registrations for the visiting delegates are received, they can make those arrangements if there is room.

Promotional Items

Joan Ayton stated that Malorie Leonetti has volunteered to do some research on costs for various promotional items. Please forward any ideas you have to either Joan Ayton or Malorie Leonetti. Ms. Ayton has started a list of possible items.

Staff will contact the Mayor's office to see if they have any items that could be included in the packages for the delegates.

Festival Theatre

Will wait to make arrangements with the theatre closer to October when registration numbers have been confirmed.

Concert

Bill Andrus has contacted all three local high schools and they are interested in helping with the concert. Further contact with the schools in the fall.

Sponsorships

Councillor Clifford contacted the Director of Corporate Services to inquire if SOTW could seek sponsorships for the reunion. The Director confirmed that the committee could obtain sponsorships from retail, restaurant and hospitality businesses and include listings of all sponsorships in the reunion booklet. The committee is also permitted to solicit advertising for the booklet, as well as discount coupons can be included in the delegate packages. The committee plans to make up SOTW signs that local businesses who have contributed with sponsorships can post in their storefronts during the reunion.

Venues

Final plans for the Ag Society breakfast will have to be made. An Ag member voiced his concern for the number of people attending and whether the venue was large enough. Once registrations have been confirmed Ms. Ayton will contact them again to discuss. An offer has also been extended to host a pig roast the same as the last reunion in 2007. Members suggested that perhaps out at the museum would be a great location.

Tours

Susan Kummer reported that she attended the open-house at the Goderich jail and museum. Employees there were open to the delegates attending as part of the reunion. Ms. Kummer has a contact for their group tours and pricing. Ken Clarke suggested contacting Huron County to assist with some arrangements. He will reach out to some of his contacts to see if they have some ideas.

Hosting

Six more hosts were added at the open house. There are now approximately 60 total beds available for delegates. Ms. Ayton asked all committee members to please follow up with their contacts who have not filled out and handed in their forms. Hosts will be responsible for morning drop off and evening pick-ups of the delegates staying with them.

SOTW Garden

Staff will inquire when the new garden in Upper Queen's Park will be planted and if Community Services staff has the SOTW sign to install in it. Wayne Whitehorn and Susan Kummer are also working on putting together a dedication service. Ms. Kummer and Mr. Whitehorn will also make a presentation at the Council of Churches meeting in the fall regarding holding an ecumenical service as part of the garden dedication service.

5.0 NEW BUSINESS**(a) Summer Tasks for Committee Members****2020 Garden & Plaque Design**

Design and colour-scheme requests for the 2020 SOTW flower garden must be into the Parks Manager by November 1, 2019. Susan Kummer and Wayne Whitehorn will take on this project.

The Parks Manager also stated that a SOTW plaque could be permanently mounted on the large rock that is in the garden. Susan Kummer and Wayne Whitehorn will also research pricing and designs for this. Mr. Whitehorn will also follow up with the Festival on the whereabouts of the brass branch.

Volunteer Recognition Gear

Members discussed various items that could be purchased to identify volunteers during the reunion. Some suggestions were t-shirts, hats, vests or sashes. Joan Ayton has a large bolt of blue material that could be used to make generic vests or sashes. Susan Kummer and June Wells will research.

Charitable Donation

In lieu of a gift, Stratford, Australia requested each visiting Stratford make a donation to a local charity. Staff will inquire with the Finance Department to see how a charitable donation could be accommodated for the Ontario reunion. Ms. Ayton has asked all members to start making a list of local charities that could be suggested.

Transportation Options

Ms. Ayton would like to offer transportation information to visiting delegates. Information that delegates can use to book various transportation from Toronto, such as booking rental cars, trains, buses, airporter, etc. Bill Andrus will work on putting together a directory of options.

Flags

In the past, the countries all bring their own flag to display at the banquet. Ken Clarke stated that a downtown business has offered to fly all the flags from the visiting countries during the reunion. The committee would purchase these flags to fly. Ken Clark will contact the business and confirm. Joyce Mohr will inquire about flag poles for the banquet flags.

Golf Details

Bill Andrus has contacted the Country Club and they are more than happy to work with the committee to arrange some rounds of golf. They would supply clubs for visitors. The idea would be to mix visitors with locals to play.

6.0 NEXT MEETING DATE: Thursday, September 19, 2019 – 4:00 p.m. – Avon Room

7.0 ADJOURNMENT

Motion by Councillor Clifford, seconded by Ken Clarke to adjourn the meeting. Carried.

Time: 5:30 p.m.