THE PUBLIC WORKS COMMITTEE PRESENTS REPORT 14-001 AND RESPECTFULLY RECOMMENDS:

1. **Authority to Legally Approve Traffic Signal and Pavement Marking Designs, Systems and Drawings (PW14003) (City Wide) (Item 5.2)**

   That, as required by the Highway Traffic Act of the Province of Ontario, the Manager of Traffic Operations & Engineering, or official designate, be authorized to provide legal approvals of traffic signal designs, traffic signal systems design and pavement marking designs on behalf of the City of Hamilton.

2. **Water Infrastructure Financial Plan (PW10043a/FCS10033a) (City Wide) (Item 7.1)**

   (a) That the Hamilton “Water Infrastructure Financial Plan” as prescribed by O.Reg 453/07 be approved thereby demonstrating agreement that the Hamilton drinking water system is financially viable having the financial resources necessary to operate successfully over the next ten years;

   (b) That the Hamilton “Water Infrastructure Financial Plan” be released, for public review, and submitted to the Ontario Ministry of Municipal Affairs and Housing in response to Ontario Regulation 453/07 under the **Safe Drinking Water Act, 2002**;

   (c) That Appendix “A” attached to Report PW 14-001 respecting the “Water Infrastructure Financial Plan” be approved.
3. City of Hamilton/Metrolinx Multi-Year Governance Agreement (PW13092) (City Wide) (Item 8.1)

(a) That the Mayor and City Clerk be authorized and directed to execute on behalf of the City of Hamilton, a Multi-Year Governance Agreement for Joint Transit Procurements Facilitated by Metrolinx for a five year term beginning in 2013 and ending in 2018, with content acceptable to the General Manager of Public Works, and in a form satisfactory to the City Solicitor;

(b) That staff report back to the Public Works Committee for authority to enter into any formal Purchasing Agreements;

(c) That the by-law substantially in the form of the by-law attached as Appendix “B” to Report PW13092, and satisfactory to the City Solicitor, being a by-law to authorize the signing of a multi-year governance agreement for fiscal year 2013 – fiscal year 2018 with Metrolinx, be approved;

(d) That a certified copy of the Governance Agreement and accompanying By-Law attached as Appendix “B” to Report PW13092, in a form satisfactory to the City Solicitor, and with content satisfactory to the General Manager of Public Works, be forwarded to Metrolinx upon Council approval.

(e) That the City of Hamilton will not pay any participation fees for the purchase of buses.

4. Garner Road/Rymal Road and Garth Street Municipal Class Environmental Assessment (PW14002) (Wards 8 and 12) (Item 8.2)

(a) That the General Manager, Public Works, be authorized and directed to file Garner Road/Rymal Road and Garth Street Class Environmental Assessment Environmental Study Report (ESR) with the Municipal Clerk for a minimum thirty (30) day public review period;

(b) That staff be directed to investigate options for cycling lanes in the area during the 30 day consultation period and to include consultation with appropriate stakeholders and Ward Councillors.

5. Mainline Sewer Rehabilitation Contract Extension (C11-102-10) (PW14004) (City Wide) (Item 8.3)

(a) That Contract # C11-102-10 be extended to December 31, 2014 under current contract item prices;

(b) That funding allocation for Wastewater System Lining identified in the 2014 rates budget be allocated in the amounts of $4,320,000 from Account No. 5161460390, $248,758 from Account No. 5161260820, $227,000 from Account No. 5161260820, $227,000 from Account No.
No. 5161460820, and $854,000 from Account No. 5181461450, in the total amount of $5,649,758 and be applied to the contract to ensure completion of required sewer rehabilitation work for capital coordination projects in 2014 and 2015 and structural integrity of sewers City wide.

6. Truck Route Sub-committee Report 13-001 – December 10, 2013 (Item 8.4)

(a) Century Brick and Issues Related to the Truck Route Designation for Lawrence Road and the Impact on Operations at Century Brick (no copy)

(i) That the temporary use of Lawrence Road as a truck route for trucks accessing Century Brick, 178 Lawrence Road, be revoked;

(ii) That trucks accessing Century Brick be permitted to use the non designated portion of Gage Avenue from Lawrence Road and Barton Street.

(b) Red Hill Business Park Truck Route Additions (no copy)

(i) That the following roads be designated truck routes:

(1) The Southern extension of Dartnall Road to Twenty Road;

(2) Twenty Road East to Nebo Road;

(3) Nebo Road (north) to Stone Church Road;

(4) Nebo Road to Kilbride Road (west) to Upper Ottawa Street (north);

(ii) That Staff and Hamilton Police Services monitor this area for truck route adherence.

(c) Truck Route By-law Housekeeping Amendments (to be distributed)

(i) That the amendments to the Truck Route By-law attached as Appendix “A” to Truck Route Sub-Committee Report 13-001, be approved.

7. Installation of a Traffic Signal at of Upper Sherman Avenue and Acadia Street/Dulgaren Street (Ward 7) (Item 9.1)

(a) That a full traffic signal be installed at the intersection of Upper Sherman Avenue and Acadia Street/Dulgaren Street in 2017, in co-ordination with the Urbanization of Upper Sherman Avenue; and,
(b) That Public Works staff be directed to submit a Capital Project Detail Sheet, for the 2017 signal construction, to fund 75% of the construction of the signal from the 2017 Public Works Capital Budget and for 25% of the cost to be paid by a local developer as a condition of subdivision approval, with an account number to be provided by the Planning and Economic Development Department; and,

(c) That a temporary traffic signal be constructed and installed at Upper Sherman and Acadia in 2014 to provide a safe environment for pedestrians and to control the right-of-way for motor vehicles, the temporary signal to be funded in the amount of $100,000 from the Public Works Capital Budget, 2010 Council Strategic Initiatives – Traffic Signals, Project ID 4041020111; and,

(d) That the $6,000 annual cost to operate and maintain the traffic signals be added to the Traffic Operations and Engineering, 2014 Operating Budget dept ID 466045, to fund the ongoing annual costs of the electricity to operate the signal, and the maintenance and legislated inspections at this new traffic signal.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

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

(i) Notice of Motion respecting the Investigation of a Sidewalk Clearing Program.

(ii) Item 8.1 respecting the City of Hamilton/Metrolinx Multi-Year Governance Agreement was moved to the Consent Section of the agenda

The January 13, 2014 Public Works Committee Agenda was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) MINUTES (Item 3)

(i) December 2, 2013 (Item 3.1)

The Minutes of the December 2, 2013 Public Works Committee meeting were approved, as presented.
(d) CONSENT ITEMS (Item 5)

(i) Minutes of Various Sub-Committees (FOR INFORMATION PURPOSES ONLY)

(a) Keep Hamilton Clean and Green Committee – November 19, 2013

The Keep Hamilton Clean and Green Committee Minutes of November 19, 2013 were received.

(e) PRESENTATIONS (Item 7)

(i) Water Infrastructure Financial Plan (PW10043a/FCS10033a) (City Wide) (Item 7.1)

Mark Bainbridge, our Director of Water & Wastewater Planning & Capital, addressed the Committee with the aid of a PowerPoint Presentation. A copy of the presentation has been included in the official record.

Mr. Bainbridge outlined the following points respecting the Water Infrastructure Financial Plan:

- Rationale for the Financial Plan
- Define “Financial Plan” and context with related
- Financial information and reports
- Results – financial statements
- Key Messages

That the presentation respecting Report PW10043(a)/FCS10033(a) Water Infrastructure Financial Plan, was received.

For disposition on this matter refer to item 2.

(ii) Emerald Ash Borer Annual Update (No Copy) (Item 7.2)

Mike McNamara, Manager of Forestry and Horticulture, addressed the Committee with the aid of a PowerPoint Presentation. A copy of the presentation has been included in the official record.

Mr. McNamara discussed the past history of the Emerald Ash Borer and outlined the Action Plan, Tree Removal and Treatment to address the issue of Emerald Ash Borer.

The presentation respecting the Emerald Ash Borer Annual Update was received.
Mr. McNamara also provided an update on the response to the December, 2013 Ice Storm which caused widespread damage to area forest. A copy of the update has been included in the Official Record.

The update respecting the December Ice Storm Response, was received.

(f) DISCUSSION ITEMS (Item 8)

(i) City of Hamilton/Metrolinx Multi-Year Governance Agreement (PW13092) (City Wide) (Item 8.1)

On a Motion a sub-section (e) was added to read as follows:

(e) That the City of Hamilton will not pay any participation fees for the purchase of buses.

(ii) Garner Road/Rymal Road and Garth Street Municipal Class Environmental Assessment (PW14002) (Wards 8 and 12) (Item 8.2)

Whereas, the City of Hamilton has completed a Municipal Class Environmental Assessment (EA) for Garner Road/Rymal Road and Garth Street, between Highway 6 South and West 5th Street as well as Garth Street, Rymal Road to Stone Church Road, to address improvements needed for these roads and present the preferred solutions to accommodate for the transportation demands, including motorists, goods movement, pedestrians and cyclists;

Whereas the City-wide Transportation Master Plan supports the on-going implementation of Active Transportation infrastructure to reduce the impact of the City’s road network and related improvements to public health;

Whereas the City of Hamilton Cycling Master Plan prepared in 2009 was endorsed, conditional upon individual links being subject to community feedback and consultation with the Ward Councillor and affected neighbourhoods;

Whereas the Cycling Master Plan’s suggested cycling routing in this area includes Stone Church Road, Rymal Road and Twenty Road as the main east-west connections along with a number of north south routes;

Whereas the 1998 and 2009 Cycling Master Plans reflect the provision of paved shoulders on Rymal Road, between Upper Paradise Road and Glancaster Road to complete the cycling connection west of Upper Paradise Road,

Therefore be resolved:
(a) That the General Manager, Public Works, be authorized and directed to file Garner Road/Rymal Road and Garth Street Class Environmental Assessment Environmental Study Report (ESR) with the Municipal Clerk for a minimum thirty (30) day public review period;

(b) That staff be directed not to include the proposed on-road bike lane infrastructure on Rymal Road from West 5th to Glancaster Road in the upcoming detail design phase scheduled for 2014 for this portion of Rymal Road;

(c) That staff be directed to consult with the Ward 8 Councillor to identify solutions to connect cycling infrastructure between Upper Paradise Road and Glancaster Road in the vicinity of Rymal Road.

On a Motion sub-sections (b) and (c) were deleted and replaced with the following:

(b) That staff be directed to investigate options for cycling lanes in the area during the 30 day consultation period and to include consultation with appropriate stakeholders and Ward Councillors.

For disposition on this matter refer to Item 4.

(g) MOTIONS (Item 9)

(i) Installation of a Traffic Signal at of Upper Sherman Avenue and Acadia Street/Dulgaren Street (Ward 7) (Item 9.1)

For disposition on this matter refer to Item 7.

(h) NOTICES OF MOTION (ITEM 10)

Councillor McHattie introduced the following Notice of Motion:

(i) Investigation of Sidewalk Snow Clearing Program (Added Item 10.1)

Whereas, Hamilton is currently going through very difficult winter weather demonstrating the difficulty of walking around the urban area with many uncleared sidewalks, and;

Whereas, Hamilton’s population is aging and with snow and ice-packed sidewalks many seniors are house-bound, or imperiled should they decide to use the City sidewalks, and;

Whereas, City Council recently passed a new Walkability Policy, committing to improving pedestrian movement, and;

Council – January 29, 2014
Whereas, City staff last reported on sidewalk snow clearing options in October, 2008.

Therefore be it Resolved:

That staff be directed to Report back to the Public Works Committee with options and alternatives for a City of Hamilton sidewalk snow clearing program to include, but not be limited to best practices of other municipalities, and an update on slip and fall claims made to the City as a result of snow and ice-packed sidewalks.

(i) GENERAL INFORMATION/OTHER BUSINESS (Item 11)

(i) Outstanding Business List (Item 11.1)

(a) The following proposed new Outstanding Business list Due Dates were approved:

(i) Item J – Mobile Park Initiative
    Current Date – February 4, 2014
    Revised Date – April 7, 2014

(ii) Item P - Reduction in Greenhouse Gas and Energy
    Current Date – February 4, 2014
    Revised Date – March 17, 2014

(j) ADJOURNMENT (Item 13)

There being no further business, the Public Works Committee be adjourned at 11:46 a.m.

Respectfully submitted,

Councillor T. Whitehead, Chair
Public Works Committee

Andy Grozelle
Legislative Coordinator
Office of the City Clerk
Water, Wastewater & Storm Water
Financial Plan

REVISED INTERIM REPORT

Prepared for:

City of Hamilton

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December 16, 2013

City of Hamilton
Hamilton Water – Sustainable Initiatives
77 James St. North, Suite 400
Hamilton, Ontario
L8R 2K3

Attention: Andrea Bazzard, Project Manager, Planning

Dear Madam:

Re: Water, Wastewater & Storm Water Financial Plan – Revised Interim Report

We are pleased to submit our Revised Interim Report for the development of the City’s water, wastewater and storm water Financial Plan. Due to the time frame associated with the City’s application for a new license, the Financial Plan for the water system was developed before the Plans for the wastewater and storm water systems. This Interim Report describes the methodology and presents the results for this initial effort to complete the required Financial Statements for the water system to support the City’s license application. A subsequent report will be prepared when the Financial Plans for the wastewater and storm water systems are completed at a later date.

The Financial Statements suggest that the water system is currently in a financially viable state over the next 10 years. This indicates that suitable financial resources are allocated to the system over this time period based on the planned capital expenditures and the cost to operate the system. Additional conclusions will be able to be drawn after the long-term review of the water system is completed in the subsequent phase of this project.

We would be pleased to meet with you to discuss the report.

Yours very truly,

R.V. ANDERSON ASSOCIATES LIMITED

Nick Larson, MEPP, P.Eng.
Associate, Project Manager

Ends.
WATER, WASTEWATER & STORM WATER
FINANCIAL PLAN

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>2.0</td>
<td>APPROACH</td>
<td>2</td>
</tr>
<tr>
<td>3.0</td>
<td>SOURCES OF INFORMATION</td>
<td>4</td>
</tr>
<tr>
<td>4.0</td>
<td>FINANCIAL STATEMENTS</td>
<td>6</td>
</tr>
<tr>
<td>5.0</td>
<td>SUMMARY AND CONCLUSIONS</td>
<td>12</td>
</tr>
<tr>
<td>6.0</td>
<td>GLOSSARY OF TERMS</td>
<td>13</td>
</tr>
</tbody>
</table>
1.0 INTRODUCTION

In 2013 R.V. Anderson Associated Limited (RVA), with the support of TCA Consulting Limited, was retained by the City of Hamilton to prepare updated Financial Plans for the City of Hamilton’s water, wastewater and storm water systems. The need to prepare a Financial Plan, in part, is 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). In addition, however, the concept of the Financial Plan is premised on the principles of asset management consistent with and affirming the City’s continued practice improvements in this area. It ties closely to the budget processes and is a tool to assist in developing strategic directions for budgeting and long term financial planning associated with the City’s infrastructure.

Under SDWA Regulation 453/07 – Financial, the City of Hamilton is required to submit a Financial Plan to the Province of Ontario as a requirement of the issuance of a license for the operation of their potable water system. Due to the time frame associated with the City’s application for a new license, the Financial Plan for the water system was developed before the Plans for the wastewater and storm water systems.

This document is an interim report that describes the methodology and presents the results for this initial effort to complete the required Financial Statements for the water system to support the City’s license application. A subsequent report will be prepared when the Financial Plans for the wastewater and storm water systems are completed at a later date.
2.0 APPROACH

The approach to completing the Financial Plan for the water system followed the methodology that was used to develop the first Financial Plan for the water system in 2009.

The Financial Plan comprises a combination of a life cycle investment profile and a series of financial statements for each asset group. It addresses two primary components, as follows:

1. **Investment plan** - a plan that outlines the required investments in both facilities and linear systems for the water infrastructure to address the primary investment drivers, namely sustainability (i.e. deterioration of infrastructure), growth, and compliance with new regulations or other system enhancements. The growth component includes assets created by the City and assets donated from developers. In addition, costs for operations and maintenance are included in the investment needs for these assets.

2. **Revenue plan** - a series of financial statements outlining the financing (funding sources) of investments in the infrastructure. These statements summarize information related to the City’s existing sources of revenue to fund infrastructure investments such as rates (water & sewer), development charges (DCs) and donated assets from developers for growth and other sources needed to fund activities not covered by rates or DCs, such as tax levies (i.e. property taxes) and government grants. Of note, the regulations do not currently require the municipality to show a revenue plan that demonstrates sustainability, i.e. full cost recovery for the investment plan but it will be able to demonstrate the existing level of investment by the City relative to identified and projected needs.

**Financial Plan Documentation**

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

- Statement of Financial Position (Balance Sheet).

This statement highlights four key figures that describe the financial position of the City of Hamilton at the reporting date, including the City’s cash resources, net debt position, non-financial assets and accumulated surplus or deficit.
In support of this Statement of Financial Position several additional statements are prepared.Each of the financial statements listed below illustrates the change in one of these aspects of the City’s financial position.

- Statement of Operations (Income Statement)
- Statement of Cash Flow
- Tangible Capital Assets Continuity Schedule

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. A further description of these statements is included later in Section 4 - Financial Statements of this report.

It is a requirement in the regulations that these statements are provided for a minimum reporting period of 6 years. 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.

This full report that will be submitted at a later date will also review the long-term infrastructure investment needs based on life-cycle information available, supporting the City’s development of AM processes. This is intended to assist Hamilton in some long-term, strategic planning to move to a sustainable funding program for the financing of its infrastructure. The approach to this analysis is not summarized in this interim report.
3.0 SOURCES OF INFORMATION

The City’s business processes were reviewed by members of the consulting team to determine the availability of information required to define investment needs for each of the three primary drivers (i.e. growth, sustainability and compliance/system enhancements) plus revenue and expense information available based on current activities. This required discussions with a number of the business units in both Financial Services and Public Works departments.

3.1 Investment Needs Information

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

3.2 Revenue and Expense Information

The information that was used to generate the revenue and expense information for the 10 year Financial Plan for the water system were derived from two sources, as follows:

- 2013 Rate Book for the current operating revenue of the water system. Future years were projected based on additional growth in the system.
- 2012 Financial Information Return for the current operating cost of the water system. Future years were projected based on inflation and additional growth in the system.
Table 1 – Information Sources used to develop the Investment Needs for the 10 Year Financial Statements for the Water System

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Source of Data</th>
<th>Source of Funding</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability</td>
<td>• TCA data for listing of existing assets/asset pools</td>
<td>• Rates</td>
<td>New assets were amortized over the same amortization periods that are used in the City for existing TCA purposes.</td>
</tr>
<tr>
<td></td>
<td>• Rate Book &quot;Sustainable Asset Management&quot; projects - for new infrastructure that will replace an existing asset over the next 10 years</td>
<td></td>
<td></td>
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<tr>
<td>Compliance / System Enhancements</td>
<td>• Rate Book for &quot;Master Plan&quot; or &quot;WQI&quot; projects – for new infrastructure that the City will construct to improve the existing system that is not to service new development</td>
<td>• Rates</td>
<td></td>
</tr>
<tr>
<td>Growth - City developed assets</td>
<td>• Rate Book for &quot;Development Program&quot; projects – for new infrastructure that the City will construct to service new development</td>
<td>• DCs</td>
<td></td>
</tr>
<tr>
<td>Growth - donated assets</td>
<td>• Estimated based on growth information from the City – for infrastructure that will be constructed by developers to service new development and will be assumed by the City.</td>
<td>• Donated by private developers</td>
<td>Only linear water assets were assumed to be donated through development.</td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>• 2012 Financial Information Return for the current operating cost of the water system. Future years were projected based on additional growth in the system.</td>
<td>• Rates</td>
<td>Amortization expenses from the FIR were excluded from the calculations to project O&amp;M costs.</td>
</tr>
</tbody>
</table>
4.0 FINANCIAL STATEMENTS

Commencing in 2009 municipalities moved from the "modified accrual basis of accounting" to "full Accrual basis of accounting". The main change is that we have moved from an expenditure basis to an expense basis. Unlike expenditures, which are the cost of goods and services acquired by the government in the period, expenses are the cost of goods and services consumed in the accounting period,

Along with changing the basis of accounting, PSAB has created new Financial Statements. The following are terms taken from a variety of PSAB documents in order to assist in understanding the Financial Plan financial statements.

**Full accrual basis of accounting** recognizes the financial effects of transactions in the period(s) in which they occur irrespective of when the cash has been received or paid. It requires that tangible capital assets be reported on the balance sheet (statement of financial position) at historical cost and expensed (amortized) in the annual results of operations (statement of operations) over their estimated useful lives.

**Statement of Financial Position**

This statement highlights four key figures that describe the financial position of the City of Hamilton at the reporting date.

(a) The cash resources of the government are its cash and cash equivalents.
(b) The net debt position of the government is calculated as the difference between its liabilities and financial assets.
(c) The non-financial assets of the government 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.
(d) The accumulated surplus or deficit of the government is 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.

Each of the three remaining government financial statements illustrates the change in one of these aspects of the government's financial position.
(a) The statement of operations reports the surplus or deficit from operations in the accounting period. The statement displays the cost of City 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 a government has maintained its net assets in the period.

(b) The statement of cash flow reports the change in cash and cash equivalents in the accounting period, and how the City of Hamilton financed its activities in the period and met its cash requirements.

(c) The TCA Continuity Schedule reports the changes in value of tangible capital assets over the accounting period. This schedule is not a separate statement in the City's yearend Financial Statements but it is included in the notes to these Financial Statements.

The following financial statements representing the Financial Plan for the Water System are included below:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Cash Flow
4. TCA Continuity Schedule.

In addition a Glossary of Terms follows the Financial Statements providing further explanations of the meaning and interpretation of specific categories or line item terms in the statements. These should be read in conjunction with the respective statements.
# 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)

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<td>Cash</td>
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<td>147,489</td>
<td>181,469</td>
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<td>31,043</td>
<td>32,822</td>
<td>34,705</td>
<td>36,700</td>
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<td>Investments</td>
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<td>49,740</td>
<td>52,604</td>
<td>55,637</td>
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<td><strong>Total</strong></td>
<td>99,900</td>
<td>163,924</td>
<td>219,649</td>
<td>254,985</td>
<td>265,425</td>
<td>333,654</td>
<td>386,999</td>
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<td><strong>Liabilities</strong></td>
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<td>Accounts payable &amp; accrued liabilities</td>
<td>6,905</td>
<td>7,299</td>
<td>7,715</td>
<td>8,157</td>
<td>8,525</td>
<td>9,120</td>
<td>9,544</td>
<td>10,199</td>
<td>10,787</td>
<td>11,410</td>
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<td>Deferred revenue - general</td>
<td>782</td>
<td>827</td>
<td>874</td>
<td>924</td>
<td>977</td>
<td>1,033</td>
<td>1,092</td>
<td>1,155</td>
<td>1,212</td>
<td>1,222</td>
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<td>Deferred revenue - obligatory reserve funds</td>
<td>34,639</td>
<td>40,825</td>
<td>46,123</td>
<td>50,092</td>
<td>52,974</td>
<td>55,507</td>
<td>57,816</td>
<td>59,229</td>
<td>60,674</td>
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<td>Long term debt</td>
<td>101,133</td>
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<td>187,724</td>
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<td>216,326</td>
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<td>207,723</td>
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<td>Post employment benefits</td>
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<td>4,285</td>
<td>4,540</td>
<td>4,800</td>
<td>5,079</td>
<td>5,366</td>
<td>5,674</td>
<td>6,001</td>
<td>6,347</td>
<td>6,714</td>
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<tr>
<td><strong>Total</strong></td>
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<td>283,977</td>
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<td>281,749</td>
<td>275,546</td>
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<tr>
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<td>1,075</td>
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<td>528</td>
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<td>590</td>
<td>624</td>
<td>660</td>
<td>668</td>
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<td>818,895</td>
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<td>674,191</td>
<td>713,300</td>
<td>756,505</td>
<td>803,804</td>
<td>856,115</td>
<td>916,881</td>
<td>983,667</td>
<td>1,056,783</td>
<td>1,136,886</td>
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### Statement of Operations for the Water System

#### City of Hamilton - Water Infrastructure

**Statement of Operations**

For the year ended December 31,
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
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<td><strong>Revenues</strong></td>
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<td>136</td>
<td>144</td>
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<td>7,922</td>
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<td>10,626</td>
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<td>5,870</td>
<td>5,870</td>
<td>6,751</td>
<td>6,751</td>
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<td>9,686</td>
<td>9,686</td>
<td>9,686</td>
<td>9,686</td>
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<td>Revenue from Other Municipalities</td>
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<td>3,074</td>
<td>3,250</td>
<td>3,436</td>
<td>3,633</td>
<td>3,842</td>
<td>4,063</td>
<td>4,297</td>
<td>4,545</td>
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<td>715</td>
<td>756</td>
<td>799</td>
<td>845</td>
<td>894</td>
<td>945</td>
<td>999</td>
<td>1,057</td>
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<td>Other</td>
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<td>3</td>
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<td>3</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>93,837</strong></td>
<td><strong>100,695</strong></td>
<td><strong>107,256</strong></td>
<td><strong>115,220</strong></td>
<td><strong>122,355</strong></td>
<td><strong>129,085</strong></td>
<td><strong>139,183</strong></td>
<td><strong>146,790</strong></td>
<td><strong>154,476</strong></td>
<td><strong>162,589</strong></td>
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<tr>
<td><strong>Expenses</strong></td>
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<tr>
<td>Salary &amp; Benefits</td>
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<td>12,424</td>
<td>12,672</td>
<td>12,925</td>
<td>13,184</td>
<td>13,448</td>
<td>13,717</td>
<td>13,991</td>
<td>14,271</td>
<td>14,556</td>
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<td>Operating and General Expenditures</td>
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<td>27,901</td>
<td>28,962</td>
<td>30,054</td>
<td>31,076</td>
<td>32,250</td>
<td>33,397</td>
<td>34,605</td>
<td>35,832</td>
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<tr>
<td>Amortization</td>
<td>17,449</td>
<td>18,710</td>
<td>19,530</td>
<td>20,393</td>
<td>21,321</td>
<td>21,831</td>
<td>22,203</td>
<td>22,820</td>
<td>23,079</td>
<td>23,079</td>
</tr>
<tr>
<td>Interest</td>
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<td>5,814</td>
<td>8,044</td>
<td>9,735</td>
<td>10,497</td>
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<td>10,247</td>
<td>10,077</td>
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<td><strong>Total Expenses</strong></td>
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<td><strong>63,882</strong></td>
<td><strong>68,147</strong></td>
<td><strong>72,015</strong></td>
<td><strong>75,056</strong></td>
<td><strong>76,774</strong></td>
<td><strong>78,417</strong></td>
<td><strong>80,004</strong></td>
<td><strong>81,360</strong></td>
<td><strong>82,886</strong></td>
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<tr>
<td><strong>Annual Surplus (Deficit)</strong></td>
<td><strong>35,456</strong></td>
<td><strong>36,813</strong></td>
<td><strong>39,109</strong></td>
<td><strong>43,205</strong></td>
<td><strong>47,299</strong></td>
<td><strong>52,311</strong></td>
<td><strong>60,786</strong></td>
<td><strong>66,786</strong></td>
<td><strong>73,116</strong></td>
<td><strong>79,903</strong></td>
</tr>
<tr>
<td><strong>Accumulated surplus at beginning of year</strong></td>
<td><strong>601,922</strong></td>
<td><strong>637,378</strong></td>
<td><strong>674,191</strong></td>
<td><strong>713,300</strong></td>
<td><strong>756,505</strong></td>
<td><strong>803,804</strong></td>
<td><strong>856,115</strong></td>
<td><strong>916,881</strong></td>
<td><strong>983,667</strong></td>
<td><strong>1,056,783</strong></td>
</tr>
<tr>
<td><strong>Accumulated surplus at end of year</strong></td>
<td><strong>637,378</strong></td>
<td><strong>674,191</strong></td>
<td><strong>713,300</strong></td>
<td><strong>756,505</strong></td>
<td><strong>803,804</strong></td>
<td><strong>856,115</strong></td>
<td><strong>916,881</strong></td>
<td><strong>983,667</strong></td>
<td><strong>1,056,783</strong></td>
<td><strong>1,136,686</strong></td>
</tr>
</tbody>
</table>
### 3. Statement of Cash Flow for the Water System

City of Hamilton - Water Infrastructure
Statement of Cash Flow
For the year ended December 31,
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Operating transactions</strong></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Surplus/(Deficit)</td>
<td>35,456</td>
<td>36,813</td>
<td>39,109</td>
<td>43,205</td>
<td>47,299</td>
<td>52,311</td>
<td>50,766</td>
<td>60,786</td>
<td>66,786</td>
<td>73,116</td>
</tr>
<tr>
<td>Non-Cash items - amortization</td>
<td>17,449</td>
<td>18,710</td>
<td>20,530</td>
<td>20,393</td>
<td>21,321</td>
<td>21,831</td>
<td>22,203</td>
<td>22,539</td>
<td>22,820</td>
<td>23,079</td>
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<tr>
<td>Decrease (Increase) in accounts receivable</td>
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<td>-1,488</td>
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<td>-1,680</td>
<td>-1,779</td>
<td>-1,863</td>
<td>-1,995</td>
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<td>-2,238</td>
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<td>Increase (decrease) in accounts payable</td>
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<td>441</td>
<td>468</td>
<td>495</td>
<td>524</td>
<td>555</td>
<td>588</td>
<td>623</td>
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<tr>
<td>Increase (decrease) in deferred revenue - general</td>
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<td>45</td>
<td>47</td>
<td>50</td>
<td>53</td>
<td>56</td>
<td>59</td>
<td>63</td>
<td>67</td>
<td>71</td>
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<td>Increase (decrease) in deferred revenue - obligatory</td>
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<td>6,186</td>
<td>5,296</td>
<td>3,999</td>
<td>2,882</td>
<td>2,533</td>
<td>2,109</td>
<td>1,613</td>
<td>1,445</td>
<td>1,253</td>
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<td>Increase (decrease) in post employment benefits</td>
<td>219</td>
<td>232</td>
<td>245</td>
<td>260</td>
<td>275</td>
<td>291</td>
<td>306</td>
<td>327</td>
<td>348</td>
<td>367</td>
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<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>-24</td>
<td>-25</td>
<td>-27</td>
<td>-29</td>
<td>-30</td>
<td>-32</td>
<td>-34</td>
<td>-36</td>
<td>-38</td>
<td>-40</td>
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<td><strong>Capital transactions</strong></td>
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<td>Acquisition of tangible capital assets</td>
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<td>51,951</td>
<td>55,352</td>
<td>34,922</td>
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<td><strong>Investing transactions</strong></td>
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<td></td>
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<tr>
<td>Increase (decrease) in investments</td>
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<td>2,030</td>
<td>2,149</td>
<td>2,276</td>
<td>2,411</td>
<td>2,552</td>
<td>2,704</td>
<td>2,864</td>
<td>3,033</td>
<td>3,213</td>
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<td>Debenture issued</td>
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<td>46,591</td>
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<td>13,500</td>
<td>5,530</td>
<td>5,400</td>
<td>5,420</td>
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<td>-11,801</td>
<td>-12,622</td>
<td>-13,423</td>
<td>-14,293</td>
<td>-15,081</td>
<td>-15,894</td>
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<td><strong>Cash provided by operating transactions</strong></td>
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<td>60,811</td>
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<td>66,557</td>
<td>70,434</td>
<td>75,544</td>
<td>83,878</td>
<td>89,889</td>
<td>96,037</td>
<td>102,842</td>
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<tr>
<td><strong>Cash provided by investing transactions</strong></td>
<td>1,917</td>
<td>2,030</td>
<td>2,149</td>
<td>2,276</td>
<td>2,411</td>
<td>2,552</td>
<td>2,704</td>
<td>2,864</td>
<td>3,033</td>
<td>3,213</td>
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<td><strong>Cash provided by financing transactions</strong></td>
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<td>48,372</td>
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<td>98,499</td>
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<td>181,469</td>
<td>218,119</td>
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<td>300,529</td>
<td>348,901</td>
<td>402,342</td>
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<td>Cash, End of Year</td>
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<td>98,499</td>
<td>147,489</td>
<td>181,469</td>
<td>218,119</td>
<td>251,913</td>
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<td>348,901</td>
<td>402,342</td>
<td>462,572</td>
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4. Tangible Capital Asset Continuity Schedule for the Water System

**City of Hamilton - Water Infrastructure**

**Tangible Capital Assets Continuity Schedule (in dollars)**

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<th>Year</th>
<th>Jan 1 NBV</th>
<th>Opening Balance</th>
<th>Additions</th>
<th>Disposals</th>
<th>Closing Balance</th>
<th>Opening Balance</th>
<th>Annual Amortization</th>
<th>Amortization Disposal</th>
<th>Closing Amortization</th>
<th>Closing NBV</th>
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<td>2013</td>
<td>844,668,427</td>
<td>84,030,200</td>
<td>2,471,003</td>
<td>926,227,624</td>
<td>249,610,543</td>
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<td>2,471,005</td>
<td>268,179,671</td>
<td>844,668,427</td>
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<td>2014</td>
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<td>51,380,200</td>
<td>2,103,094</td>
<td>975,504,730</td>
<td>288,179,671</td>
<td>19,291,448</td>
<td>2,103,094</td>
<td>285,368,023</td>
<td>926,227,624</td>
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<td>2015</td>
<td>975,504,730</td>
<td>39,320,200</td>
<td>800,632</td>
<td>1,014,024,298</td>
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<td>20,012,905</td>
<td>800,632</td>
<td>304,580,296</td>
<td>975,504,730</td>
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<td>2016</td>
<td>1,014,024,298</td>
<td>65,549,730</td>
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<td>304,580,296</td>
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<td>2,218,967</td>
<td>323,170,873</td>
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<tr>
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<td>323,170,873</td>
<td>21,632,875</td>
<td>1,307,409</td>
<td>343,496,339</td>
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<td>872,611</td>
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<td>2020</td>
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<td>594,813</td>
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<td>1,181,997,992</td>
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</tr>
<tr>
<td>2021</td>
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5.0 SUMMARY AND CONCLUSIONS

The intent of this project was to prepare the City's Water System Financial Plan as a 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 suggest that the water system is currently in a financially viable state over the next 10 years. This indicates that suitable financial resources are allocated to the system over this time period based on the planned capital expenditures and the cost to operate the system. Additional conclusions will be able to be drawn after the long-term review of the water system is completed in the subsequent phase of this project.
6.0 GLOSSARY OF TERMS

I. 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 as sets), 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.

ii. STATEMENT OF FINANCIAL POSITION

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.

iii. 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
- financing activities.
iv. TCA CONTINUITY SCHEDULE

This schedule is not a separate statement in the City's yearend Financial Statements but it is included in the notes to the Financial Statements.

The TCA Continuity Schedule reports the changes in value of tangible capital assets over time. The TCA Continuity Schedule should disclose, for each major category of tangible capital assets and in total:

- cost at the beginning and end of the period;
- additions in the period;
- disposals in the period;
- the amount of any write-downs in the period;
- the amount of amortization of the costs of tangible capital assets for the period;
- accumulated amortization at the beginning and end of the period; and
- net carrying amount at the beginning and end of the period.