

Prepared By:



City of Hamilton

Hamilton Water Financial Plan

10 Year Financial Statements and Long Term Financial
Outlook

GMBP File: 617107

July 19, 2019



Hamilton



July 19, 2019
GMBP File: 617107

City of Hamilton
77 James Street North, Suite 400
Hamilton, ON, L8R 2K3

Attn: Mr. Bert Posedowski

Re: Hamilton Water Financial Plan

Dear Mr. Posedowski:

GM BluePlan Engineering Limited is pleased to submit the final draft of our report for the above noted project. The enclosed report describes the water, wastewater, and stormwater system financial plans and statements as detailed under Regulation 453/07 - Financial Plans made under the Safe Drinking Water Act, 2002. Additional long term financial planning perspective is also provided for the respective infrastructure systems.

We appreciate the efforts of staff throughout the City of Hamilton over the course of this project.

Yours truly,

GM BLUEPLAN ENGINEERING LIMITED

A handwritten signature in blue ink that reads 'Nick Larson'.

Nick Larson, MEPP, P.Eng.

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1.0 INTRODUCTION

In 2017 GM BluePlan (GMBP) was retained by the City of Hamilton to prepare:

- 1) A 10-year Financial Plan with associated Financial Statements for the City of Hamilton's water system. This plan was prepared to support a regulatory compliance issue specific to the water licensing requirements defined within the Drinking Water Quality Management System (DWQMS) and more specifically detailed under *Regulation 453/07 - Financial Plans* made under the Safe Drinking Water Act, 2002 (SDWA). For consistency purposes, the 10-year financial statements have also been developed for the wastewater and stormwater infrastructure systems.
- 2) Long Term Financial Plans for the water, wastewater and stormwater systems to support Asset Management (AM) processes in the City of Hamilton. The Long Term Financial Plans will provide a long-range understanding of the revenues and expenditures that are required to achieve the City's proposed levels of service (LOS) for their water, wastewater, and stormwater systems. This understanding is a requirement of *Regulation 588/17 – Asset Management Planning for Municipal Infrastructure* made under the Infrastructure for Jobs and Prosperity Act, 2015. A short explanation of the practical differences between Regulation 437/07 and 588/17 is provided in Section 2.0 Background.

This report also documents the approach and sources of information used to generate the Financial Statements.

2.0 BACKGROUND

Ontario Regulation 588/17 – Asset Management Planning for Municipal Infrastructure made under the Infrastructure for Jobs and Prosperity Act, 2015 was implemented on January 1, 2018. This regulation will require municipalities to develop a strategic asset management policy by July 2019. The policy must include the process by which the asset management plan is to be considered in the development of the municipality's budget or of any long-term financial plans of the municipality that take into account municipal infrastructure assets. The policy must also outline actions that may be required to address the vulnerabilities that may be caused by climate change to the municipality's infrastructure assets, in respect of such matters as operations, increased maintenance schedules, levels of service, and lifecycle management.

A strategic asset management plan must be developed for all municipal infrastructure assets. The regulation provides three main timelines for the development of this plan: July 2021, July 2023, and July 2024. By July 2021, the plan must be developed for core infrastructure assets. By July 2023, the plan must be developed for all other assets. Note that the regulation defines core assets as water assets, wastewater assets, stormwater assets, roads, bridges and culverts. The 2021 and 2023 asset management plan must include details on the current service levels provided by each asset group and the cost required to sustain these service levels. The July 2024, asset management plan must include the proposed service levels and the cost required to achieve these proposed service levels (for all assets). In the case that the cost required to achieve proposed service levels is greater than the available funding, an explanation of how the municipality will manage the risks associated with not undertaking any of the lifecycle activities previously identified must be provided. The asset management plan must also

include the financial plans related to the municipality's water assets including any financial plans prepared under the Safe Drinking Water Act, 2002.

Regulation 453/07 - Financial Plans made under the Safe Drinking Water Act, 2002 mandates that a Financial Plan be prepared in order to obtain a municipal drinking water license. The Financial Plan required as part of *Regulation 453/07* is represented as a series of financial statements for a minimum time period of 6 years.

The most significant practical differences between the Financial Plan mandated through *Regulation 453/07* and the financial planning that is required to support *Regulation 588/17* are summarized as follows:

- *Regulation 453/07* Financial Plans are not required to align with current or proposed LOS.
- *Regulation 453/07* Financial Plans are mandated to be manifested as a series of three financial statements. *Regulation 588/17* also requires financial statements, but rather provides more flexibility to use financial planning processes to support the development of an asset management plan to achieve the proposed LOS.

3.0 APPROACH

The approach to completing the 10 year Financial Plan and the development of Financial Statements for water, wastewater, and stormwater systems followed the methodology that was used to develop the previous two 10 year Financial Plans in 2009 and 2013. It aligns with the requirements outlined in *Regulation 453/07 - Financial Plans*, as summarized below:

- 1) Details of the proposed or projected financial position of the drinking water system itemized by,
 - a) total financial assets,
 - b) total liabilities,
 - c) net debt,
 - d) non-financial assets that are tangible capital assets, tangible capital assets under construction, inventories of supplies and prepaid expenses, and
 - e) changes in tangible capital assets that are additions, donations, write downs and disposals.
- 2) Details of the proposed or projected financial operations of the drinking water system itemized by,
 - a) total revenues, further itemized by water rates, user charges and other revenues,
 - b) total expenses, further itemized by amortization expenses, interest expenses and other expenses,
 - c) annual surplus or deficit, and
 - d) accumulated surplus or deficit.
- 3) Details of the drinking water system's proposed or projected gross cash receipts and gross cash payments itemized by,
 - a) operating transactions that are cash received from revenues, cash paid for operating expenses and finance charges,
 - b) capital transactions that are proceeds on the sale of tangible capital assets and cash used to acquire capital assets,
 - c) investing transactions that are acquisitions and disposal of investments,
 - d) financing transactions that are proceeds from the issuance of debt and debt repayment,
 - e) changes in cash and cash equivalents during the year, and
 - f) cash and cash equivalents at the beginning and end of the year.
- 4) Details of the extent to which the information described in subparagraphs 1, 2 and 3 relates directly to the replacement of lead service pipes as defined in section 15.1- 3 of Schedule 15.1 to Ontario Regulation 170/03 (Drinking Water Systems), made under the Act.

3.1 Financial Plan Documentation

In accordance with SDWA regulations, the Financial Plan will be represented in the following Financial Statements:

1) *Statement of Financial Position (Balance Sheet)*

This statement highlights four key figures that describe the financial position of the City's water system at the reporting date, including the cash resources, net debt position, non-financial assets and accumulated surplus or deficit.

In support of this Statement of Financial Position, two additional statements were prepared. The financial statements listed below illustrate the change in one of these four key aspects of the water system's financial position.

2) *Statement of Operations (Income Statement)*

3) *Statement of Cash Flow*

These statements coincide with the Financial Plan requirements for water systems licensing based on the specific requirements of Section 4(iii) of Regulation 453/07. Further descriptions of these statements are included in *Section 5 - Financial Statements* of this report.

A minimum reporting period of 6 years is required for the statements under the regulation. The information developed in this project includes these financial statements covering a period of 10 years. This is consistent with and supports the City's budget process which covers a 10 year period.

4.0 SOURCES OF INFORMATION

The City's financial data and business processes were reviewed by members of the consulting team to determine the availability of information required to develop the 10-year Financial Plan and the Financial Statements. City staff were engaged throughout the project to inform any assumptions or interpretation of data required to develop the 10-year Financial Plan and Financial Statements.

The assumptions that were made include:

- Fixed and variable water rate increases of 4.5% per annum.
- Operating expenditures increases of 3% per annum.
- Water use efficiency would increase at the same rate of population increase resulting in no increase to total water demand.
- Demand for ICI customers was determined from 2018 revenue.
- The City provided the loan repayment schedule on existing loans. New loans followed the same rules regarding serviceability of debt.

Table 1 summarizes the information that was used to generate the 10-year Financial Plan for the water system.

Table 1: Information sources used to develop the financial statements.

Input	Source of Data
Base Financial Data	<ul style="list-style-type: none"> • 2018 5 Year Actuals vs Budget spreadsheet • 2018 Rate Budget Book
Current Demands and Future Demand Estimates	<ul style="list-style-type: none"> • DC Report and Bylaws for population forecast • 2018 Rate Budget Book for water consumption demand
Water Rates	<ul style="list-style-type: none"> • 2018 Rate Budget Book for the fixed and volumetric rates
Revenues	<ul style="list-style-type: none"> • 2018 Rate Budget Book for the non-metered revenues
Operations and Maintenance Costs	<ul style="list-style-type: none"> • 2018 Rate Budget Book for the operating expenses • 2018 5 Year Actuals vs Budget spreadsheet
Development Charges Information	<ul style="list-style-type: none"> • DC Report and Bylaws • 2018 Rates DC Reserve Forecast spreadsheet
Capital Plan	<ul style="list-style-type: none"> • 2018 Rate Budget Book
Amortization Data	<ul style="list-style-type: none"> • 2017 TCA Information
Project Funding Sources	<ul style="list-style-type: none"> • 2018 Rate Budget Book
Debt Service Information	<ul style="list-style-type: none"> • Debt row 53-159 Existing Outstanding Future Forecast spreadsheet • 2018 External Debt 2017 Budget Forecast spreadsheet

5.0 FINANCIAL STATEMENTS

This section describes the three Financial Statements that comprise the 10-year Financial Plan for the water, wastewater, and stormwater systems. The Statements are appended to this report.

The Financial Position statement highlights four key figures that describe the financial position of the water system at the reporting date.

- The cash resources are cash and cash equivalents.
- The net debt position is calculated as the difference between liabilities and financial assets.
- The non-financial assets are assets that are, by nature, normally for use in service provision and include purchased, constructed, developed or leased tangible capital assets; inventories of supplies; and, prepaid expenses.
- The accumulated surplus or deficit is calculated as the sum of the net debt and non-financial assets. This indicator represents the net assets of the water system.

The two remaining statements illustrate the change in one of these aspects of the water, wastewater, and stormwater systems' financial position.

- The *statement of operations* reports the surplus or deficit from operations in the accounting period. The statement displays the cost of services provided in the period, the revenues recognized in the period and the difference between them. It measures, in monetary terms, the extent to which an organization has maintained its net assets in the period.

- The *statement of cash flow* reports the change in cash and cash equivalents in the accounting period, and how the water, wastewater, and stormwater systems financed its activities in the period and met its cash requirements.

The following financial statements representing the 10-year Financial Plan for the Water, Wastewater and Stormwater System are included In Appendix A to C:

- 1) Statement of Financial Position
- 2) Statement of Operations
- 3) Statement of Cash Flow

In addition, a Glossary of Terms for the Financial Statements is provided in Section 8.0. The Glossary provides further explanations of the meaning and interpretation of specific categories or line item terms in the statements. The glossary should be read in conjunction with the respective statements.

6.0 LONG TERM INVESTMENT NEEDS

6.1 Overview

The long-term investment needs reflect two distinct levels of detail in preparing the investment information. The first is the representation of investment needs in the first decade of the lifecycle profile. The profile consolidates investments associated with operations and maintenance costs as a percentage of the growing total value of the systems; sustainability (renewal of existing assets); large studies or customer service programs; growth funded by DCs or developer donated assets; and, increased service levels through service enhancement projects. These investments reflect the projects that have been identified in the

2018 Rate Book and other sources of information that are documented in Section 3. This represents the best available information as the basis for the investment profile in this initial decade.

The second portion of the life cycle investment profile is based on trends estimated from the expenditures developed from the first decade. This approach (using the assumptions documented in Table 2) limits the level of accuracy of these later decades of investments but does provide a basis for some strategic investment and financial planning for these assets.

The needs for the renewal of existing assets in all three systems are based on the Lifecycle Needs Analysis completed in 2018. These renewal needs are based on replacing an asset with an identical asset when it reaches the end of its useful life. It should be noted that the Lifecycle Needs Analysis identified that there is low confidence in the asset data used to forecast the long term needs of the water and wastewater facilities. Thus, the renewal needs could change once more detailed assessments and long-term forecasting of the facility needs are completed.

6.2 Results

The long term (100 year) investment need of the water, wastewater and stormwater systems are provided in Figure 1, Figure 2 and Figure 3, respectively. It is apparent from the analysis that the operating and maintenance costs of the systems will increase over the decades as the size of the systems grows due to new assets added through development. It should be noted that the long-term analysis does not consider inflation in the investment needs.

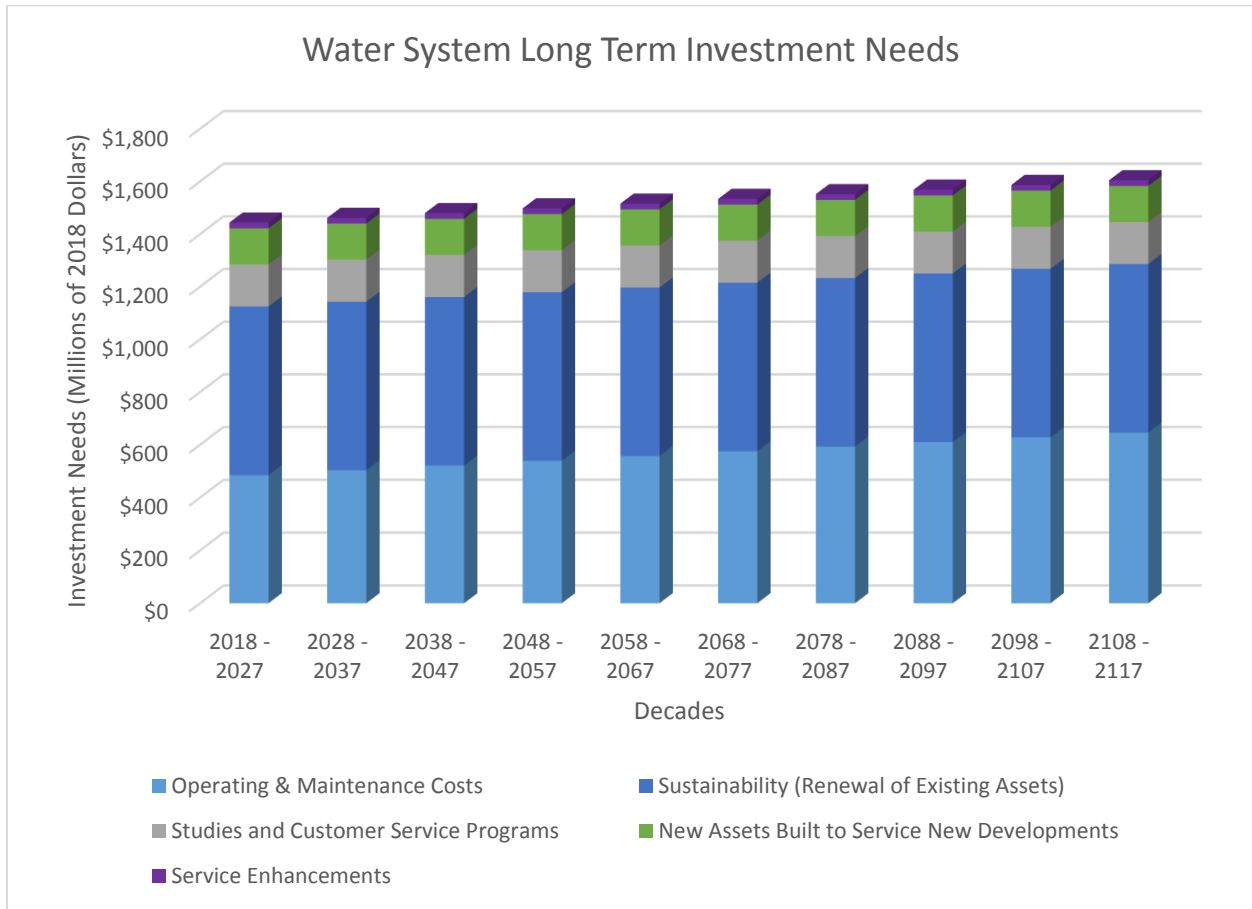


Figure 1: 100-Year Investment Needs for the Water System by Decade

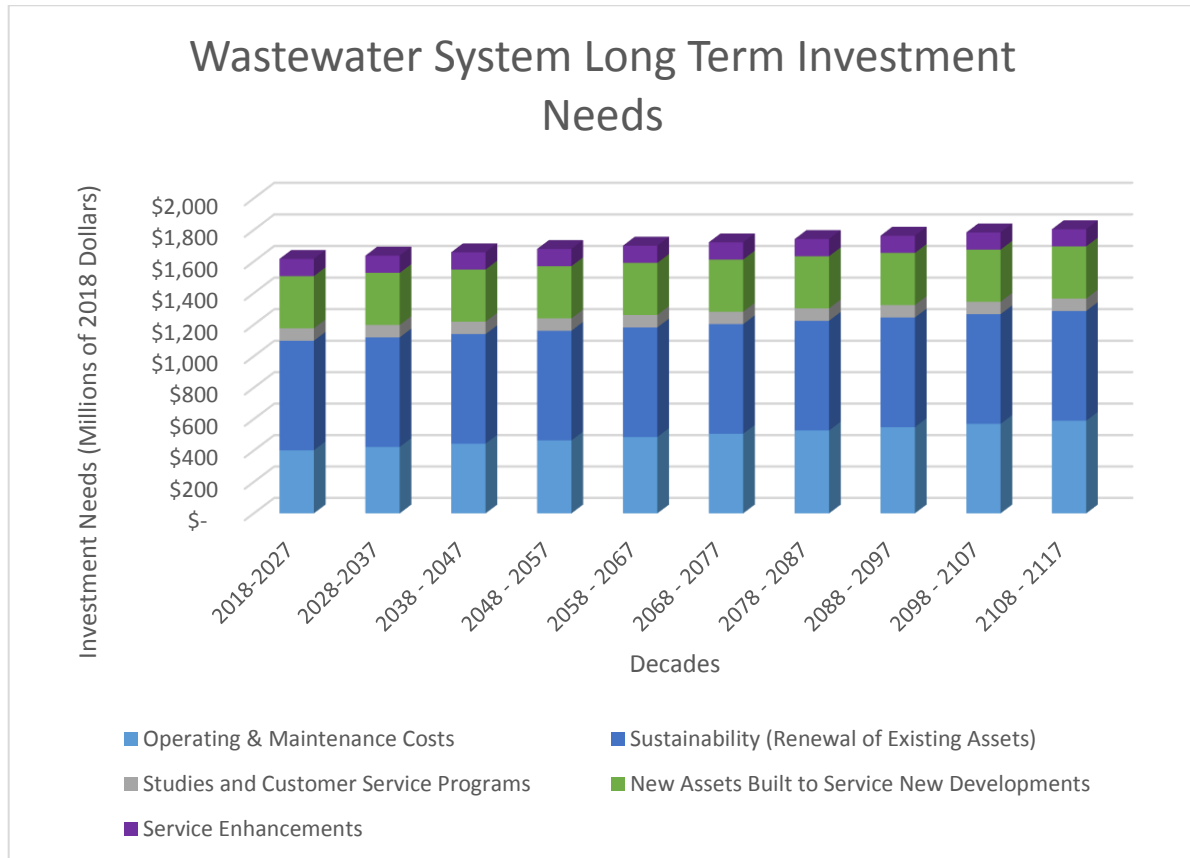


Figure 2: 100-Year Investment Needs for the Wastewater System by Decade

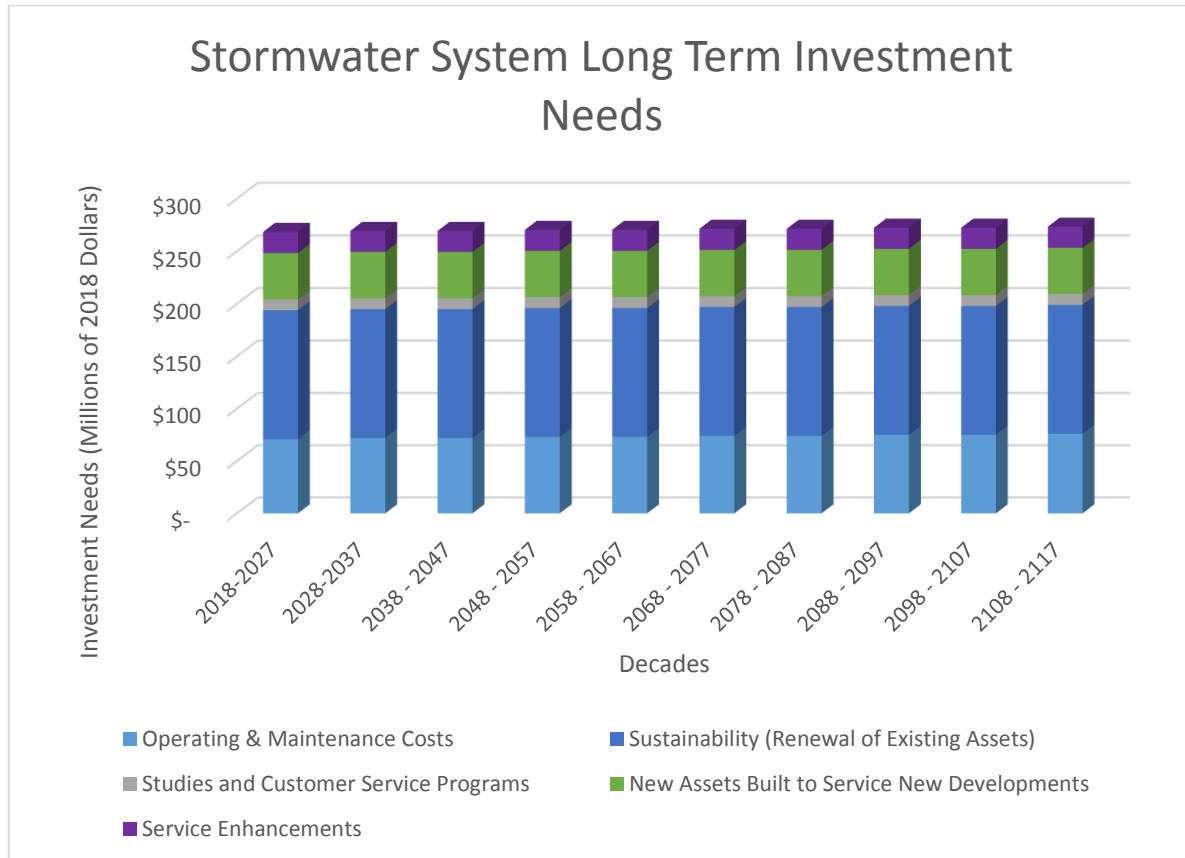


Figure 3: 100-Year Investment Needs for the Stormwater System by Decade

7.0 SUMMARY AND CONCLUSIONS

The intent of this report is to provide a Financial Plan for the City’s water, wastewater and stormwater systems to meet the regulatory requirement under the Safe Drinking Water Act, Regulation 453/07 - Financial Plans. The Financial Statements in this report have been developed using readily available information. Where information was not available reasonable assumptions were made to fill any gaps.

The Financial Statements indicate that suitable financial resources are allocated to the systems over the next 10 years based on the planned capital expenditures and the cost to operate the system.

For consistency purposes, the 10 year financial statements were also generated for the wastewater and stormwater systems. It should be recognized that these statements are not required for regulatory purposes.

The long-term analysis included in this report supports an understanding of the revenues and expenditures that are required to achieve the City's proposed service levels for the water, wastewater and stormwater systems.

The review of the long-term infrastructure expenditure needs indicates that the capital expenditures that are required to achieve the proposed service levels provided by the systems are higher than the current level of planned capital expenditures. The Situational Analysis report, submitted to the City's attention under separate cover dated July 11, 2019, provides perspective on the revenues that would be required to fund the capital expenditures to both maintain current service levels and achieve proposed service levels.

8.0 GLOSSARY OF TERMS

8.1 Statement of Financial Position

Financial Assets - assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets include cash, investments, accounts receivable, etc.

Physical assets (such as inventories of supplies, tangible capital assets), and leased assets are not financial assets. Control of such assets creates an opportunity to produce or supply goods and services, rent to others, use for administrative purposes or for the development, construction or repair of other tangible capital assets. Control of such assets does not give rise to a present right to receive cash or another financial asset.

Assets, such as prepaid expenses, for which the future economic benefit is the receipt of goods or services rather than the right to receive cash or another financial asset, are not financial assets. Similarly, certain deferred liabilities are not financial liabilities when the outflow of economic benefits associated with them is in the nature of goods or services rather than a contractual obligation to pay cash or another financial asset.

Liabilities - present obligations of a local government to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. Liabilities have three essential characteristics:

- They embody a duty or responsibility to others, leaving a local government little or no discretion to avoid settlement of the obligation;
- The duty or responsibility to others entails settlement by future transfer or use of assets, provision of goods or services, or other form of economic

settlement at a specified or determinable date, on occurrence of a specified event, or on demand;

- The transactions or events obligating the local government have already occurred.

Net Debt - a term used to describe the first indicator of a government's financial position. The net assets of a government represent the net economic resources recognizable by the government. The two dimensions of the government's financial position are combined to calculate this second indicator of a government's financial position, called its accumulated surplus or deficit.

Net debt is measured as the difference between a government's liabilities and financial assets. This difference bears directly on the government's future revenue requirements and on its ability to finance its activities and meet its liabilities and contractual obligations. Net debt provides a measure of the future revenues required to pay for past transactions and events. The extent of a government's net debt and the financial ability of the government to service that debt is an important test of the sustainability of that government. It is possible, however, that a government's financial assets could exceed its liabilities. In such circumstances, this indicator of a government's financial position would be called "net financial resources" and it would provide a measure of the net financial assets on hand that can provide resources to finance future operations.

A government's net debt is an important indicator of a government's financial position, highlighting the financial affordability of future government service provision. A net debt position represents a "lien" on the ability of the government to apply financial resources and future revenues to provide services. Non-financial assets are added to net debt to calculate the other indicator of a government's financial position — its accumulated surplus or deficit. Non-financial assets are

"prepaid service potential". Reporting a government's recognized non-financial resources as part of its financial position provides information necessary for a more complete understanding of a government's debt position, financial position and future operating requirements.

Non-financial Assets - tangible capital assets and other assets such as prepaid expenses and inventories of supplies. Non-financial assets are acquired, constructed or developed assets that are normally employed to deliver local government services, may be consumed in the normal course of operations and are not for sale in the normal course of operations.

Certain non-financial resources are, however, not given accounting recognition in government financial statements. For example, all government intangibles, and all natural resources and Crown lands that have not been purchased by the government, are not given accounting recognition in government financial statements.

Accumulated Surplus or Deficit - calculated as the sum of the net debt of the government and its non-financial assets. This indicator represents the net assets of the government. The accumulated surplus or deficit of a government, or its net assets, is the residual interest in its assets after deducting its liabilities.

8.2 Statement of Operations

Revenues - including gains, can arise from: taxation; the sale of goods; the rendering of services; the use by others of local government economic resources yielding rent, interest, royalties or dividends; or receipt of contributions such as grants, donations and bequests. Revenues do not include borrowings, such as

proceeds from debt issues or transfers from other local governmental units in a local government reporting entity.

Expenses - including losses, are decreases in economic resources, either by way of outflows or reductions of assets or incurrence of liabilities, resulting from the operations, transactions and events of the accounting period. Expenses include transfer payments due where no value is received directly in return. Expenses include the cost of economic resources consumed in, and identifiable with, the operations of the accounting period. For example, the cost of tangible capital assets is amortized to expenses as the assets are used in delivering local government programs. Expenses do not include debt repayments or transfers to other local governmental units in a local government reporting entity.

Surplus - a term used to describe the difference between the revenues and expenses in the period.

8.3 Statement of Cash Flows

The statement of cash flow should report how a government generated and used cash and cash equivalents in the accounting period and the change in cash and cash equivalents in the period. The statement of cash flow should report the cash and cash equivalents at both the beginning and end of the accounting period.

The statement of cash flow should report cash flows during the period classified by:

- Operating;
- Capital;
- Investing; and,
- Financing activities.

APPENDIX A: WATER FINANCIAL STATEMENTS

1. Statement of Financial Position for the Water System

City of Hamilton - Water Infrastructure
Statement of Financial Position
As at December 31 (in thousands of dollars)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Financial assets										
Cash and cash equivalents	\$ 209,458	\$ 215,953	\$ 210,672	\$ 216,016	\$ 229,530	\$ 242,318	\$ 256,383	\$ 254,362	\$ 266,649	\$ 276,696
Accounts receivable - rate revenues	\$ 7,924	\$ 8,298	\$ 8,671	\$ 9,061	\$ 9,469	\$ 9,895	\$ 10,885	\$ 11,973	\$ 12,512	\$ 12,825
Accounts receivable - other revenue sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 217,382	\$ 224,250	\$ 219,343	\$ 225,078	\$ 238,999	\$ 252,213	\$ 267,268	\$ 266,335	\$ 279,161	\$ 289,520
Liabilities										
Accounts payable - wages	\$ 630	\$ 649	\$ 668	\$ 688	\$ 709	\$ 730	\$ 752	\$ 774	\$ 798	\$ 822
Accounts payable - other payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DC reserve (Deferred revenue)	\$ 25,064	\$ 22,692	\$ 5,325	\$ 4,489	\$ 13,418	\$ 26,251	\$ 33,918	\$ 22,514	\$ 23,285	\$ 22,329
Short term debt	\$ 14,329	\$ 25,855	\$ 27,642	\$ 38,623	\$ 43,161	\$ 43,168	\$ 43,249	\$ 56,042	\$ 10,658	\$ 9,214
Long term debt	\$ 54,822	\$ 64,102	\$ 69,118	\$ 61,398	\$ 55,806	\$ 48,110	\$ 40,414	\$ 29,207	\$ 71,644	\$ 63,001
Total	\$ 94,845	\$ 113,297	\$ 102,753	\$ 105,198	\$ 113,095	\$ 118,259	\$ 118,333	\$ 108,537	\$ 106,384	\$ 95,366
Net Financial Assets (Liabilities)	\$ 122,537	\$ 110,953	\$ 116,591	\$ 119,879	\$ 125,904	\$ 133,954	\$ 148,935	\$ 157,798	\$ 172,777	\$ 194,155
Non-financial assets										
Tangible capital assets										
TCA used in production	\$1,083,872	\$1,146,827	\$1,243,378	\$1,290,670	\$1,347,078	\$1,408,969	\$1,470,900	\$1,560,210	\$1,693,350	\$1,852,078
Work in progress	\$ 84,934	\$ 104,337	\$ 91,205	\$ 116,906	\$ 126,482	\$ 128,967	\$ 140,695	\$ 162,466	\$ 127,299	\$ 64,818
Less accumulated amortization	\$ (368,799)	\$ (395,219)	\$ (421,427)	\$ (448,199)	\$ (475,246)	\$ (502,796)	\$ (531,151)	\$ (560,632)	\$ (592,349)	\$ (627,056)
Total TCA	\$ 800,007	\$ 855,944	\$ 913,157	\$ 959,377	\$ 998,314	\$1,035,141	\$1,080,445	\$1,162,044	\$1,228,300	\$1,289,840
Inventories of supplies	\$ 1,203	\$ 1,239	\$ 1,276	\$ 1,315	\$ 1,354	\$ 1,395	\$ 1,437	\$ 1,480	\$ 1,524	\$ 1,570
Prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 801,210	\$ 857,183	\$ 914,433	\$ 960,691	\$ 999,668	\$1,036,536	\$1,081,881	\$1,163,524	\$1,229,824	\$1,291,410
Accumulated surplus	\$ 923,747	\$ 968,137	\$1,031,024	\$1,080,571	\$1,125,573	\$1,170,490	\$1,230,816	\$1,321,322	\$1,402,601	\$1,485,564

2. Statement of Operations for the Water System

City of Hamilton - Water Infrastructure

Statement of Financial Position

As at December 31 (in thousands of dollars)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Revenues										
Rate revenues	\$ 95,091	\$ 99,572	\$ 104,053	\$ 108,735	\$ 113,628	\$ 118,742	\$ 130,616	\$ 143,677	\$ 150,143	\$ 153,896
Capital levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earned on cash and cash equivalents	\$ 2,000	\$ 2,095	\$ 2,160	\$ 2,107	\$ 2,160	\$ 2,295	\$ 2,423	\$ 2,564	\$ 2,544	\$ 2,666
Earned DC revenue	\$ 8,424	\$ 13,770	\$ 28,949	\$ 12,606	\$ 4,504	\$ 818	\$ 6,205	\$ 25,500	\$ 15,124	\$ 17,108
Other revenues	\$ 6,617	\$ 6,740	\$ 6,999	\$ 7,221	\$ 7,506	\$ 7,734	\$ 7,979	\$ 8,254	\$ 8,510	\$ 8,798
Total Revenues	\$ 112,132	\$ 122,177	\$ 142,161	\$ 130,669	\$ 127,799	\$ 129,589	\$ 147,223	\$ 179,995	\$ 176,321	\$ 182,469
Operating Expenses										
Total Employee Related Cost	\$ 15,109	\$ 15,564	\$ 16,031	\$ 16,512	\$ 17,008	\$ 17,518	\$ 18,043	\$ 18,585	\$ 19,142	\$ 19,716
Total Material And Supply	\$ 4,812	\$ 4,957	\$ 5,106	\$ 5,259	\$ 5,417	\$ 5,579	\$ 5,747	\$ 5,919	\$ 6,097	\$ 6,279
Total Vehicle Expenses	\$ 513	\$ 529	\$ 544	\$ 561	\$ 578	\$ 595	\$ 613	\$ 631	\$ 650	\$ 670
General Opex	\$ 27,171	\$ 27,990	\$ 28,830	\$ 29,695	\$ 30,585	\$ 31,503	\$ 32,448	\$ 33,421	\$ 34,424	\$ 35,457
Total Operating Expenses	\$ 47,605	\$ 49,040	\$ 50,511	\$ 52,026	\$ 53,587	\$ 55,195	\$ 56,851	\$ 58,556	\$ 60,313	\$ 62,122
Net Operating Revenue	\$ 64,527	\$ 73,137	\$ 91,650	\$ 78,642	\$ 74,211	\$ 74,394	\$ 90,372	\$ 121,439	\$ 116,008	\$ 120,347
Less amortization of tangible assets	\$ (25,458)	\$ (26,421)	\$ (26,207)	\$ (26,773)	\$ (27,047)	\$ (27,549)	\$ (28,355)	\$ (29,481)	\$ (31,717)	\$ (34,707)
Earnings Before Interest	\$ 39,069	\$ 46,716	\$ 65,442	\$ 51,870	\$ 47,164	\$ 46,845	\$ 62,017	\$ 91,958	\$ 84,291	\$ 85,640
Less Interest on short term loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Interest on long term debt	\$ (1,923)	\$ (2,327)	\$ (2,555)	\$ (2,323)	\$ (2,163)	\$ (1,927)	\$ (1,691)	\$ (1,452)	\$ (3,012)	\$ (2,676)
Annual Surplus (Deficit)	\$ 37,146	\$ 44,389	\$ 62,887	\$ 49,547	\$ 45,002	\$ 44,917	\$ 60,326	\$ 90,506	\$ 81,279	\$ 82,964
Accumulated Surplus at beginning of year	\$ 886,601	\$ 923,747	\$ 968,137	\$ 1,031,024	\$ 1,080,571	\$ 1,125,573	\$ 1,170,490	\$ 1,230,816	\$ 1,321,322	\$ 1,402,601
Accumulated Surplus at end of year	\$ 923,747	\$ 968,137	\$ 1,031,024	\$ 1,080,571	\$ 1,125,573	\$ 1,170,490	\$ 1,230,816	\$ 1,321,322	\$ 1,402,601	\$ 1,485,564

3. Statement of Cash Flow for the Water System

**City of Hamilton - Water Infrastructure
Statement of Financial Position
As at December 31 (in thousands of dollars)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Cash from operations										
Earnings before interest expenses	\$ 39,069	\$ 46,716	\$ 65,442	\$ 51,870	\$ 47,164	\$ 46,845	\$ 62,017	\$ 91,958	\$ 84,291	\$ 85,640
Less earned DC revenue	\$ (8,424)	\$ (13,770)	\$ (28,949)	\$ (12,606)	\$ (4,504)	\$ (818)	\$ (6,205)	\$ (25,500)	\$ (15,124)	\$ (17,108)
Plus DC contributions	\$ 10,526	\$ 11,398	\$ 11,582	\$ 11,770	\$ 13,433	\$ 13,651	\$ 13,872	\$ 14,096	\$ 15,895	\$ 16,153
Plus amortization of tangible capital asset:	\$ 25,458	\$ 26,421	\$ 26,207	\$ 26,773	\$ 27,047	\$ 27,549	\$ 28,355	\$ 29,481	\$ 31,717	\$ 34,707
Total	\$ 66,629	\$ 70,765	\$ 74,283	\$ 77,806	\$ 83,141	\$ 87,227	\$ 98,039	\$ 110,035	\$ 116,779	\$ 119,391
Cash from the Movement of Balance Sheet Account										
Accounts payable - increase/(decrease)	\$ -	\$ 19	\$ 19	\$ 20	\$ 21	\$ 21	\$ 22	\$ 23	\$ 23	\$ 24
Pensions and other employee benefits - increase/(decrease)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable - (increase)/decrease	\$ (106)	\$ (373)	\$ (373)	\$ (390)	\$ (408)	\$ (426)	\$ (990)	\$ (1,088)	\$ (539)	\$ (313)
Inventory - (increase)/decrease	\$ -	\$ (36)	\$ (37)	\$ (38)	\$ (39)	\$ (41)	\$ (42)	\$ (43)	\$ (44)	\$ (46)
Prepaid expenses - (increase)/decrease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (106)	\$ (391)	\$ (391)	\$ (408)	\$ (427)	\$ (445)	\$ (1,009)	\$ (1,109)	\$ (560)	\$ (335)
Proceeds of New Debt										
Short term loans	\$ 17,039	\$ 27,541	\$ 14,379	\$ 10,839	\$ 6,666	\$ 19	\$ 81	\$ 9,282	\$ 8,260	\$ 144
DC reserve loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long term loans	\$ 9,446	\$ 16,856	\$ 12,593	\$ -	\$ 2,116	\$ -	\$ -	\$ -	\$ 52,667	\$ 572
Total	\$ 26,485	\$ 44,397	\$ 26,972	\$ 10,839	\$ 8,782	\$ 19	\$ 81	\$ 9,282	\$ 60,926	\$ 715
Capital Finance										
Interest costs	\$ (1,923)	\$ (2,327)	\$ (2,555)	\$ (2,323)	\$ (2,163)	\$ (1,927)	\$ (1,691)	\$ (1,452)	\$ (3,012)	\$ (2,676)
Repayment of short-term debt	\$ (9,446)	\$ (16,856)	\$ (12,593)	\$ -	\$ (2,116)	\$ -	\$ -	\$ -	\$ (52,667)	\$ (572)
Repayment of DC loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of long-term debt	\$ (5,611)	\$ (6,736)	\$ (7,576)	\$ (7,577)	\$ (7,719)	\$ (7,708)	\$ (7,696)	\$ (7,696)	\$ (11,207)	\$ (10,230)
Total	\$ (16,980)	\$ (25,918)	\$ (22,724)	\$ (9,900)	\$ (11,998)	\$ (9,636)	\$ (9,387)	\$ (9,148)	\$ (66,886)	\$ (13,477)
Cash used to finance tangible asset investments										
New project investments	\$ (66,570)	\$ (82,358)	\$ (83,420)	\$ (72,993)	\$ (65,984)	\$ (64,376)	\$ (73,659)	\$ (111,081)	\$ (97,973)	\$ (96,247)
Total	\$ (66,570)	\$ (82,358)	\$ (83,420)	\$ (72,993)	\$ (65,984)	\$ (64,376)	\$ (73,659)	\$ (111,081)	\$ (97,973)	\$ (96,247)
Cash Surplus (Deficit)	\$ 9,458	\$ 6,495	\$ (5,281)	\$ 5,344	\$ 13,513	\$ 12,788	\$ 14,065	\$ (2,021)	\$ 12,286	\$ 10,047
Cash and cash equivalents, start of year	\$ 200,000	\$ 209,458	\$ 215,953	\$ 210,672	\$ 216,016	\$ 229,530	\$ 242,318	\$ 256,383	\$ 254,362	\$ 266,649
Cash and cash equivalents, end of year	\$ 209,458	\$ 215,953	\$ 210,672	\$ 216,016	\$ 229,530	\$ 242,318	\$ 256,383	\$ 254,362	\$ 266,649	\$ 276,696

APPENDIX B: WASTEWATER FINANCIAL STATEMENTS

1. Statement of Financial Position for the Wastewater System

**City of Hamilton - Wastewater Infrastructure
Statement of Financial Position
As at December 31 (in thousands of dollars)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Financial assets										
Cash and cash equivalents	\$ 124,115	\$ 64,939	\$ -	\$ -	\$ 8,508	\$ 36,232	\$ 67,826	\$ 117,839	\$ 168,152	\$ 148,856
Accounts receivable - rate revenues	\$ 7,241	\$ 7,575	\$ 7,916	\$ 8,272	\$ 8,644	\$ 9,033	\$ 9,936	\$ 10,930	\$ 11,422	\$ 11,936
Accounts receivable - other revenue sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 131,355	\$ 72,514	\$ 7,916	\$ 8,272	\$ 17,152	\$ 45,265	\$ 77,762	\$ 128,769	\$ 179,574	\$ 160,792
Liabilities										
Accounts payable - wages	\$ 747	\$ 769	\$ 792	\$ 816	\$ 840	\$ 866	\$ 892	\$ 918	\$ 946	\$ 974
Accounts payable - other payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DC reserve (Deferred revenue)	\$ 105,587	\$ 110,899	\$ 108,860	\$ 125,238	\$ 146,693	\$ 169,021	\$ 192,063	\$ 224,414	\$ 262,228	\$ 239,069
Short term debt	\$ 10,858	\$ 18,648	\$ 55,481	\$ 18,180	\$ 7,120	\$ 7,082	\$ 7,082	\$ 7,082	\$ 6,757	\$ 5,692
Long term debt	\$ 50,554	\$ 45,525	\$ 40,154	\$ 64,794	\$ 57,673	\$ 50,591	\$ 43,509	\$ 36,427	\$ 29,670	\$ 23,978
Total	\$ 167,745	\$ 175,841	\$ 205,287	\$ 209,027	\$ 212,327	\$ 227,560	\$ 243,546	\$ 268,842	\$ 299,601	\$ 269,714
Net Financial Assets (Liabilities)	\$ (36,390)	\$ (103,327)	\$ (197,371)	\$ (200,755)	\$ (195,174)	\$ (182,295)	\$ (165,783)	\$ (140,072)	\$ (120,027)	\$ (108,922)
Non-financial assets										
Tangible capital assets										
TCA used in production	\$1,897,374	\$1,937,911	\$2,027,198	\$2,348,801	\$2,388,373	\$2,456,079	\$2,504,429	\$2,544,249	\$2,587,234	\$2,914,267
Work in progress	\$ 131,599	\$ 242,072	\$ 341,201	\$ 100,228	\$ 133,937	\$ 136,017	\$ 163,733	\$ 193,190	\$ 230,411	\$ 59,660
Less accumulated amortization	\$ (568,237)	\$ (596,667)	\$ (626,642)	\$ (662,667)	\$ (697,590)	\$ (733,788)	\$ (770,709)	\$ (808,271)	\$ (846,513)	\$ (890,787)
Total TCA	\$1,460,736	\$1,583,316	\$1,741,757	\$1,786,361	\$1,824,720	\$1,858,308	\$1,897,453	\$1,929,168	\$1,971,131	\$2,083,141
Inventories of supplies	\$ 1,431	\$ 1,474	\$ 1,519	\$ 1,564	\$ 1,611	\$ 1,659	\$ 1,709	\$ 1,760	\$ 1,813	\$ 1,868
Prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$1,462,167	\$1,584,790	\$1,743,275	\$1,787,925	\$1,826,331	\$1,859,967	\$1,899,162	\$1,930,928	\$1,972,944	\$2,085,008
Accumulated surplus	\$1,425,777	\$1,481,464	\$1,545,904	\$1,587,170	\$1,631,157	\$1,677,673	\$1,733,378	\$1,790,856	\$1,852,917	\$1,976,086

2. Statement of Operations for the Wastewater System

**City of Hamilton - Wastewater Infrastructure
Statement of Financial Position
As at December 31 (in thousands of dollars)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Revenues										
Rate revenues	\$ 86,889	\$ 90,897	\$ 94,987	\$ 99,262	\$ 103,728	\$ 108,396	\$ 119,236	\$ 131,159	\$ 137,062	\$ 143,229
Capital levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earned on cash and cash equivalents	\$ 1,700	\$ 1,241	\$ 649	\$ -	\$ -	\$ 85	\$ 362	\$ 678	\$ 1,178	\$ 1,682
Earned DC revenue	\$ 13,913	\$ 26,873	\$ 34,746	\$ 16,858	\$ 16,755	\$ 16,500	\$ 16,415	\$ 7,745	\$ 7,660	\$ 69,370
Other revenues	\$ 5,984	\$ 6,947	\$ 7,149	\$ 7,363	\$ 7,584	\$ 7,811	\$ 8,046	\$ 8,287	\$ 8,536	\$ 8,792
Total Revenues	\$ 108,486	\$ 125,958	\$ 137,531	\$ 123,483	\$ 128,067	\$ 132,792	\$ 144,058	\$ 147,869	\$ 154,435	\$ 223,072
Operating Expenses										
Total Employee Related Cost	\$ 17,917	\$ 18,457	\$ 19,011	\$ 19,581	\$ 20,169	\$ 20,774	\$ 21,397	\$ 22,039	\$ 22,700	\$ 23,381
Total Material And Supply	\$ 5,725	\$ 5,897	\$ 6,074	\$ 6,256	\$ 6,444	\$ 6,637	\$ 6,837	\$ 7,042	\$ 7,253	\$ 7,471
Total Vehicle Expenses	\$ 608	\$ 627	\$ 646	\$ 665	\$ 685	\$ 705	\$ 727	\$ 748	\$ 771	\$ 794
General Opex	\$ 14,963	\$ 15,414	\$ 15,876	\$ 16,352	\$ 16,843	\$ 17,348	\$ 17,869	\$ 18,405	\$ 18,957	\$ 19,526
Tertiary Treatment	\$ -	\$ -	\$ -	\$ 398	\$ 2,389	\$ 2,436	\$ 2,485	\$ 2,535	\$ 2,586	\$ 2,637
Total Operating Expenses	\$ 39,213	\$ 40,395	\$ 41,739	\$ 43,388	\$ 46,805	\$ 48,183	\$ 49,745	\$ 51,354	\$ 52,864	\$ 54,570
Net Operating Revenue	\$ 69,273	\$ 85,564	\$ 95,791	\$ 80,095	\$ 81,262	\$ 84,610	\$ 94,313	\$ 96,515	\$ 101,571	\$ 168,502
Less amortization of tangible assets	\$ (28,093)	\$ (28,430)	\$ (29,975)	\$ (36,025)	\$ (34,923)	\$ (36,198)	\$ (36,921)	\$ (37,562)	\$ (38,242)	\$ (44,273)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings Before Interest	\$ 41,179	\$ 57,134	\$ 65,816	\$ 44,070	\$ 46,339	\$ 48,412	\$ 57,392	\$ 58,953	\$ 63,329	\$ 124,229
Less Interest on short term loans	\$ -	\$ -	\$ -	\$ (486)	\$ (246)	\$ -	\$ -	\$ -	\$ -	\$ -
Less Interest on long term debt	\$ (1,585)	\$ (1,447)	\$ (1,376)	\$ (2,318)	\$ (2,106)	\$ (1,896)	\$ (1,687)	\$ (1,476)	\$ (1,268)	\$ (1,059)
Annual Surplus (Deficit)	\$ 39,594	\$ 55,687	\$ 64,440	\$ 41,266	\$ 43,987	\$ 46,516	\$ 55,706	\$ 57,477	\$ 62,061	\$ 123,170
Accumulated Surplus at beginning of year	\$1,386,183	\$1,425,777	\$1,481,464	\$1,545,904	\$1,587,170	\$1,631,157	\$1,677,673	\$1,733,378	\$1,790,856	\$1,852,917
Accumulated Surplus at end of year	\$1,425,777	\$1,481,464	\$1,545,904	\$1,587,170	\$1,631,157	\$1,677,673	\$1,733,378	\$1,790,856	\$1,852,917	\$1,976,086

3. Statement of Cash Flow for the Wastewater System

**City of Hamilton - Wastewater Infrastructure
Statement of Financial Position
As at December 31 (in thousands of dollars)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Cash from operations										
Earnings before interest expenses	\$ 41,179	\$ 57,134	\$ 65,816	\$ 44,070	\$ 46,339	\$ 48,412	\$ 57,392	\$ 58,953	\$ 63,329	\$ 124,229
Less earned DC revenue	\$ (13,913)	\$ (26,873)	\$ (34,746)	\$ (16,858)	\$ (16,755)	\$ (16,500)	\$ (16,415)	\$ (7,745)	\$ (7,660)	\$ (69,370)
Plus DC contributions	\$ 29,594	\$ 32,186	\$ 32,707	\$ 33,237	\$ 38,209	\$ 38,828	\$ 39,457	\$ 40,096	\$ 45,474	\$ 46,210
Plus amortization of tangible capital asset:	\$ 28,093	\$ 28,430	\$ 29,975	\$ 36,025	\$ 34,923	\$ 36,198	\$ 36,921	\$ 37,562	\$ 38,242	\$ 44,273
Total	\$ 84,953	\$ 90,876	\$ 93,753	\$ 96,473	\$ 102,716	\$ 106,938	\$ 117,356	\$ 128,866	\$ 139,385	\$ 145,343
Cash from the Movement of Balance Sheet Account										
Accounts payable - increase/(decrease)	\$ -	\$ 23	\$ 23	\$ 24	\$ 24	\$ 25	\$ 26	\$ 27	\$ 28	\$ 28
Pensions and other employee benefits - increase/(decrease)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable - (increase)/decrease	\$ (448)	\$ (334)	\$ (341)	\$ (356)	\$ (372)	\$ (389)	\$ (903)	\$ (994)	\$ (492)	\$ (514)
Inventory - (increase)/decrease	\$ -	\$ (43)	\$ (44)	\$ (46)	\$ (47)	\$ (48)	\$ (50)	\$ (51)	\$ (53)	\$ (54)
Prepaid expenses - (increase)/decrease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (448)	\$ (355)	\$ (362)	\$ (378)	\$ (395)	\$ (412)	\$ (927)	\$ (1,018)	\$ (517)	\$ (540)
Proceeds of New Debt										
Short term loans	\$ 5,925	\$ 7,694	\$ 36,492	\$ 16,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DC reserve loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long term loans	\$ -	\$ -	\$ 1,781	\$ 31,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 5,925	\$ 7,694	\$ 38,273	\$ 48,062	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Finance										
Interest costs	\$ (1,585)	\$ (1,447)	\$ (1,376)	\$ (2,803)	\$ (2,352)	\$ (1,896)	\$ (1,687)	\$ (1,476)	\$ (1,268)	\$ (1,059)
Repayment of short-term debt	\$ -	\$ -	\$ (1,781)	\$ (53,572)	\$ (11,024)	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of DC loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of long-term debt	\$ (4,929)	\$ (4,933)	\$ (5,030)	\$ (7,153)	\$ (7,156)	\$ (7,120)	\$ (7,082)	\$ (7,082)	\$ (7,082)	\$ (6,757)
Total	\$ (6,514)	\$ (6,380)	\$ (8,187)	\$ (63,528)	\$ (20,532)	\$ (9,016)	\$ (8,769)	\$ (8,558)	\$ (8,350)	\$ (7,816)
Cash used to finance tangible asset investments										
New project investments	\$ (129,801)	\$ (151,010)	\$ (188,416)	\$ (80,630)	\$ (73,281)	\$ (69,786)	\$ (76,066)	\$ (69,277)	\$ (80,206)	\$ (156,283)
Total	\$ (129,801)	\$ (151,010)	\$ (188,416)	\$ (80,630)	\$ (73,281)	\$ (69,786)	\$ (76,066)	\$ (69,277)	\$ (80,206)	\$ (156,283)
Cash Surplus (Deficit)	\$ (45,885)	\$ (59,175)	\$ (64,939)	\$ -	\$ 8,508	\$ 27,724	\$ 31,594	\$ 50,013	\$ 50,313	\$ (19,296)
Cash and cash equivalents, start of year	\$ 170,000	\$ 124,115	\$ 64,939	\$ -	\$ -	\$ 8,508	\$ 36,232	\$ 67,826	\$ 117,839	\$ 168,152
Cash and cash equivalents, end of year	\$ 124,115	\$ 64,939	\$ -	\$ -	\$ 8,508	\$ 36,232	\$ 67,826	\$ 117,839	\$ 168,152	\$ 148,856

APPENDIX C: STORMWATER FINANCIAL STATEMENTS

1. Statement of Financial Position for the Stormwater System

City of Hamilton - Stormwater Infrastructure
Statement of Financial Position
 As at December 31 (in thousands of dollars)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Financial assets										
Cash and cash equivalents	\$ 21,903	\$ 11,460	\$ -	\$ -	\$ 1,501	\$ 6,394	\$ 11,969	\$ 20,795	\$ 29,674	\$ 26,269
Accounts receivable - rate revenues	\$ 1,278	\$ 1,337	\$ 1,397	\$ 1,460	\$ 1,525	\$ 1,594	\$ 1,753	\$ 1,929	\$ 2,016	\$ 2,106
Accounts receivable - other revenue sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 23,180	\$ 12,797	\$ 1,397	\$ 1,460	\$ 3,027	\$ 7,988	\$ 13,723	\$ 22,724	\$ 31,689	\$ 28,375
Liabilities										
Accounts payable - wages	\$ 132	\$ 136	\$ 140	\$ 144	\$ 148	\$ 153	\$ 157	\$ 162	\$ 167	\$ 172
Accounts payable - other payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DC reserve (Deferred revenue)	\$ 18,633	\$ 19,570	\$ 19,211	\$ 22,101	\$ 25,887	\$ 29,827	\$ 33,893	\$ 39,603	\$ 46,276	\$ 42,189
Short term debt	\$ 1,916	\$ 3,291	\$ 9,791	\$ 3,208	\$ 1,257	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,192	\$ 1,004
Long term debt	\$ 8,921	\$ 8,034	\$ 7,086	\$ 11,434	\$ 10,178	\$ 8,928	\$ 7,678	\$ 6,428	\$ 5,236	\$ 4,231
Total	\$ 29,602	\$ 31,031	\$ 36,227	\$ 36,887	\$ 37,469	\$ 40,158	\$ 42,979	\$ 47,443	\$ 52,871	\$ 47,597
Net Financial Assets (Liabilities)	\$ (6,422)	\$ (18,234)	\$ (34,830)	\$ (35,427)	\$ (34,443)	\$ (32,170)	\$ (29,256)	\$ (24,719)	\$ (21,181)	\$ (19,222)
Non-financial assets										
Tangible capital assets										
TCA used in production	\$ 334,831	\$ 341,984	\$ 357,741	\$ 414,494	\$ 421,478	\$ 433,426	\$ 441,958	\$ 448,985	\$ 456,571	\$ 514,282
Work in progress	\$ 23,223	\$ 42,719	\$ 60,212	\$ 17,687	\$ 23,636	\$ 24,003	\$ 28,894	\$ 34,092	\$ 40,661	\$ 10,528
Less accumulated amortization	\$ (100,277)	\$ (105,294)	\$ (110,584)	\$ (116,941)	\$ (123,104)	\$ (129,492)	\$ (136,008)	\$ (142,636)	\$ (149,385)	\$ (157,198)
Total TCA	\$ 257,777	\$ 279,409	\$ 307,369	\$ 315,240	\$ 322,009	\$ 327,937	\$ 334,845	\$ 340,441	\$ 347,847	\$ 367,613
Inventories of supplies	\$ 253	\$ 260	\$ 268	\$ 276	\$ 284	\$ 293	\$ 302	\$ 311	\$ 320	\$ 330
Prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 258,029	\$ 279,669	\$ 307,637	\$ 315,516	\$ 322,294	\$ 328,230	\$ 335,146	\$ 340,752	\$ 348,167	\$ 367,943
Accumulated surplus	\$ 251,608	\$ 261,435	\$ 272,807	\$ 280,089	\$ 287,851	\$ 296,060	\$ 305,890	\$ 316,033	\$ 326,985	\$ 348,721

2. Statement of Operations for the Stormwater System

**City of Hamilton - Stormwater Infrastructure
Statement of Financial Position
As at December 31 (in thousands of dollars)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Revenues										
Rate revenues	\$ 15,333	\$ 16,041	\$ 16,762	\$ 17,517	\$ 18,305	\$ 19,129	\$ 21,042	\$ 23,146	\$ 24,187	\$ 25,276
Capital levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earned on cash and cash equivalents	\$ 300	\$ 219	\$ 115	\$ -	\$ -	\$ 15	\$ 64	\$ 120	\$ 208	\$ 297
Earned DC revenue	\$ 2,455	\$ 4,742	\$ 6,132	\$ 2,975	\$ 2,957	\$ 2,912	\$ 2,897	\$ 1,367	\$ 1,352	\$ 12,242
Other revenues	\$ 1,056	\$ 1,226	\$ 1,262	\$ 1,299	\$ 1,338	\$ 1,378	\$ 1,420	\$ 1,462	\$ 1,506	\$ 1,551
Total Revenues	\$ 19,145	\$ 22,228	\$ 24,270	\$ 21,791	\$ 22,600	\$ 23,434	\$ 25,422	\$ 26,095	\$ 27,253	\$ 39,366
Operating Expenses										
Total Employee Related Cost	\$ 3,162	\$ 3,257	\$ 3,355	\$ 3,456	\$ 3,559	\$ 3,666	\$ 3,776	\$ 3,889	\$ 4,006	\$ 4,126
Total Material And Supply	\$ 1,010	\$ 1,041	\$ 1,072	\$ 1,104	\$ 1,137	\$ 1,171	\$ 1,206	\$ 1,243	\$ 1,280	\$ 1,318
Total Vehicle Expenses	\$ 107	\$ 111	\$ 114	\$ 117	\$ 121	\$ 124	\$ 128	\$ 132	\$ 136	\$ 140
General Opex	\$ 2,640	\$ 2,720	\$ 2,802	\$ 2,886	\$ 2,972	\$ 3,061	\$ 3,153	\$ 3,248	\$ 3,345	\$ 3,446
Tertiary Treatment	\$ -	\$ -	\$ -	\$ 70	\$ 422	\$ 430	\$ 439	\$ 447	\$ 456	\$ 465
Total Operating Expenses	\$ 6,920	\$ 7,129	\$ 7,366	\$ 7,657	\$ 8,260	\$ 8,503	\$ 8,779	\$ 9,063	\$ 9,329	\$ 9,630
Net Operating Revenue	\$ 12,225	\$ 15,099	\$ 16,904	\$ 14,134	\$ 14,340	\$ 14,931	\$ 16,644	\$ 17,032	\$ 17,924	\$ 29,736
Less amortization of tangible assets	\$ (4,958)	\$ (5,017)	\$ (5,290)	\$ (6,357)	\$ (6,163)	\$ (6,388)	\$ (6,516)	\$ (6,629)	\$ (6,749)	\$ (7,813)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings Before Interest	\$ 7,267	\$ 10,082	\$ 11,615	\$ 7,777	\$ 8,177	\$ 8,543	\$ 10,128	\$ 10,404	\$ 11,176	\$ 21,923
Less Interest on short term loans	\$ -	\$ -	\$ -	\$ (86)	\$ (43)	\$ -	\$ -	\$ -	\$ -	\$ -
Less Interest on long term debt	\$ (280)	\$ (255)	\$ (243)	\$ (409)	\$ (372)	\$ (335)	\$ (298)	\$ (261)	\$ (224)	\$ (187)
Annual Surplus (Deficit)	\$ 6,987	\$ 9,827	\$ 11,372	\$ 7,282	\$ 7,762	\$ 8,209	\$ 9,830	\$ 10,143	\$ 10,952	\$ 21,736
Accumulated Surplus at beginning of year	\$ 244,621	\$ 251,608	\$ 261,435	\$ 272,807	\$ 280,089	\$ 287,851	\$ 296,060	\$ 305,890	\$ 316,033	\$ 326,985
Accumulated Surplus at end of year	\$ 251,608	\$ 261,435	\$ 272,807	\$ 280,089	\$ 287,851	\$ 296,060	\$ 305,890	\$ 316,033	\$ 326,985	\$ 348,721

3. Statement of Cash Flow for the Stormwater System

**City of Hamilton - Stormwater Infrastructure
Statement of Financial Position
As at December 31 (in thousands of dollars)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Cash from operations										
Earnings before interest expenses	\$ 7,267	\$ 10,082	\$ 11,615	\$ 7,777	\$ 8,177	\$ 8,543	\$ 10,128	\$ 10,404	\$ 11,176	\$ 21,923
Less earned DC revenue	\$ (2,455)	\$ (4,742)	\$ (6,132)	\$ (2,975)	\$ (2,957)	\$ (2,912)	\$ (2,897)	\$ (1,367)	\$ (1,352)	\$ (12,242)
Plus DC contributions	\$ 5,222	\$ 5,680	\$ 5,772	\$ 5,865	\$ 6,743	\$ 6,852	\$ 6,963	\$ 7,076	\$ 8,025	\$ 8,155
Plus amortization of tangible capital asset:	\$ 4,958	\$ 5,017	\$ 5,290	\$ 6,357	\$ 6,163	\$ 6,388	\$ 6,516	\$ 6,629	\$ 6,749	\$ 7,813
Total	\$ 14,992	\$ 16,037	\$ 16,545	\$ 17,025	\$ 18,126	\$ 18,871	\$ 20,710	\$ 22,741	\$ 24,597	\$ 25,649
Cash from the Movement of Balance Sheet Account										
Accounts payable - increase/(decrease)	\$ -	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 5	\$ 5	\$ 5	\$ 5
Pensions and other employee benefits - increase/(decrease)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable - (increase)/decrease	\$ (79)	\$ (59)	\$ (60)	\$ (63)	\$ (66)	\$ (69)	\$ (159)	\$ (175)	\$ (87)	\$ (91)
Inventory - (increase)/decrease	\$ -	\$ (8)	\$ (8)	\$ (8)	\$ (8)	\$ (9)	\$ (9)	\$ (9)	\$ (9)	\$ (10)
Prepaid expenses - (increase)/decrease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (79)	\$ (63)	\$ (64)	\$ (67)	\$ (70)	\$ (73)	\$ (164)	\$ (180)	\$ (91)	\$ (95)
Proceeds of New Debt										
Short term loans	\$ 1,046	\$ 1,358	\$ 6,440	\$ 2,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DC reserve loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long term loans	\$ -	\$ -	\$ 314	\$ 5,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,046	\$ 1,358	\$ 6,754	\$ 8,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Finance										
Interest costs	\$ (280)	\$ (255)	\$ (243)	\$ (495)	\$ (415)	\$ (335)	\$ (298)	\$ (261)	\$ (224)	\$ (187)
Repayment of short-term debt	\$ -	\$ -	\$ (314)	\$ (9,454)	\$ (1,945)	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of DC loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of long-term debt	\$ (870)	\$ (871)	\$ (888)	\$ (1,262)	\$ (1,263)	\$ (1,257)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,192)
Total	\$ (1,150)	\$ (1,126)	\$ (1,445)	\$ (11,211)	\$ (3,623)	\$ (1,591)	\$ (1,547)	\$ (1,510)	\$ (1,474)	\$ (1,379)
Cash used to finance tangible asset investments										
New project investments	\$ (22,906)	\$ (26,649)	\$ (33,250)	\$ (14,229)	\$ (12,932)	\$ (12,315)	\$ (13,423)	\$ (12,225)	\$ (14,154)	\$ (27,579)
Total	\$ (22,906)	\$ (26,649)	\$ (33,250)	\$ (14,229)	\$ (12,932)	\$ (12,315)	\$ (13,423)	\$ (12,225)	\$ (14,154)	\$ (27,579)
Cash Surplus (Deficit)	\$ (8,097)	\$ (10,443)	\$ (11,460)	\$ -	\$ 1,501	\$ 4,892	\$ 5,575	\$ 8,826	\$ 8,879	\$ (3,405)
Cash and cash equivalents, start of year	\$ 30,000	\$ 21,903	\$ 11,460	\$ -	\$ -	\$ 1,501	\$ 6,394	\$ 11,969	\$ 20,795	\$ 29,674
Cash and cash equivalents, end of year	\$ 21,903	\$ 11,460	\$ -	\$ -	\$ 1,501	\$ 6,394	\$ 11,969	\$ 20,795	\$ 29,674	\$ 26,269