



City of Cornwall

Long-Term Financial Plan

Final Report

—
24 November 2025



City of Cornwall – Long-Term Financial Plan

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Project Overview

Project overview



Project Objectives – *How will we define success?*

The City of Cornwall engaged KPMG to develop a long-term financial plan (LTFP) that reflects the long-term capital, operating, staffing, revenue sources, and reserve funds needs of the City. A key component of the LTFP is an evergreen modelling tool that can be updated easily for future planning and will provide Council with the required information to ensure informed decision making for future years.

This project aimed to achieve the following strategic goals:

- 1. Evaluation and development of financial policies:** The City required a comprehensive review and update of its financial policies, ensuring alignment with long-term financial sustainability objectives. These policies included capital planning, debt management, reserves, investments, and cash flow strategies.
- 2. Integration of Capital and Operating Financial Strategies:** The City needed a cohesive approach to integrating forecasts for capital and operational budgets. A core objective was to create a framework that enables the City to efficiently allocate resources across its operational and infrastructure priorities.
- 3. Development and Assessment of Multi-year Budgeting Frameworks:** By embedding multi-year budgeting procedures, the City of Cornwall looked to improve predictability and strategic focus in its financial planning.
- 4. Risk Mitigation:** The City emphasized the importance of risk-sensitive financial strategies. Scenario modelling is a key component of the model, to evaluate potential economic, operational, and financial risks, ensuring the City can adapt to future uncertainties.



Project Drivers – *What problem are we trying to solve?*

Over the last several years, many municipalities have developed LTFPs to assist in balancing fiscal pressures of maintaining aging infrastructure while at the same time servicing future growth. In 2017, the City completed its first LTFP, developed by KPMG, used to assess the City's financial condition, establish key financial performance indicators, and guide the development of updated financial policies to support long-term fiscal sustainability.

The City now seeks to review and assess its long-term financial objectives and policies, review existing financial targets and measures, and develop forecasting strategies to demonstrate the overall impact of current and future decisions.

Project phases

The project was broken down into four phases, as illustrated below, each focused on specific, tangible objectives and activities:



Phase 1

Initiate

August

This phase laid a strong foundation for the project through the facilitation of introductory and kick-off meetings with the City's Project Team.

Activities:

- Kick-off meeting with the Project Team
- Confirmed Project Charter
- Project Schedule / Gantt Chart



Phase 2

Assess

August – September

This is the stage where KPMG evaluated the City's overall financial health, history, current state, and sustainability of the current services provided.

Activities:

- Documentation Review
- Stakeholder Engagement
- Current State and Gap Analysis
- Multi-year Budgeting Assessment
- Summary of Findings
- Working Session #1: Interim Report Presentation



Phase 3

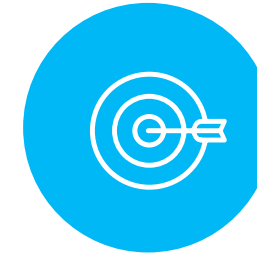
Strategize

September – October

In this phase, KPMG created a financial model and long-term financial plan based on the current state assessment completed.

Activities:

- Long-term financial model
- Virtual training sessions
- Draft recommendations
- Working Sessions #2: Validate financial model and plan with project team



Phase 4

Report

October – November

Once the financial model was developed, KPMG extracted the key findings and outputs generated by the model in a draft final report with the financial plan.

Activities:

- Draft final report
- Working Session #3: Review draft final report with Project Team & Senior Leadership Team
- Final presentation to Council
- Working Sessions #4: Staff training

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Background



About Cornwall

Background

The City of Cornwall is a vibrant urban centre located on the St. Lawrence River, approximately 100 km west of Montreal and south of Ottawa. As of 2025, Cornwall’s population is estimated at 48,874, reflecting modest growth with an annual rate of 0.53%¹. The city spans 61.56 km², with a population density of 778 people/km². Cornwall is a bilingual community and continues to attract new residents due to its affordability, quality of life, and proximity to major urban centres.

Cornwall’s economy is transitioning from its industrial roots to a more diversified base. The Cornwall Business Park, covering 1,600 acres, remains a key asset, hosting one of Eastern Canada’s largest logistics clusters. Major sectors include logistics, manufacturing, retail, healthcare, and small business entrepreneurship². The city benefits from strategic access to Highway 401, the U.S. border, and low utility and land costs.

Municipal services are delivered by a workforce of approximately 800 full-time and 300 part-time/seasonal employees, including services such as roads, transportation, recreation, fire, waste, planning, human services, etc. Cornwall also serves as the County Seat for the United Counties of Stormont, Dundas & Glengarry.

Strategic Priorities

Cornwall’s current Strategic Plan focuses on four foundational pillars³:

1. Housing for All – Expanding affordable and accessible housing options.
2. Community Connections – Strengthening social infrastructure and partnerships.
3. Achieve Net-Zero by 2050 – Advancing climate resilience and sustainability.
4. Cornwall – Future Ready – Investing in infrastructure, innovation, and inclusive growth.

In 2025, Cornwall reinforced these priorities at the ROMA Conference⁴, advocating for:

- Infrastructure funding (e.g., Secondary Water Intake Project)
- Mental health and addiction services
- Municipal liability and policing cost reforms
- Enhanced collaboration with First Nations and regional partners.

Cornwall continues to position itself as a progressive, inclusive, and future-focused municipality, committed to long-term financial sustainability and community well-being.

Source 1: [World Population Review \(2025\)](#)

Source 2: [City of Cornwall, Economic Development webpage \(2025\)](#)

Source 3: [City of Cornwall Strategic Plan \(2022-26\)](#)

Source 4: [The Seeker, City of Cornwall Advances Priorities at 2025 ROMA Conference \(2025\)](#)

City of Cornwall – Long-Term Financial Plan

Population growth

Cornwall has experienced modest but steady population growth, increasing from 46,589 in 2016 to 48,874 in 2025, with an average annual growth rate of 0.53%. While this growth is positive, it is below provincial averages, posing long-term challenges for financial sustainability. A slower rate of population increase means the tax base is expanding more gradually than the City’s operating and capital cost pressures, potentially leading to higher per capita tax burdens and affordability concerns.

Looking ahead, the 2024 Development Charges Background Study projects Cornwall’s population will reach 50,730 by 2034, a 3.8% increase from 2024. Household growth is expected to be stronger, with a 7.2% increase (1,420 new households), driven by residential development within the urban serviced area.

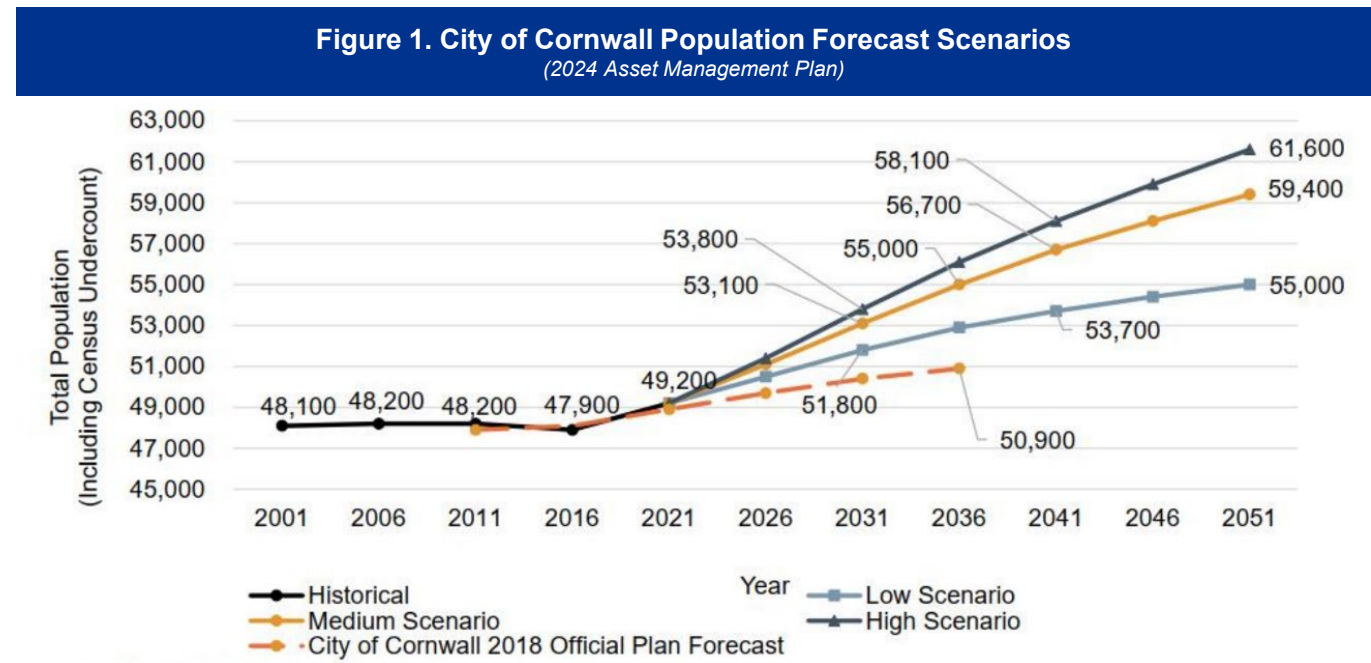
Long-range forecasts from the 2024 Asset Management Plan suggest population growth between 2021 and 2051 could range from:

- Low scenario: 0.4% annual growth (to 55,000)
- Medium scenario: 0.6% annual growth (to 59,400)
- High scenario: 0.8% annual growth (to 61,600)

These projections reinforce the need for strategic infrastructure investment, fiscal prudence, and targeted growth planning to ensure long-term affordability and service sustainability.

*Note: Population includes net Census undercount and has been rounded.
Source: Historical derived from Statistics Canada Census data, 2001 to 2021. City of Cornwall 2018 Official Plan forecast from City of Cornwall Municipal Comprehensive Review, Growth Forecast and Urban Land Needs Analysis, May 12, 2015, Watson & Associates Economists Ltd., and the City of Cornwall Low, Reference and High Scenarios by Watson & Associates Economists Ltd.*

Population growth scenario	2020	2051	2021-2051	Annual growth	Annual growth rate
Low scenario	49,200	55,000	5,800	195	0.4%
Medium scenario	49,200	59,400	10,200	340	0.6%
High scenario	49,200	61,600	12,400	415	0.8%



City of Cornwall – Long-Term Financial Plan

Age demographics

Demographics trends impact the type of services delivered by the City, their associated service levels, and the capacity of residents to pay for municipal services.

The latest Statistics Canada census data notes that the City population of residents aged 65 and greater represent 24% of the City's total population in 2024.

From 2020 to 2024, the number of residents between the ages of 30 to 39 years increased by 5.81%, the largest-growing age group in the City.

The changes in age demographics indicates the City's long-term effort in attracting new working-age residents to balance the pressure of a growing retirement population.

Source: Statistics Canada, Population estimates, July 1, by census metropolitan area and census agglomeration, 2021 boundaries

Figure 2. Historical age demographics for the City of Cornwall census metropolitan area
2020 to 2024

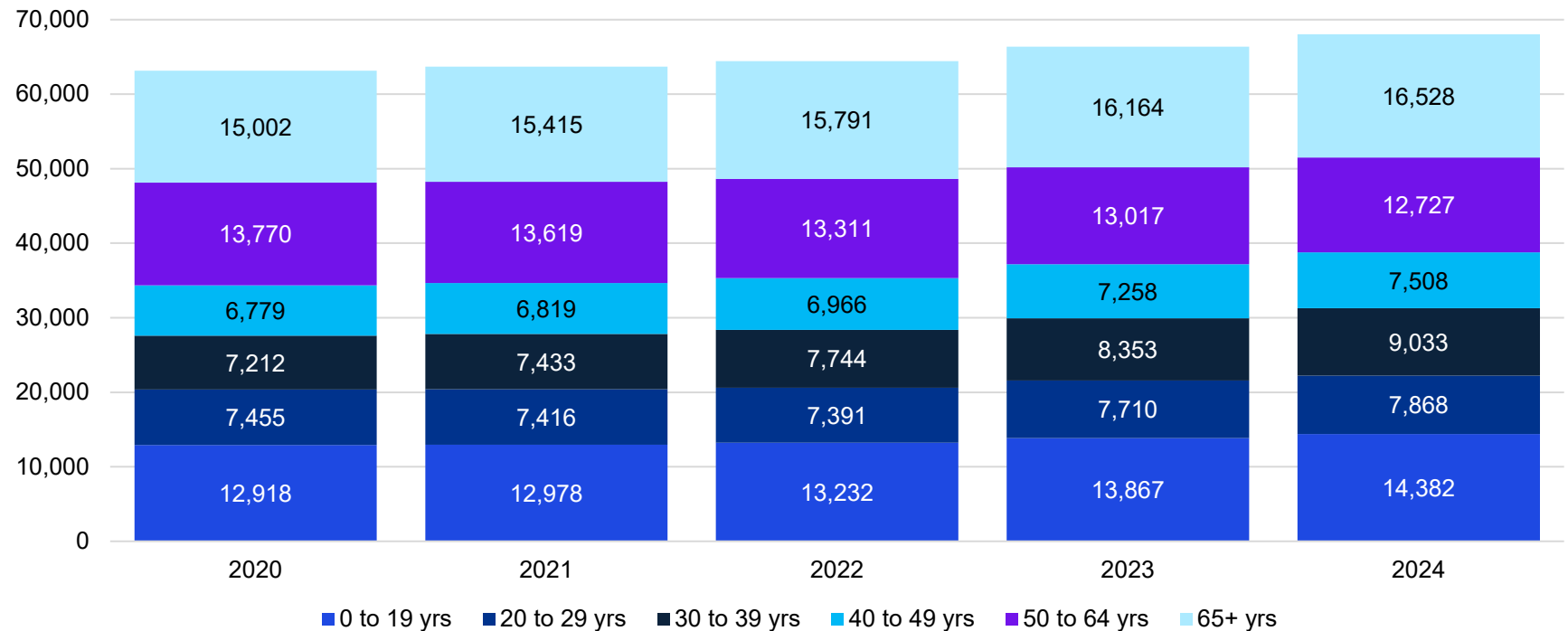


Table 2. City of Cornwall average annual change in age group
(2020 to 2024)

	0 to 19 yrs	20 to 29 yrs	30 to 39 yrs	40 to 49 yrs	50 to 64 yrs	65+ yrs
Average annual change (2020 to 2024)	2.73%	1.38%	5.81%	2.60%	(1.95)%	2.45%

City of Cornwall – Long-Term Financial Plan

Household income

The latest Statistics Canada census data shows that the City’s median household income increased by an average rate 17.9% over five years between 2016 and 2020, averaging 3.58% annual growth. Following this relatively slow period of growth, the City saw an average of 7.0% growth from 2021 to 2025.

Despite recent increases to median household income, the City of Cornwall remains below the provincial median of \$91,000 and SDG Counties median of \$73,500 based on the 2021 census survey. Although, the affordability of Cornwall enables a slightly lower median household income in comparison to other municipalities.

Source: Statistics Canada, National Household Survey Data Tables; CMHC and Income EstimateCA

Figure 3. Median total income of households
Stats Canada Census years 2021 to present

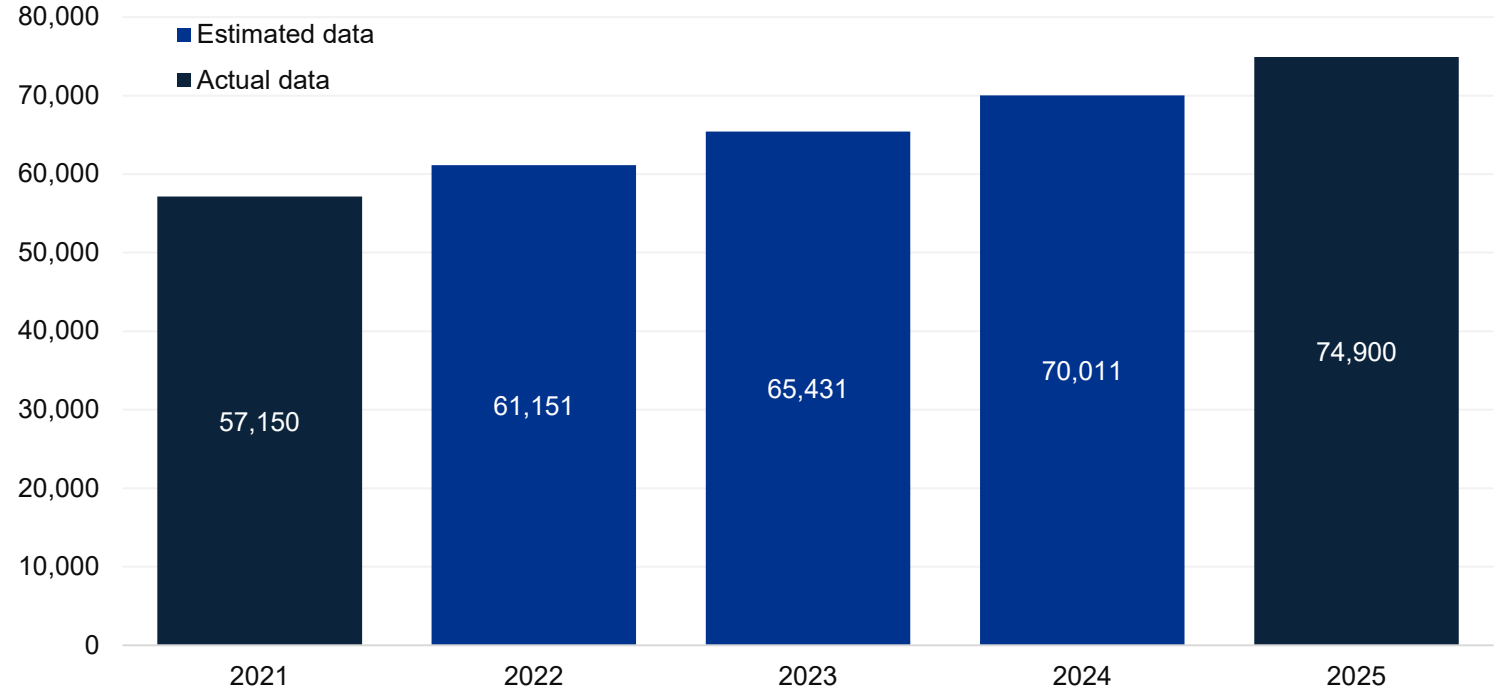


Table 3. City of Cornwall average annual change in median total income of households
Stats Canada Census years 1996 to 2021

	1996 to 2001	2001 to 2006	2002 to 2011	2011 to 2016	2016 to 2021
Average annual change	0.84%	0.61%	3.50%	(0.12)%	5.20%



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Long-term Financial Planning Explained

Introduction to financial planning

Introduction

As defined by the Government Finance Officers Association ('GFOA'), long-term financial planning combines financial forecasting and strategizing and in doing so, allows municipalities to address future issues by developing and evaluating different financial scenarios. More formally, financial planning involves *'the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios and other salient variables'* thereby allowing municipalities to *'align financial objectives with long-term service objectives'*.

Recommended by the GFOA as a best practice, the City has embarked on the preparation of a long-term financial plan that is intended to establish a series of principles and policies that will guide its financial management over the ten-year planning period. In addition to forecasting operating and capital requirements and associated sources of funding, the long-term financial plan also forms the basis for financial policies for the City's budgeting, borrowing, capital financing and reserve fund management.

Context of this report

This final report was prepared to reflect the projected financial position of the City based on a set of financial and growth assumptions. This report serves as the long-term financial plan by identifying key areas of financial vulnerabilities and opportunities that should guide ongoing long-term financial planning.

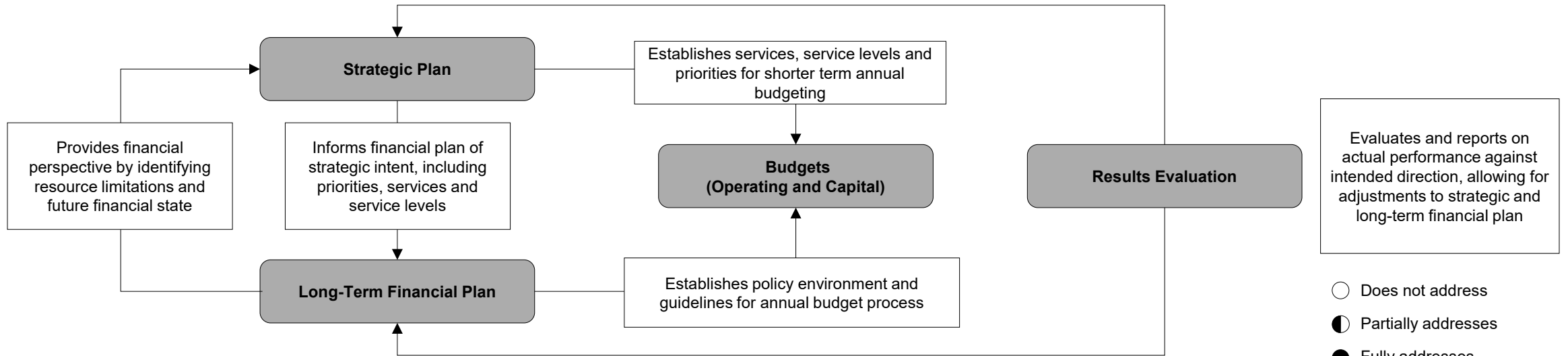
Long-term financial plans explained

Together with the City's strategic plan, master plans, and annual budgets, the long-term financial plan is a component of the City's planning, budgeting and evaluation cycle, which is intended to:

- Identify services and service levels for residents, thereby establishing strategic intent
- Incorporate financial considerations into the City's overall planning process, ensuring the City's financial planning does not compromise long-term perspective by overly focusing on details
- Prioritize financial investments based on long-term forecasts, thereby ensuring priorities are identified and appropriately funded
- Ensuring consistency and discipline in the financial planning and budgeting processes by establishing policies for financial decision-making
- Contributing towards continuous improvement by establishing and reporting on financial performance indicators.

A graphical depiction of the linkage between the components of the City's financial planning, budgeting and evaluation cycle is provided on the following page.

The Municipal Finance System

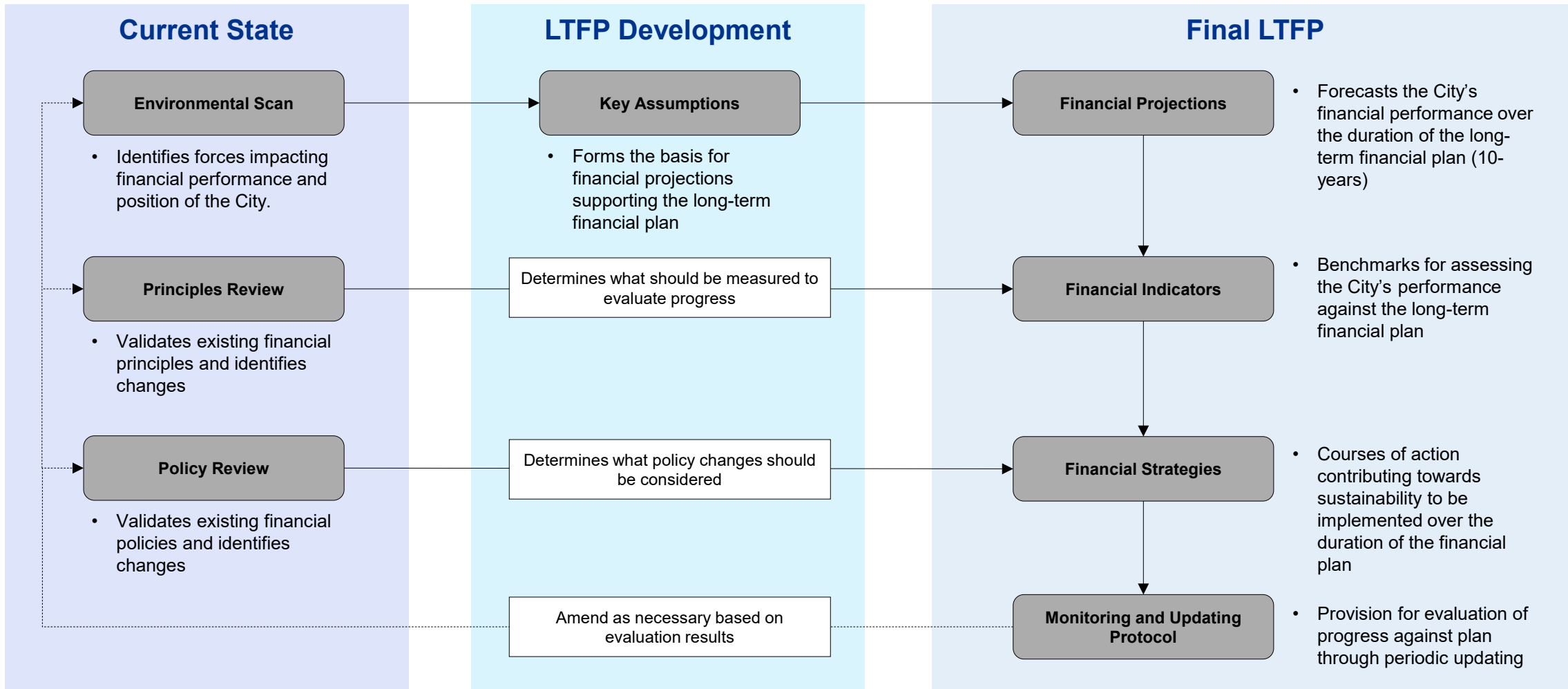


- Does not address
- ◐ Partially addresses
- Fully addresses

Activity/item covered	Strategic Plan	Long-Term Financial Plan	Budgets (Operating and Capital)
Organizational vision	●	○	◐
Long-term forecasting (revenue, expenditures, capital, debt, reserves)	○	●	◐
General environmental scan	●	◐	○
Fiscal environment analysis	○	●	○
Service demand planning	◐	◐	◐
Service prioritization	●	○	●
Resource allocation	○	○	●
Management planning	○	○	●

Components of a long-term financial plan

The long-term financial plan is comprised of the following major components.



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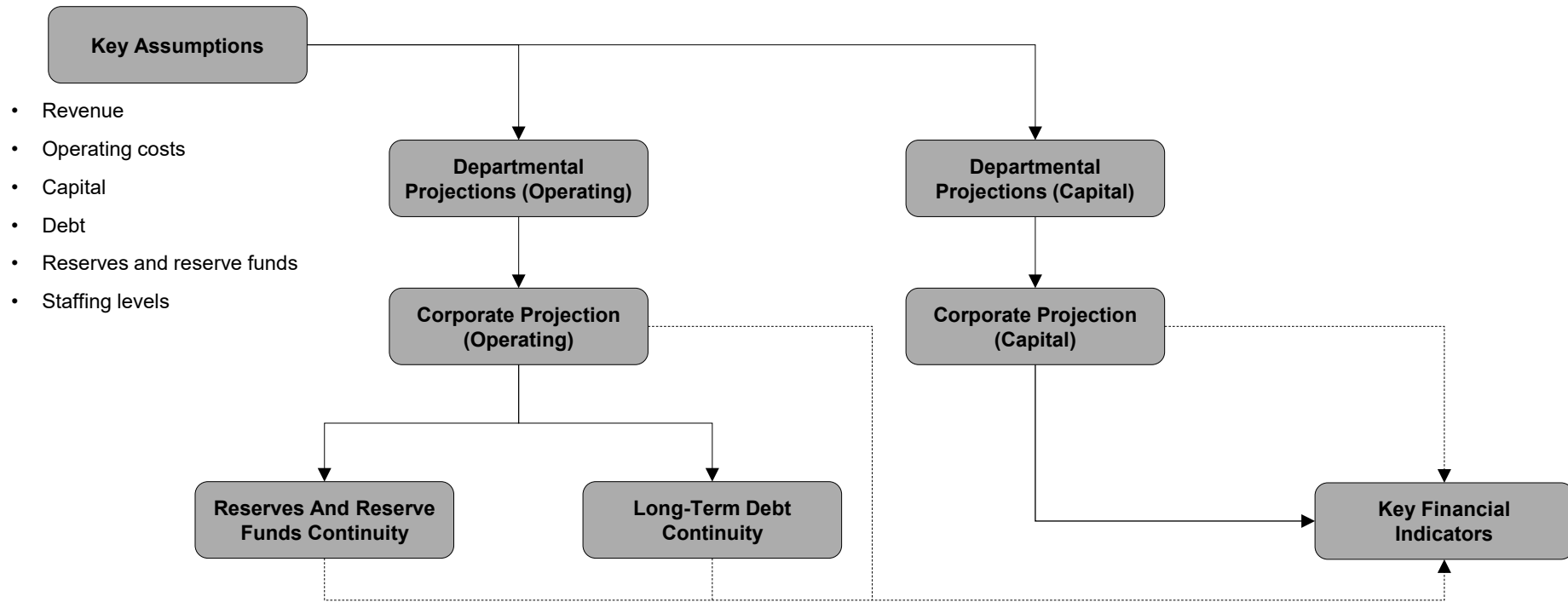
Looking forward



Long-term financial forecasting

A key component of the long-term financial plan is the development of a financial forecast that considers the impacts of those forces identified in our analysis of the City’s current state that will ultimately influence the City’s financial performance over a ten-year planning horizon. The financial forecast is based on the City’s projections for 2026 to 2035 and reflects a bottom-up approach, whereby forecasts are first developed at the departmental level and consolidated into a corporate forecast that encompasses all municipal services and operations.

A graphical depiction of the financial forecast is presented below.



Financial modelling assumptions

The financial forecasts for the general operating fund encompass a number of key assumptions that were used to project the City’s anticipated financial performance, including the following:

Category	Item	Assumption	Purpose
Growth Assumptions	Population and household growth	Based on the City’s Asset Management Plan data, the average population growth rate between 2025 and 2035 is estimated to be 0.54% per year as population is projected to reach 51,396 residents at the end of the 10-year span of the LTFP. In that final year, total households is estimated to reach 23,541.	Combined summary – Municipal levy per household
	Income growth	Median household income (pre-tax) is estimated at \$74,900 in 2025 based on Statistics Canada data. Between 2016 and 2020, income grew by 17.9%, averaging 3.58% per year. Based on CMHC and Income EstimateCA, household income is expected to grow by 49.48% over the next 10 years, or an average rate of 4.95%.	Financial KPI – Residential tax as a percentage of household income
	Taxable assessment	Taxable assessment is estimated to be \$4.26B based on the 2022 FIR (FIR 26A 9199 16). Based on data from 2016 to 2022, KPMG has assumed an average annual blended growth rate of 1.96% per year.	Financial KPI – Total taxation as a percentage of total taxable assessment
	Tangible Capital Assets	The value of all tangible capital assets are set at \$897M as of December 31, 2024. Capital additions (based on capital expenses) are used to project the construction-based capital projects across the 10-year span of the LTFP. Asset retirements are based on an average annual retirement of 0.25% of total TCA inventory from the prior year.	Financial KPI – Capital additions as a percentage of total capital assets
Financial Assumptions	Revenue assumptions	User fees and service charges are estimated to grow at a rate between 3.0% and 5.0% per year, and revenue from other municipalities is projected to similarly grow between 3.0% and 5.0% per year over the duration of the LTFP. Internal revenue (offset by equal growth in internal expense charges) is projected to grow at 3% per year. Grant revenue is manually estimated at a department level based on projected grant schedules.	Operating projections – Assumptions are applied to each department budget
	Operating expense assumptions	Salaries and benefit expenses are projected to increase at a yearly rate 5.0% for two years before tapering to 3.0% annual growth in 2030. This growth accounts for existing collective agreement commitments including payroll tax increases but not increasing workforce size, which is modelled separately. Other operating expenses (purchase of goods, services and rents, and other financial) are projected to grow between 1.0% and 5.0% per year over the duration of the LTFP.	Operating projections – Assumptions are applied to each department budget
	Capital assumptions	Capital expenses and funding (i.e., capital funding including grants, debt, development charges, and transfers from reserves) are based on the City’s list of anticipated capital projects. These capital projections have been inflation-adjusted based on the project type: either construction (using the Ontario Building Construction Price Index) and non-construction (using Ontario Consumer Price Index)	Capital projections



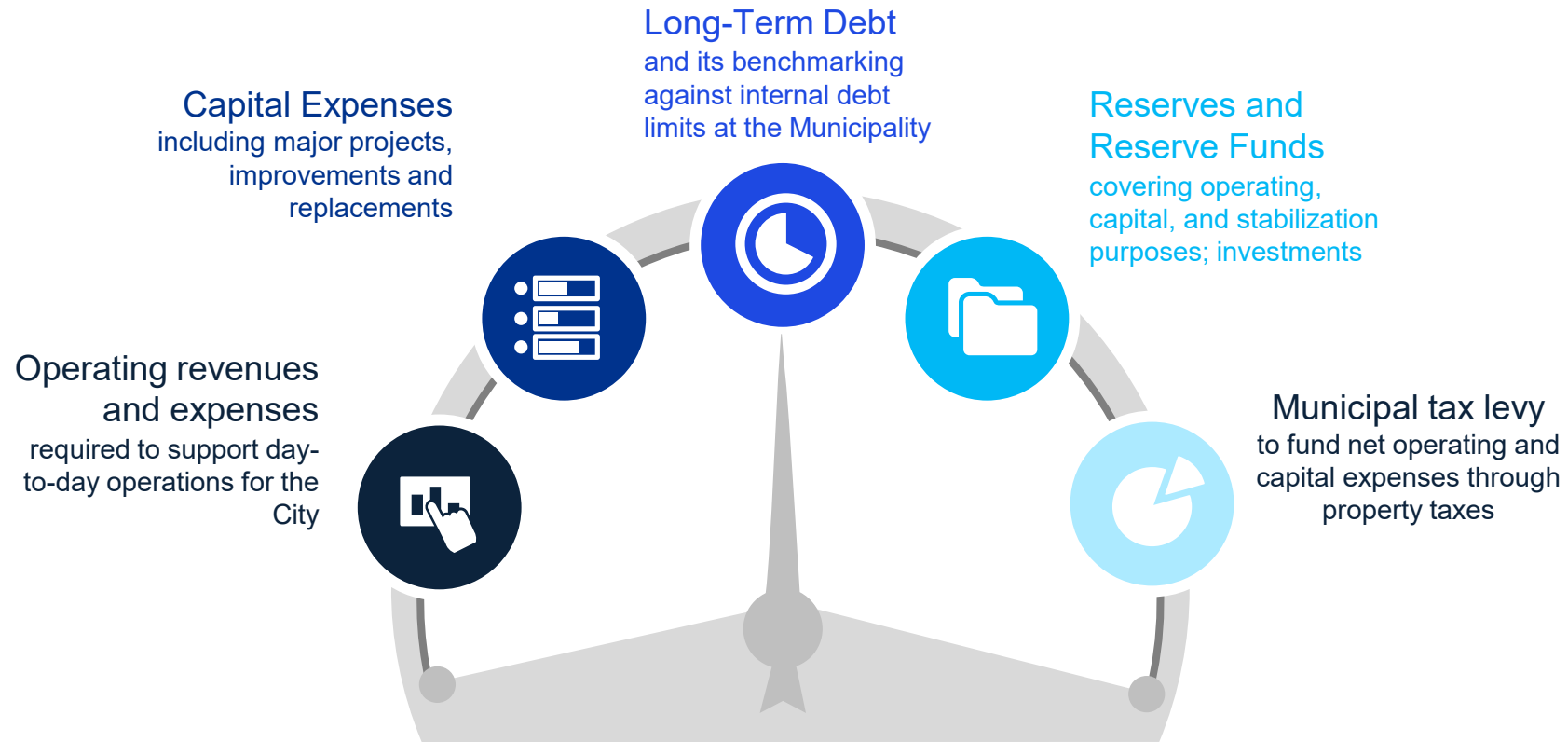
06

Forecasting results

City of Cornwall – Long-Term Financial Plan

Financial model structure

The long-term financial model has several features that will empower the City's Finance team to forecast the long-term financial position of the municipality. A summary of the historical financial position is provided on the following pages. Specifically, KPMG analyzed the following financial items:



City of Cornwall – Long-Term Financial Plan

Operating expenses

Total operating expenses are projected to increase from \$241 million in 2025 to \$317 million in 2035, representing an average increase of 2.8% per year. The major changes over the forecasting period include:

- **Salaries, wages and employee benefits**, the largest source of operating expenses, increasing from \$116 million to \$165 million from 2025 to 2036 including payroll taxes, projected growth in workforce, collective agreement commitments, and estimates where contracts are pending. Salaries, wages, and employee benefits represents the largest share of operating expense, averaging 51% of total operating expenses over the 10-year period (this is typical for municipal organizations).
- **Services and rents** increasing between \$34 million to \$45 million from 2025 to 2035 representing expected inflation on the cost of goods and services.
- **External transfers**, which take up an average of 14% of total operating expenses, are currently projected to remain relatively stable over the 10-year LTFP. However, this is mainly offset by grant revenue as grants are received by the City and transferred to external organizations.

Figure 1. Projected Operating Expenses
2025 to 2035

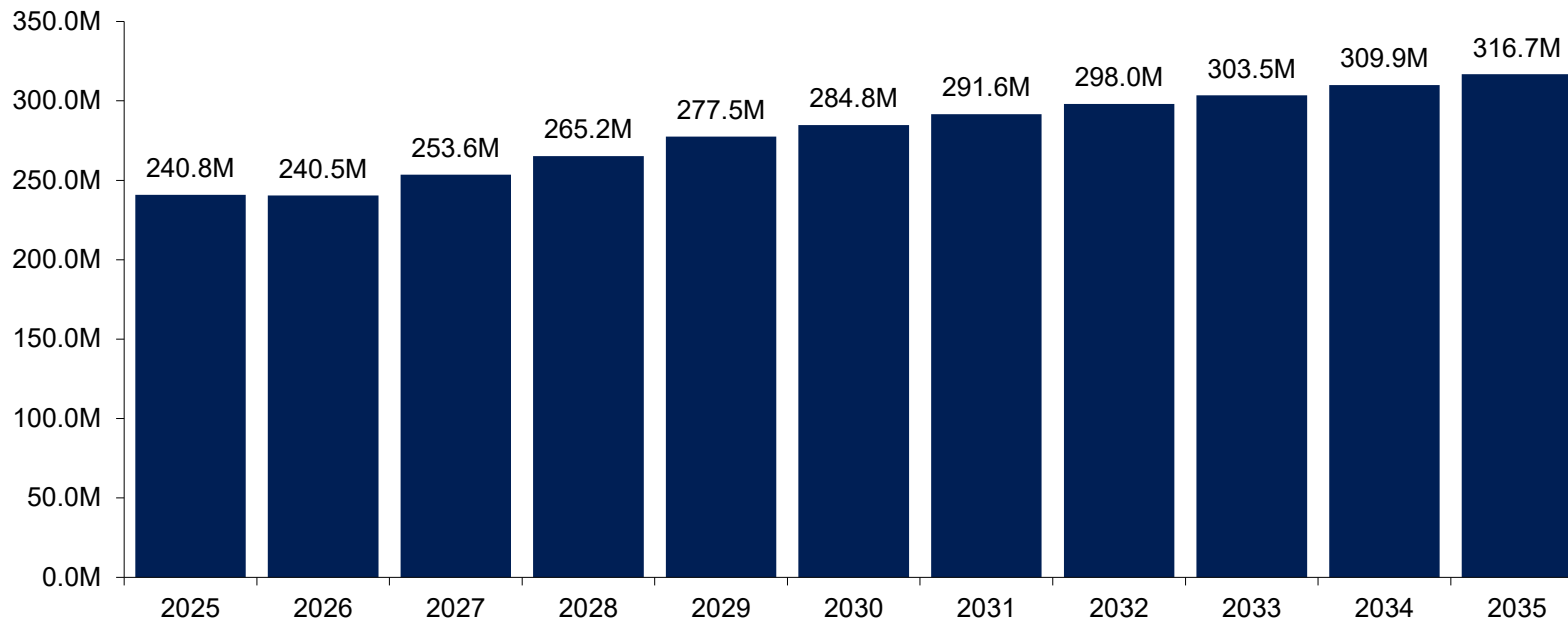
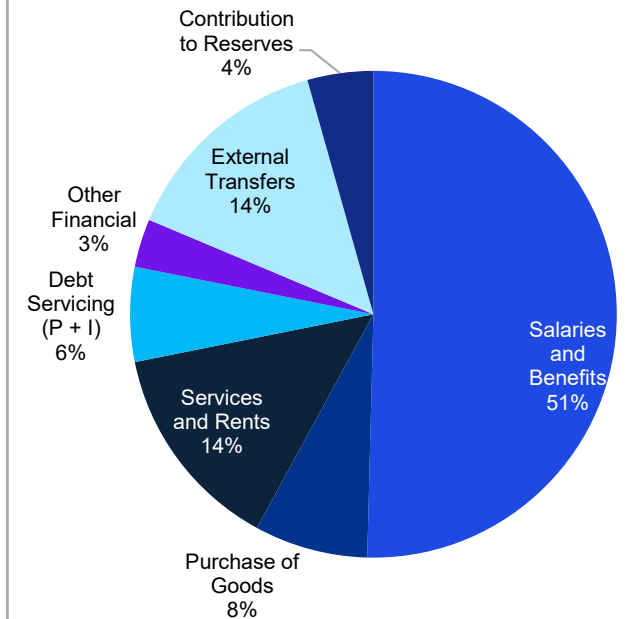


Figure 2. Average Operating Expense by Type
2025 to 2035



City of Cornwall – Long-Term Financial Plan

Operating revenues

Non-levy operating revenues are projected to grow from \$146 million to \$168 million (excluding internal transfers), representing an average annual growth of 1.4%. With respect to projected non-levy operating revenues:

- **Grants** (provincial and federal) account for over half of the City’s operating revenue. This mainly includes human services (i.e., Ontario Works, community housing, long-term care, childcare) as the City is the Consolidated Municipal Service Manager (CMSM) for its jurisdiction.
- **User fees and service charges** account for an average of 30% of the City’s non-levy operating revenue. User fees and service charges have been assumed to grow at a rate of 5.0% annually until 2030 and normalize at 3.0% growth for subsequent years as one of the core financial assumptions of the model.
- **Revenue from other municipalities** accounts for 11% of operating revenue. This revenue is largely comprised of transfers from other municipalities served by the City as CMSM for Human Services as well as Paramedic Services and Home for the Aged.

Figure 3. Projected Non-levy Operating Revenues
2025 to 2035

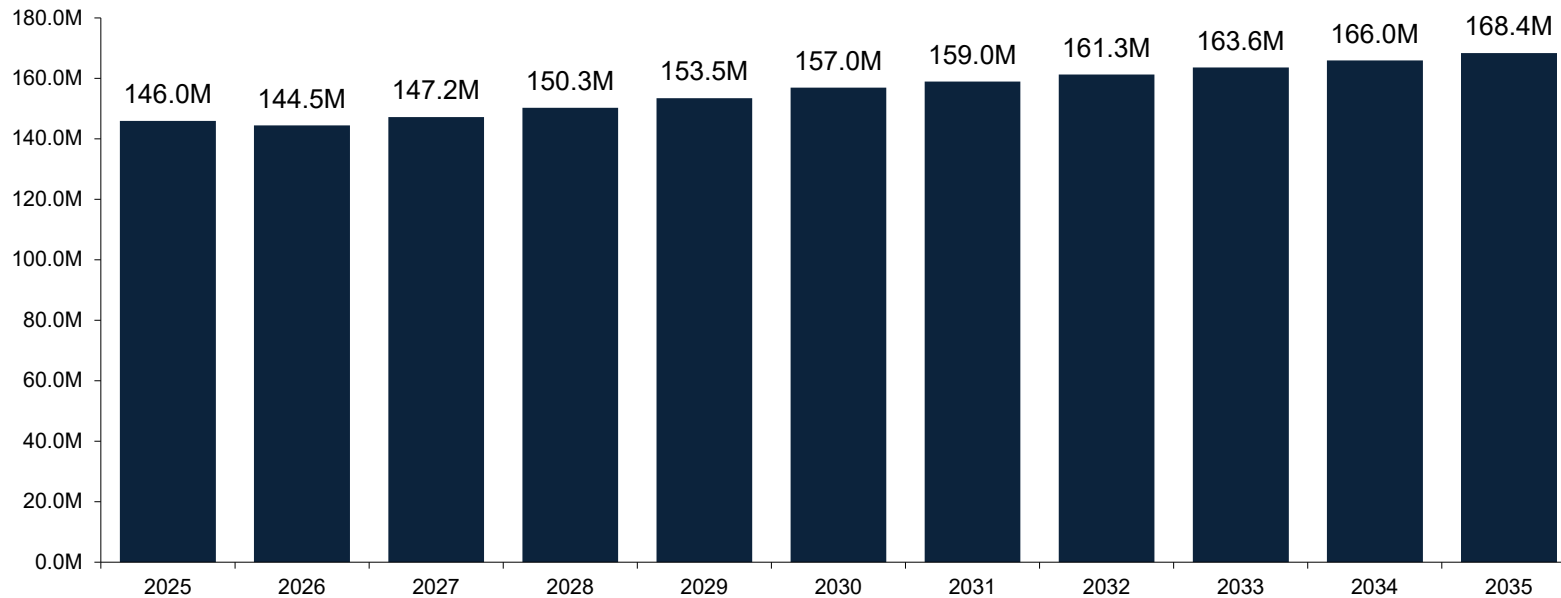
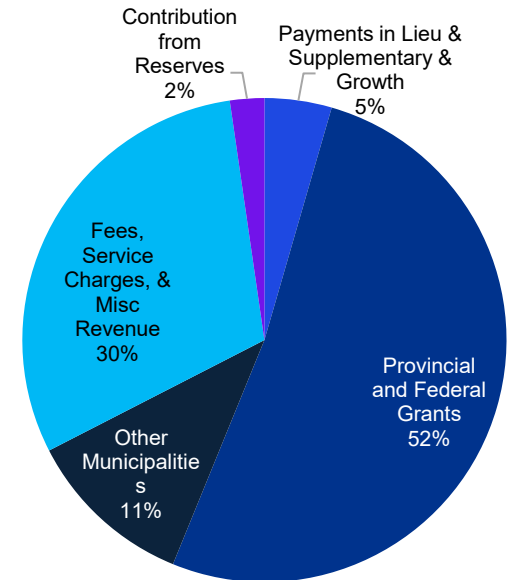


Figure 4. Average Non-levy Operating Revenue by Type
2025 to 2035



City of Cornwall – Long-Term Financial Plan

Capital Expenditure

The forecast anticipates total capital expenditures of **\$250 million** between 2025 and 2035 (accounting for capital inflation adjustments and excluding water and wastewater projects funded by water/wastewater rates). For the purposes of the LTFP, we have only included projects with funding sources identified. The City’s 10-year capital plan includes a total of **\$624 million** in potential capital expenses, of which **\$374 million remains unfunded** at the time of this plan. Significant increases in capital investment are planned in the years 2027, 2029, and 2032.

To fund the quarter-billion-dollars of capital projects, the City anticipates directly funding **\$1.1 million through taxation** while grants, transfer from reserves, and long-term debt are primarily responsible for bridging the gap in funding.

The majority of capital projects fall under Transportation. Across the 10 years, \$183 million in capital projects are funded and planned under Transportation, representing 73% of all planned capital expenses.

Note: The City’s 10-year capital plan goes to 2034 which explains the absence of data in 2035.

\$250M 347 of 543

in capital projects planned between 2025 and 2035 (inflation adjusted).

projects have identified sources of funding in the 10-year capital plan.

Figure 5. Total Capital Expenditures
2025 to 2035

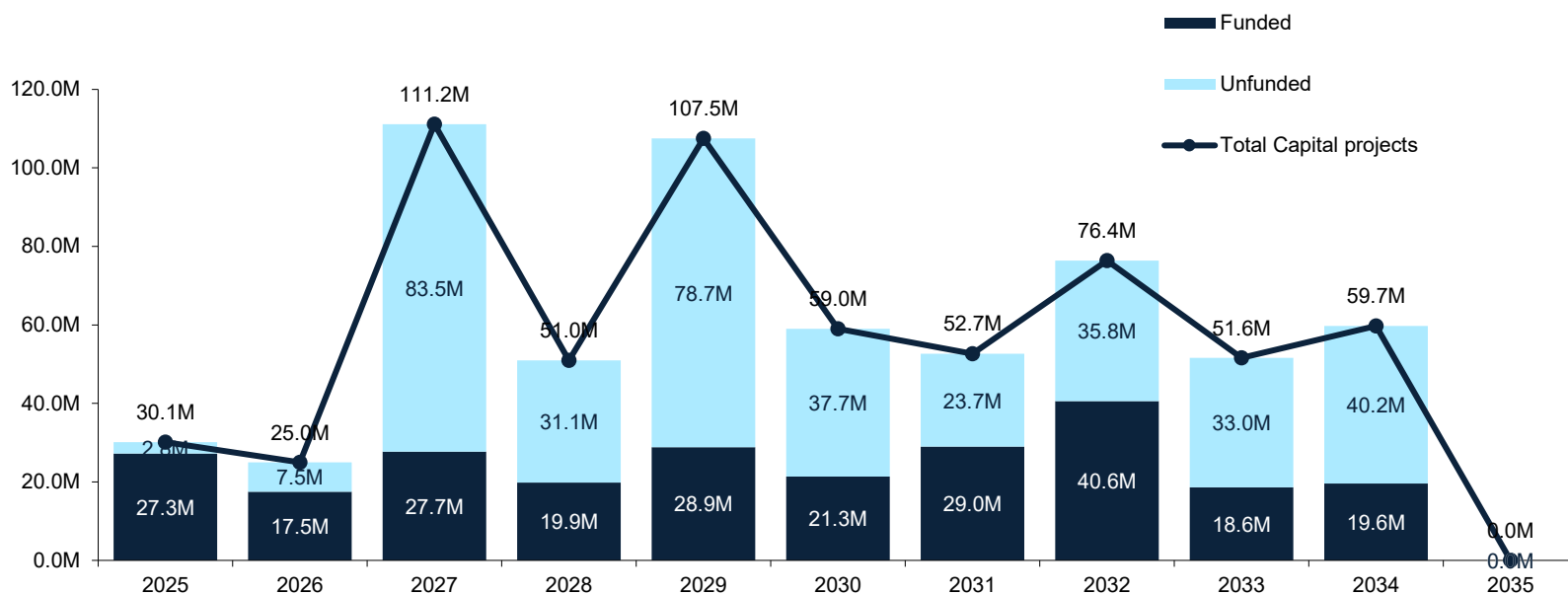
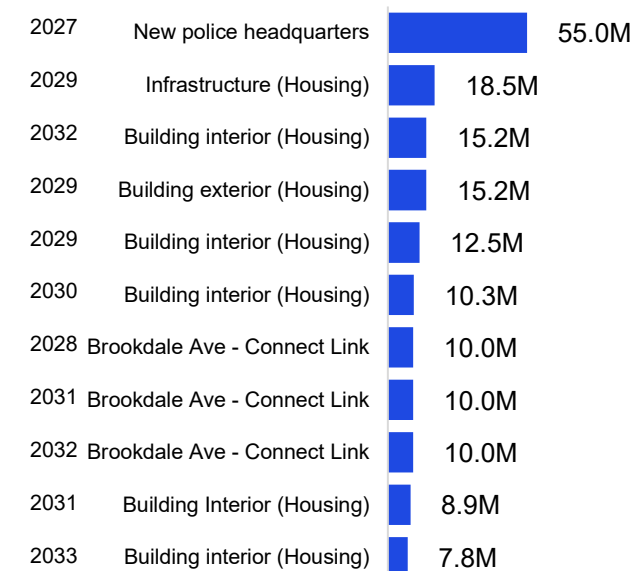


Figure 6. Major projected capital projects
2025 to 2035, not inflation adjusted, planned and unplanned



City of Cornwall – Long-Term Financial Plan

Total debt

Total debt (i.e., balance, beginning of year) is projected to rise from \$110 million in 2025 to \$149 million in 2035 after peaking in 2027 at \$223 million. The largest spike in new debt is projected to be in 2027 as the City is planning to add \$90 million in debt. This is mostly driven by the new police headquarters which is expected to require a \$55 million loan to finance the project.

Debt servicing costs are expected to ramp up quickly between 2025 and 2029 before plateauing around \$24 million between 2029 and 2031. From \$10 million annual debt repayment in 2025, the City can expect annual debt repayment costs to triple in the next four-to-five years based on capital projects requiring debt financing. The City is well-within its provincially mandated annual debt repayment limit (25% of net own-source revenue) which is \$37.5 million as of 2024. The City's present debt charges as a percentage of net revenues is 5.6%.

Note: Total projected long-term debt includes debt related to Water and Sewer Services

Figure 7. Projected long-term debt, Beginning of Year
2025 to 2035

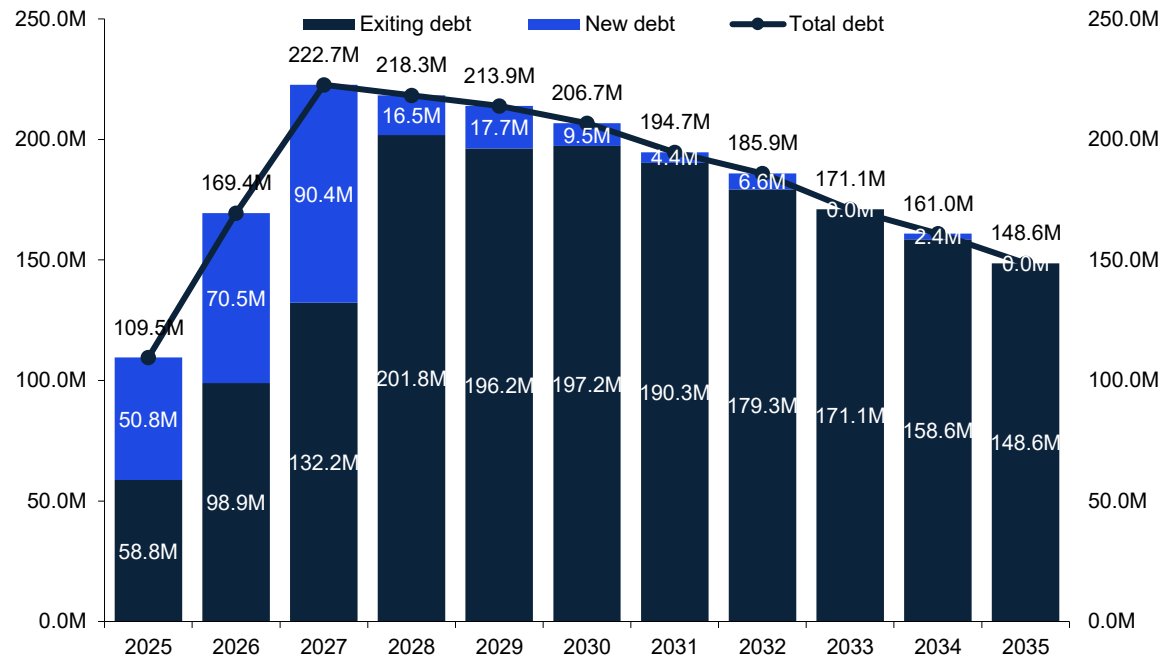
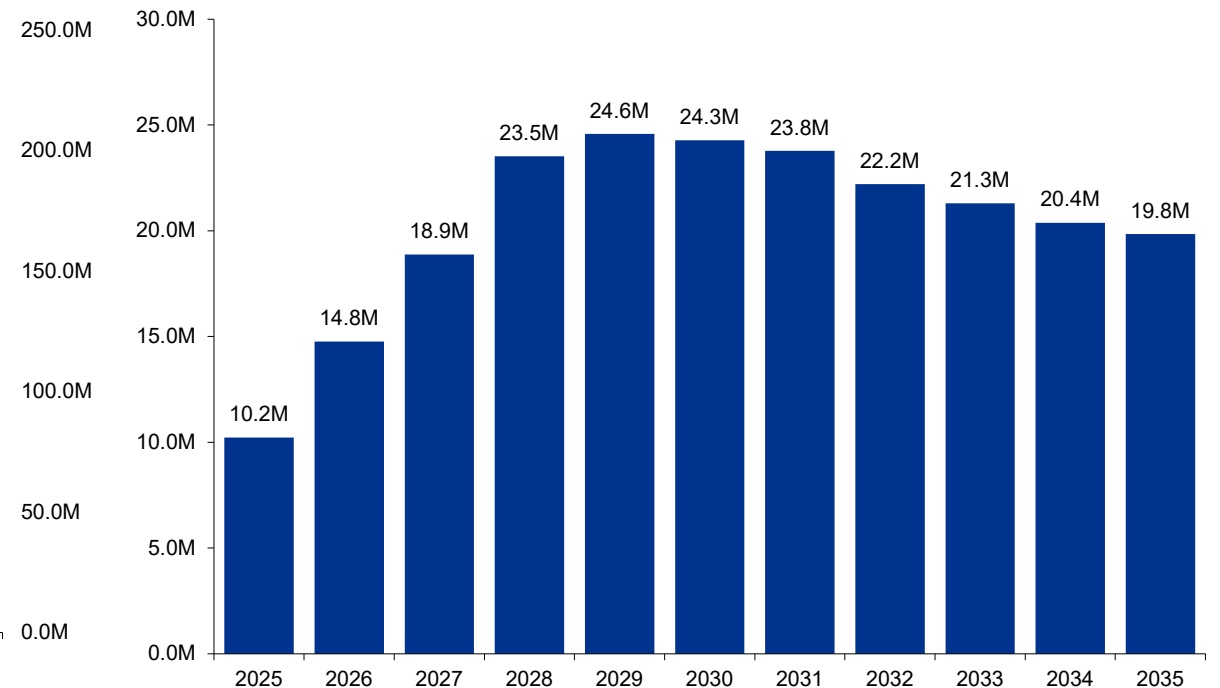


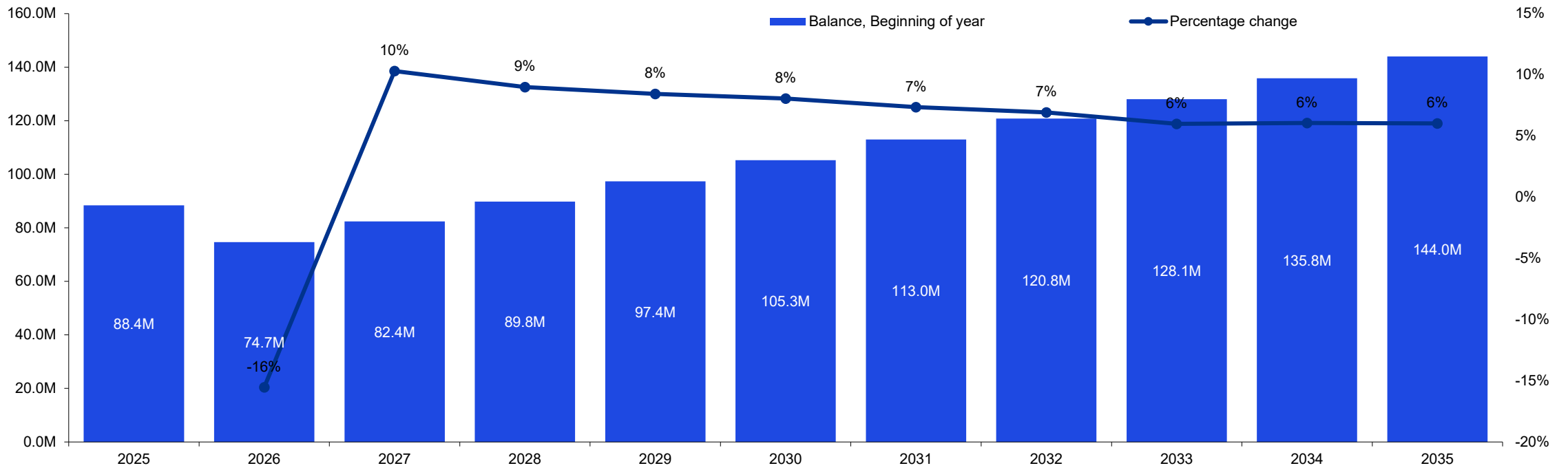
Figure 8. Debt repayment costs (principal and interest)
2025 to 2035



Reserves and reserve funds

Despite a drop in total reserves and reserve funds in 2026 based on capital project funding needs, total reserves and reserve funds are projected to grow between 5% and 10% per year throughout the next 10 years up to \$143 million in 2035. The City should review its reserve balances on a yearly basis to ensure they reflect appropriate levels given intended uses and anticipated capital needs (see Appendix C, summary of stakeholder feedback, for context). Despite considerable funding anticipated from grants and development charges, the City’s capital projects between 2025 and 2035 include over \$370 million of unfunded projects which will likely require reserve funding.

Figure 9. Projected Reserves and Reserve Funds Balance, Beginning of Year
2025 to 2035

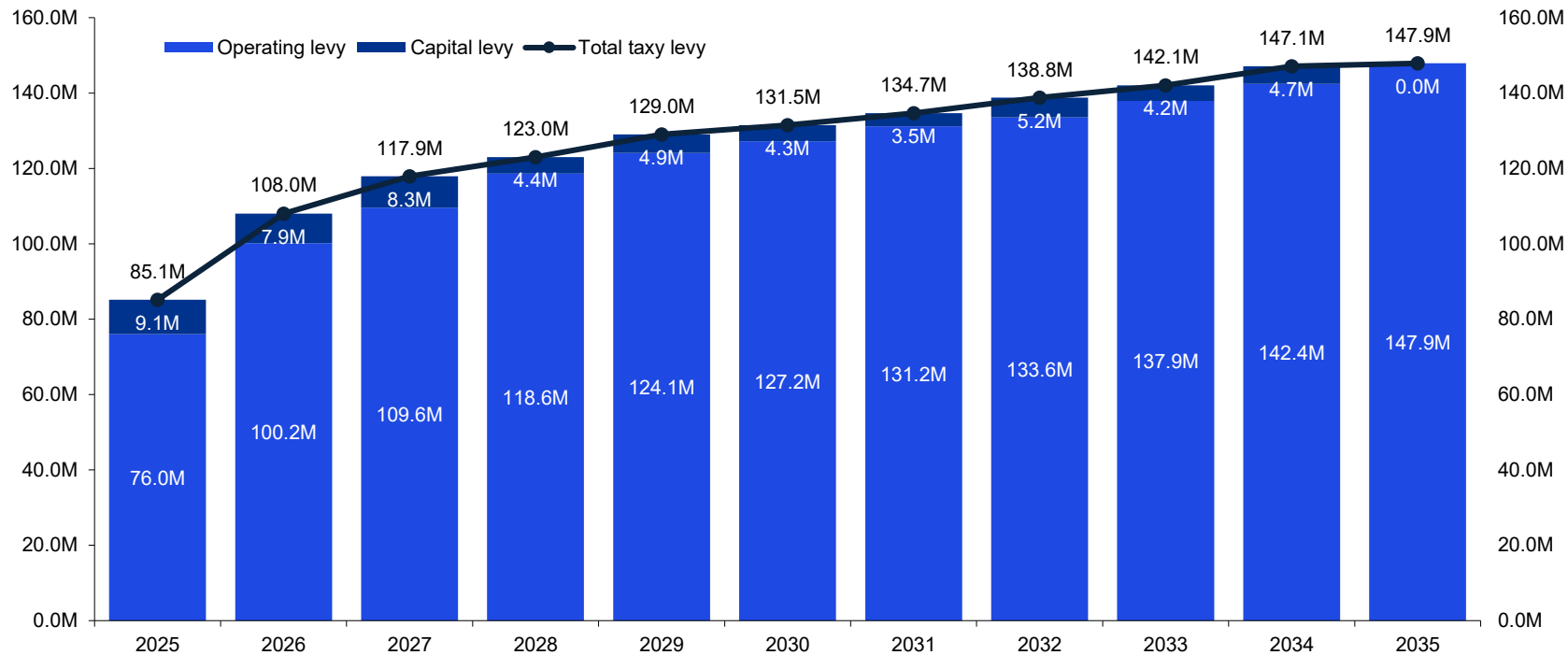


Projected tax levy impact to maintain current levels of service

Between 2025¹ and 2035, increases to the tax levy will be required to complete the forecasted capital program and maintain operating projections at current service levels. The driver of the anticipated jump at the beginning of 2026 is based on the \$13 million net transfer from reserves in 2025 which supported capital projects and some operating expenses across departments. Based on planned contributions, the City is expected to see net contributions to reserves and reserve funds between \$7 million and \$9 million per year in all subsequent years. We anticipate that the City will review the capital plan and reserve contribution targets to ensure greater stability across the ten-year period.

Note 1: The tax levy is projected to grow faster than operating expenses because the levy covers more than just operating costs. While operating expenses are partly funded by other revenues, the tax levy must make up the remaining gap and also fund contributions to reserves, debt payments, and capital projects. These additional requirements cause the levy to increase at a higher rate than operating expenses.

Figure 10. Projected Tax Levy Impact
2025 to 2035



Tax levy requirements to maintain the current level of service and deliver on currently funded projects identified in the capital plan:

5.9%

average annual levy increase between 2025 and 2035

5.5%

average annual levy increase *per household* between 2025 and 2035

Note: measuring on a per-household basis rationalizes the growth component of the levy.



07

Financial performance indicators

PSAB Three Pillars - sustainability, vulnerability, flexibility

In 2009, PSAB released a Statement of Recommended Practice that provided guidance on how public sector bodies should report on indicators of financial condition. In reporting on financial condition, PSAB recommended three factors need to be considered:

01 Sustainability

The degree to which the Municipality can deliver services and meet its financial commitments without increasing its debt or tax burden relative to the economy in which it operates

Sustainability indicators:

- Financial assets to financial liabilities
- Total reserves and reserve funds per household
- Total operating expenses as a percentage of taxable assessment
- Capital additions as a percentage of amortization expense

02 Flexibility

The Municipality's ability to increase its available sources of funding (debt, taxes or user fees) to meet increasing costs.

Flexibility indicators:

- Total debt per household
- Residential taxation as a percentage of average household income
- Total taxation as a percentage of total assessment
- Debt servicing costs (interest and principal) as a percentage of total revenues
- Net book value of tangible capital assets as a percentage of historical cost of tangible capital assets

03 Vulnerability

The extent to which the Municipality is dependent on sources of revenues, predominantly grants from senior levels of government, over which it has no discretion or control.

Vulnerability indicators

- Operating grants as a percentage of total revenues
- Capital grants as a percentage of total capital expenditures

City of Cornwall – Long-Term Financial Plan

Sustainability indicators

Sustainability is the degree to which the organization can maintain existing programs and meet creditor requirements without increasing the debt burden on the economy.

Reserves and reserve funds per household

Total reserves and reserve funds per household is on a steady incline over the projected period based on planned reserve and reserve fund contributions. Figure 11 does not account for reserves to be used as a funding source for unfunded projects over the 10-year period.

Operating expenses as a percentage of taxable assessment

Despite projected growth in operating expenses, the City is projecting its total taxable assessment to grow at comparable rates. As a result, total operating expenses as a percentage of taxable assessment remains consistent throughout the 10-year period, fluctuating between 5.8% and 6.4%.

Capital additions as a percentage of total capital assets

This KPI measures the rate of capital replacement/investment to assess the sustainability of capital assets. Over the projected period, annual capital additions vary under the assumption of 0.25% asset retirements from the prior year's total tangible capital assets. Notably, the City's 10-year capital plan only extends to 2034 at the time of this LTFP, hence the negative result in 2035.

Figure 11. Total Reserves and Reserve Funds per Household
2025 to 2036

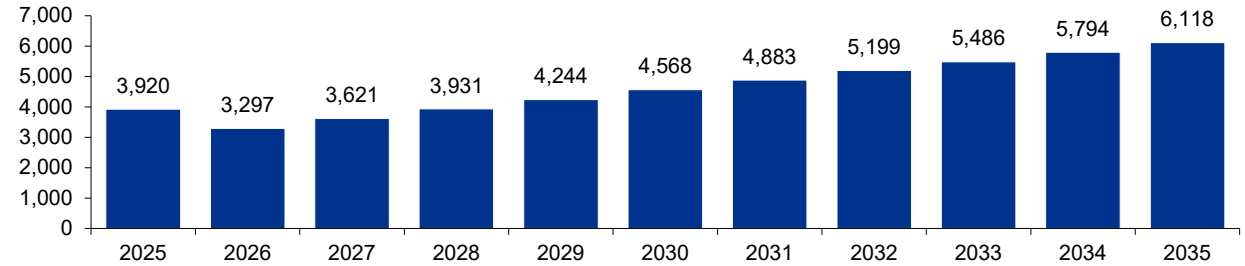


Figure 12. Total Operating Expense as a Percentage of Taxable Assessment
2025 to 2036

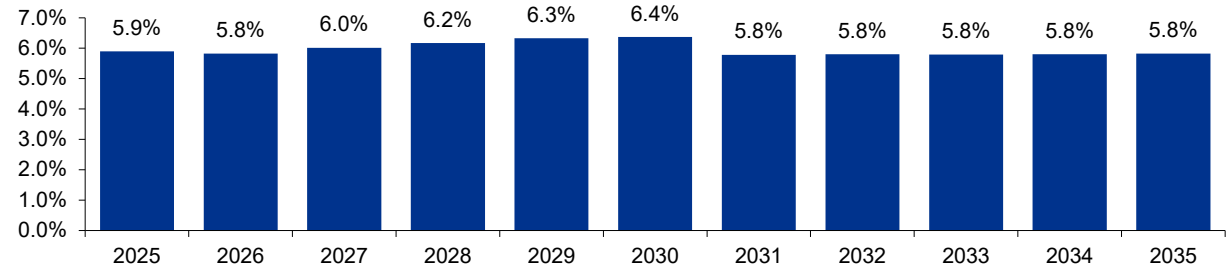
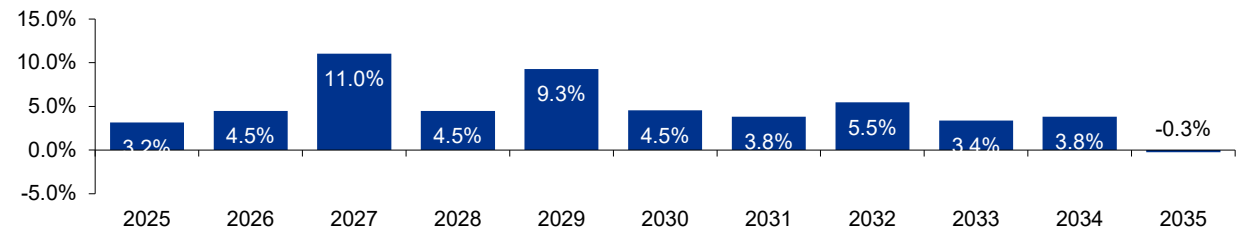


Figure 13. Capital additions as a percentage of total capital assets
2025 to 2036



City of Cornwall – Long-Term Financial Plan

Flexibility indicators

Flexibility is the degree to which government can increase its financial resources to respond to rising commitment, by either expanding its revenues or increasing its debt burden.

Total debt per household

Total debt is projected to increase drastically in the next three years based on capital funding needs followed by a gradual decline over the subsequent years of the LTFP. Meanwhile total households are expected to grow consistently, driving debt per household down.

Residential taxation as a percentage of household income

The rate of residential taxation relative to household income is projected grow for the next three years before a gradual decline. This is based primarily on the projected household income growth relative to near-term capital investments requiring levy funding.

Total taxation as a percentage of total assessment

The City may expect a slight upward trend of total taxation as a percentage of total assessment given the deviation between expense growth rates and taxable assessment growth rates.

Debt servicing as a percentage of total revenue

Debt servicing costs are expected to increase in a similar but lagging relationship to debt per household. However, many capital projects remain unfunded which will likely deepen the City's dependence on debt, filling in the moderate decline in debt servicing costs after 2030.

Figure 14. Total Debt per Household
2025 to 2035

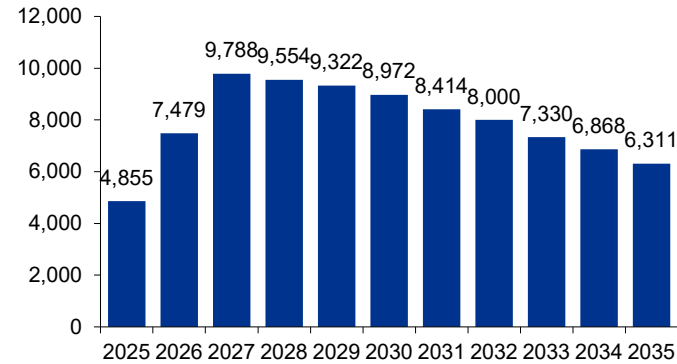


Figure 16. Total taxation as a percentage of total assessment
2025 to 2035

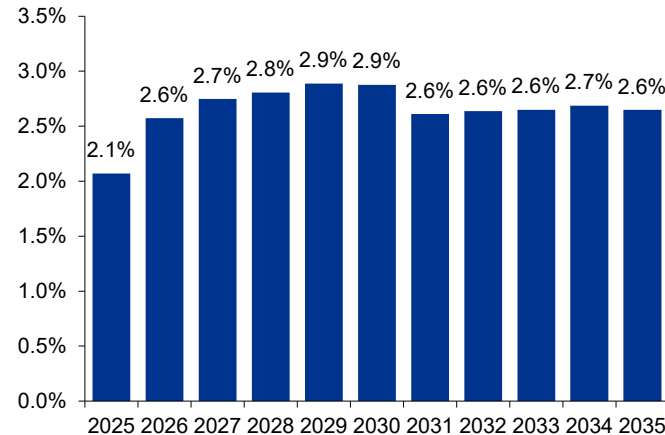


Figure 15. Residential taxation as a percentage of household income
2025 to 2035

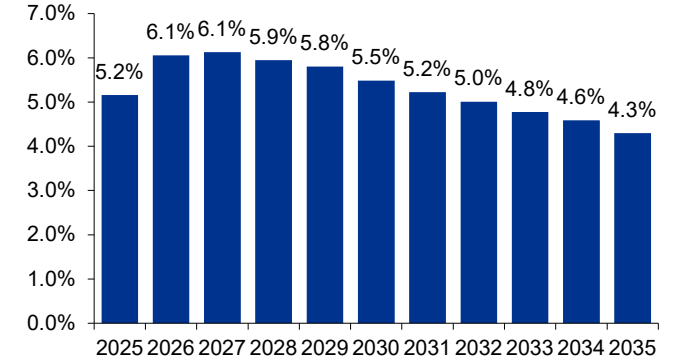
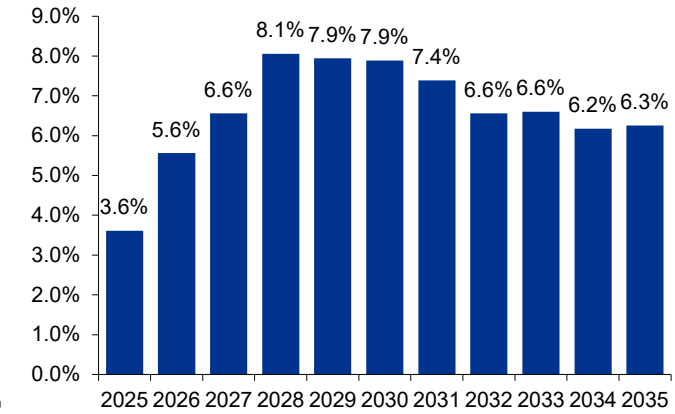


Figure 17. Debt servicing costs as a percentage of total revenue
2025 to 2035



City of Cornwall – Long-Term Financial Plan

Vulnerability indicators

Vulnerability is the degree to which the organization becomes dependent on, and therefore vulnerable to, source of funding outside its control or influence, both locally and provincially.

Operating grants as a percentage of total revenue

Operating grants includes both federal and provincial grants included across all departments' budgets. While declining slightly from a peak of 52.7% in 2026 to 45% in 2035, this figure represents a stable outlook in upper-government funding.

This projection may represent overconfidence in funding stability, and a deeper review of projected grant funding should be conducted. Moreover, with roughly half of operating revenue derived from grants, this represents some vulnerability to changes in funding formulas/programs.

Tangible capital asset grants as a percentage of total capital expenditure

This KPI fluctuates based on the capital plan shared by the City. While many projects have identified grant funding sources, many of the projects in the 10-year capital plan do not have funding sources identified and the confidence in securing grants (particularly in later years of the LTFP) may be overstated, representing some vulnerability.

Figure 18. Operating grants as a percentage of total revenue
2025 to 2035

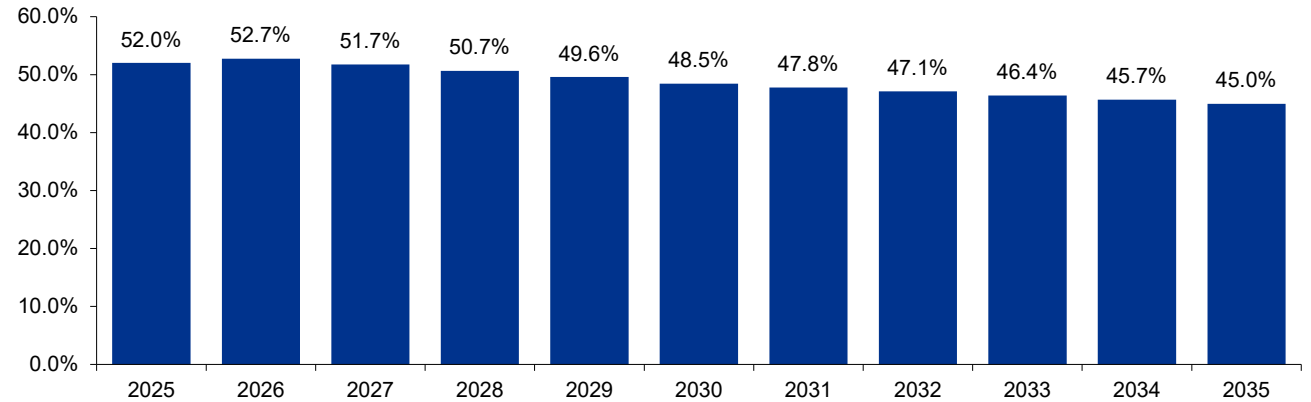
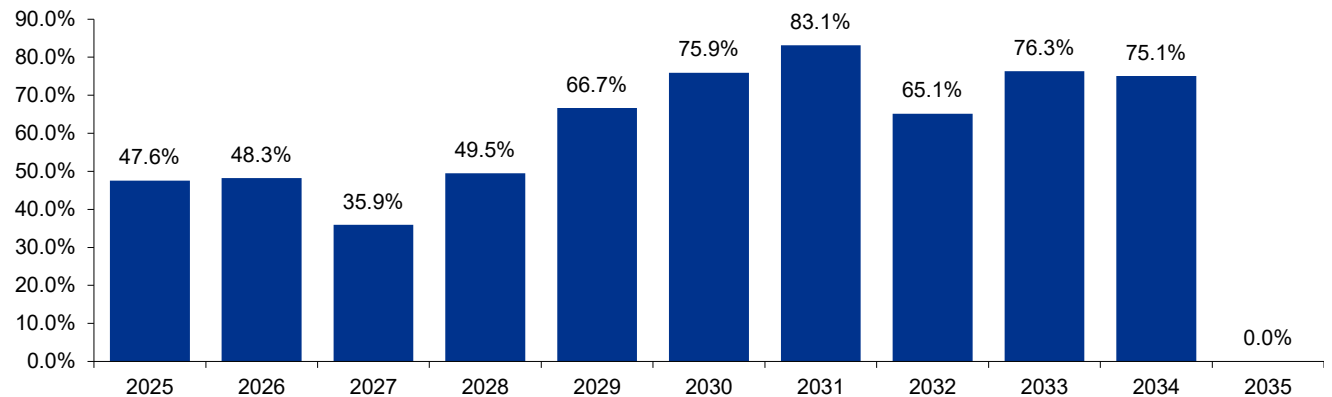


Figure 19. Tangible capital asset grants as a percentage of total capital expenditure
2025 to 2036



08

Policy review



Current state of assessment of financial policies

KPMG reviewed 20 corporate financial policies. The policy assessment reviewed the City of Cornwall’s financial policies pertaining to operating, capital, debt, reserves, tax, and other domains. The analysis focused on policy relevance, effectiveness, and alignment with best practices and legislation.

The policies reviewed include:

1. Accounts - Payment of (FI.adm03-09)
2. Cash Flow Management (FI.adm02-04)
3. Municipal Grants Program Policy (FI-2020-01-27-4)
4. Operational Budget Expenditures prior to Approval (FI.adm03-07)
5. Operational Budget (FI.adm03-08)
6. Procurement of Goods and Services (No formal policy number assigned)
7. Asset Management Policy (FI-2019-06-24-1)
8. Capital Budget (FI.adm02-02)
9. Capital Expenditure (FI.adm02-03)
10. Closing of Capital Projects (FI.acc02-01)
11. Development Charges Implementation Policy (No formal policy number assigned)
12. Investment Policy (FI.adm03-04)
13. Reserve Fund Policy / Reserve and Reserve Fund Policy Revised (FI.adm14-16)
14. Municipal Tax Registration (FI.adm03-06)
15. Sale and Disposition of Municipal of Lands Policy (FI.adm07-02)
16. Risk Management (FI.ins06-01)
17. Sewer Lateral Replacement Financing Program (FI.adm03-05)
18. Tax Accounts Collection (FI.bc07-04)
19. Treatment of Properties that do not sell at Municipal Tax Sales (FI.adm07-01)
20. Water Accounts Receivable Collection (FI.bc07-05)

Below are the key findings based on the review of all policies provided. The following slides detail specific gaps and overall status of each policy.



Many Policies Are Outdated

Most core financial policies (e.g., Accounts Payment, Cash Flow Management, Operational Budget, Capital Budget) have not been updated in 15 years, exceeding standard municipal review cycles. This increases risk of misalignment with current legislation, technology, and best practices



Performance Measurement and Reporting Deficiencies

Few policies include defined KPIs, performance metrics, or compliance monitoring mechanisms. Reporting requirements are vague or absent, reducing transparency and effectiveness.



Digital Modernization Needed

Most policies do not address digital tools, automation, or modern banking/payment practices. Opportunities exist to integrate eProcurement, online payments, and data analytics into policy.



Gaps in Governance and Controls

Several policies lack robust internal control frameworks, segregation of duties, and audit trails. Risk management principles are rarely referenced, leaving gaps in oversight and accountability.



Limited Integration with Strategic Planning

Policies often operate in isolation from the Long-Term Financial Plan (LTFP) and strategic objectives. There is minimal linkage between budgeting, asset management, and broader financial strategies.



Equity, Transparency, and Public Engagement

Policies lack explicit provisions for equity, stakeholder engagement, and public transparency. There are limited mechanisms for appeals, community input, or disclosure.

Policy recommendations

Policies, Procedures, and By-laws: Governance Principles

- **Policies** should set out *high level* principles, objectives, and governance frameworks approved by Council. They define “what” and “why”.
- **Procedures** (or operational guidelines) detail the “how”. They include step-by-step processes, roles, and controls for staff to implement policies. Procedures are typically approved by management, not Council.
- **By-laws** are a law passed by municipal Council under its legislative authority (e.g., Municipal Act). It is legally binding within the municipality.

Best-practice principles for financial policies:

- **Role of Council:** Council should focus on high-level, strategic policies that set direction, objectives, and boundaries. Operational details and procedures should be delegated to staff and documented as SOPs (Standard Operating Procedures).
- **Policy versus procedure:** Policies should answer “what” and “why” (goals, principles, boundaries), while SOPs should answer “how” (steps, responsibilities, tools).
- **Review cycle:** All policies should have a mandatory review cycle (e.g., every 3-5 years) to ensure ongoing relevance and compliance.
- **Performance targets and measuring:** Policies should include KPIs, benchmarks, and regular reporting to encourage compliance and continuous improvement.

Step 1: Recategorize operational procedures

KPMG reviewed the City’s 20 financial policies with both a legislative and leading practice lens to determine the appropriate governance structure, whether that be a policy of Council or a procedure of management.

Step 2: Logically group topics

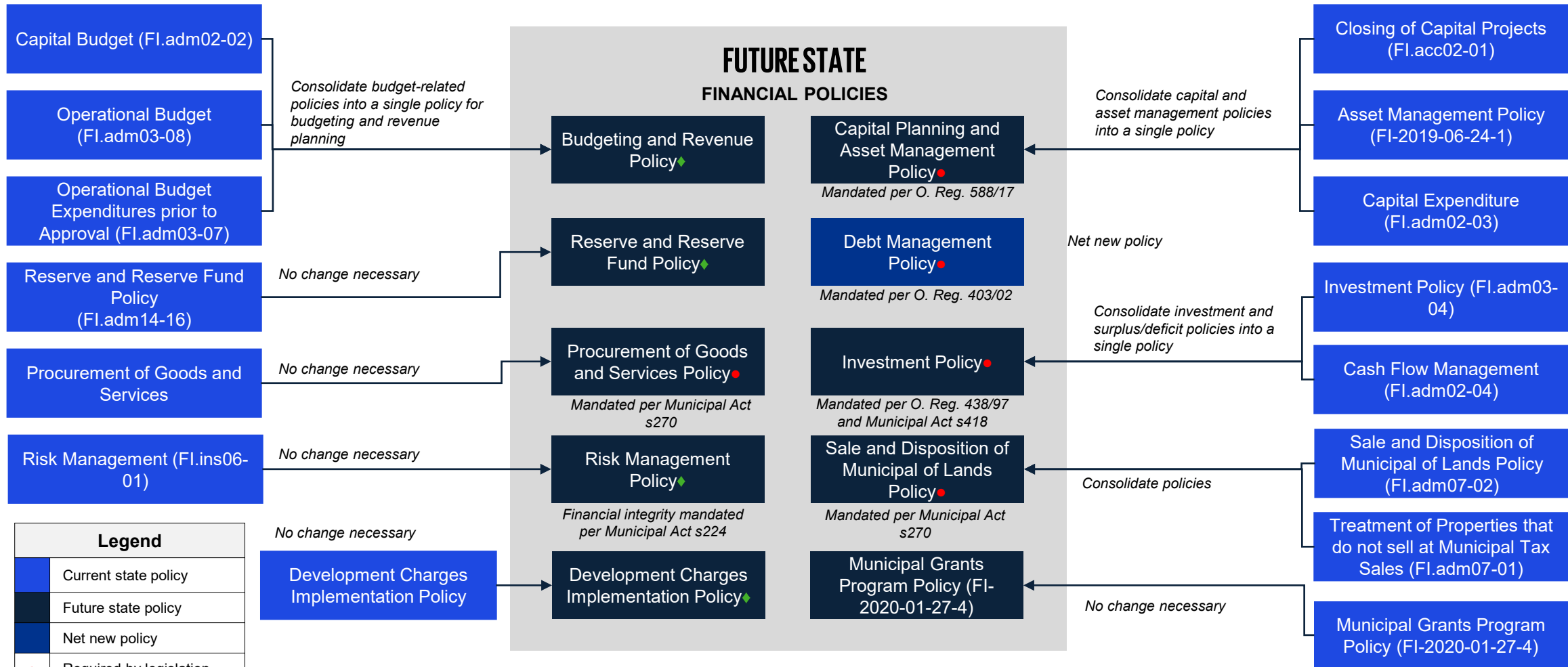
Based on intersection of coverage, the policies were grouped to avoid overlap and redundancies.

Step 3: Address gaps and update list

The list of future state policies includes:

1. **Budgeting and Revenue Policy.** Sets principles for preparing, approving, and managing the annual budget, including revenue sources (taxation, user fees, grants). Defines roles, timelines, public engagement, and performance measurement.
2. **Reserve and Reserve Fund Policy.** Establishes the framework for creating, maintaining, and using reserves and reserve funds. Sets targets, usage principles, reporting, and review cycles.
3. **Procurement Policy.** Defines principles and rules for acquiring goods and services, including competitive bidding, ethical sourcing, supplier diversity, and compliance monitoring.
4. **Risk Management Policy.** Sets out the municipality’s approach to identifying, assessing, and mitigating risks (financial, operational, cyber, climate, etc.). Includes governance, reporting, and continuous improvement.
5. **Development Charges Implementation Policy.** Outlines the City’s procedures for applying, deferring, and exempting development charges in accordance with the Development Charges Act.
6. **Capital Planning and Asset Management Policy.** Establishes principles for planning, funding, and managing municipal infrastructure and assets. Integrates lifecycle costing, climate change, and stakeholder engagement.
7. **Debt Management Policy.** Sets limits, approval processes, and monitoring for municipal debt. Ensures compliance with provincial regulations and links debt decisions to long-term financial sustainability.
8. **Investment Policy.** Defines objectives, eligible investments, risk management, and reporting for municipal funds. Ensures safety, liquidity, and return in compliance with legislation.
9. **Sale and Disposal of Land Policy.** Guides how the City disposes of surplus land/assets, ensuring compliance with notice requirements and obtaining fair market value (protecting public interest in municipal assets).
10. **Municipal Grants Program Policy.** Framework for providing modest financial and in-kind support to eligible non-profit community organizations through a transparent, annual application process.

Detailed financial policy recommendations



Note 1: "Changes" on this slide refer to additions/consolidations of policies.

Note 2: Missing policies are assumed to be exchanged with procedures and do not warrant policy coverage.



09

Summary and conclusions

Recommendations and conclusions

Supporting the Plan

The long-term financial plan for the City of Cornwall was built on three key building blocks:

- 1. Continue life-cycle costing and building of reserves.** Based on the 2017 LTFP, the City was advised to implement life-cycle costing, a leading practice in the replacement of capital assets. The City should continue embedding the culture of life-cycle costing throughout the organization by ensuring reserve and reserve fund balances are sufficient to fund capital plans.
- 2. Multi-year budgeting** is being considered to improve long-term planning, address recurring operating pressures, and reduce the need for annual budget preparation, with the expectation that it will provide more accurate forecasting and stability. The long-term financial model was designed based on the structure of the City’s budget rather than the FIR (financial information return) to support multi-year budgeting.
- 3. Financial policies and principles** are recommended to be updated/adopted in support of the LTFP based on leading practices and streamlining governance of key financial decisions.

01

Maintaining the Long-term Financial Plan

The long-term financial plan outlined in this report represents a forecast of the City’s financial performance and position under a series of documented assumptions. The City should update the LTFP annually, based on:

- The most recent operating and capital budgets, which will update the financial forecasts of revenues and expenditures.
- The most recent financial position of the City, including reserve and reserve fund balances, staffing levels, and debts.
- Revised key assumptions, which will reflect changes to the financial operating environment since the initial financial forecast considered in the long-term plan.

The annual updating of the long-term financial plan is anticipated to occur following the finalization of the City’s operating and capital budgets. As a process that supports overall planning, budgeting, and evaluating structure, the maintenance of the LTFP will provide updated indicators that can be used to determine whether performance is within the desirable ranges established and the extent to which trends indicate financial challenges that require preemptive action.

02

Communicating Results

As a means of communicating the City’s achievement of the financial principles identified in the long-term financial plan, it is recommended that the annual budget process include reporting on the City’s financial indicators, including trends in the financial indicators, outliers from the desirable performance ranges, and a comparison of the City’s indicators to select peer communities, with Municipal staff providing Council with an indication as to how the annual budget addresses the issues or opportunities identified by the indicators.

03

Capital risks to consider

Project funding is largely undetermined

As part of the LTFP, it is important to acknowledge a key financial risk related to the City's 10-year capital plan. While the draft capital plan has been integrated into the model, its financing structure has not been fully detailed. The plan assumes funding sources for 347 of the 578 planned capital projects (62%). 196 (or 38%) of projects, valued at \$374 million, are currently unfunded. The plan only reflects projects that are 100% funded. Consequently, the current model may not accurately reflect future realities.

Recommendation: To address this issue, it will be important for the City to undertake more comprehensive planning regarding the feasibility of projects in the capital plan. In doing so, the financial model can better align with realistic funding scenarios and more accurately represent financial capacity and obligations for debt repayment and reserve contributions.



Plan for the use of debt and reserve financing

Capital project timing

The City is devoted to aligning its actual capital projects and plans with the Asset Management Plan, ensuring municipal assets are maintained and replaced based on condition standards and objective assessments. To maintain consistent and manageable financial impact, the City must consider the timing of capital projects from a funding perspective as well as a replacement/maintenance perspective.

Projects can be clustered based on either logic, but this can create disproportionately high share of capital spending in some years. Such an approach poses significant challenges such as strains on the City's financial capacity (e.g., surpassing sustainable debt levels or requiring impactful tax increases) and operational capacity (e.g., overburdening internal resources during peak periods).

Recommendation: The City will need to review capital project timelines to align with both financial and operational capacity. This will involve distributing projects more evenly over the planning period to avoid spikes in spending that may jeopardize adherence to financial principles such as debt limits.



Smooth capital project sequencing to minimize volatility in the capital levy

Mult-year budgeting process – future state

Council should adopt a **four-year rolling budget** aligned with the Council term, beginning with the 2027-2030 budget period (the next full term after the 2026 municipal election). The initial multi-year budget would be prepared during 2026 and approved in late 2026 or January 2027 by the incoming Council.

The timing syncs the multi-year budget with the City’s strategic and political cycle, providing a stable financial roadmap for the Council’s term. Each year, the **annual budget review and update** will be conducted to re-confirm the following year’s budget and incorporate any necessary changes, as required by law and good practice.

See **Appendix G** for more details about the multi-year budgeting process.

Phase 1: Preparation

Framework development – Finance drafts a Multi-year Budget Policy and gains Council’s endorsement. This would codify the process including defining what constitutes permissible annual amendments, public engagement commitments, and how multi-year budgeting integrates with other financial policies.

Staff training and data setup – Ensure financial systems can produce multi-year projections. Develop the budget templates to show four-year forecasts for each department.

Phase 3: Annual update Cycle

Every Q3 prepare for next year – Finance will coordinate an update of the next year’s budget and compare actual financial performance and new economic conditions to the multi-year plan.

Every Q4 Mayor’s proposed annual amendments – By October, the Mayor tables a budget update for the upcoming year (and revised forecasts for the later years).

December each year adoption of next year’s budget – Using the streamlined process, Council will approve the budget for the upcoming year by year-end, locking in the tax levy and allocations, while also ratifying the outlook for the remaining years.



Phase 2: Multi-year budget adoption and initial approval

Strategic priority setting – Staff can compile a legacy and emerging issues report to brief incoming officials on expected budget pressures.

Draft multi-year budget – Earlier in the election year, staff can begin preparing a four-year business plan and budget submission for the 2027-2030 budget.

Preliminary Mayor’s review – The early Fall after the election, the Mayor should use this time to refine the draft budget.

Council and public engagement – Hold a special orientation on the draft 2027-2030 budget for the Mayor and Councillors so they can begin to understand and suggest tweaks.

Approval – The Mayor would formally table the multi-year budget, incorporate any adjustments, and approve the budget.

Phase 4: Mid-term review

Q2 2028 – Halfway through the multi-year cycle, Cornwall should undertake a deeper review of the remaining two years (2029-2030). By mid-2028, the City will have two years of actuals under the multi-year budget, a good point to assess if the overall financial strategy is working.

Phase 5: Performance monitoring

Quarterly reports to Council – Every quarter, Finance could report on budget versus actuals, and highlight any trends that could affect the multi-year outlook

Annual financial statements and indicators – After each fiscal year end, the City’s financial statements and indicators will be reviewed against multi-year budget assumptions.

Public transparency – Maintain a dedicated section on the City’s website for the 2027-2030 multi-year budget with the original plan, annual update documents, and **easy-to-read scorecards on progress.**

10 Appendix

The background of the slide features a hand pointing at a computer monitor. The monitor displays several data visualization charts, including line graphs and bar charts, all rendered in a light blue color. The entire scene is overlaid with a semi-transparent blue gradient, which is darker on the left side where the text is located and lighter towards the right. The overall aesthetic is clean and professional, typical of a corporate or technical presentation.

Appendix A

Scope of review

Project Approach

Phase 1: Initiate August	Phase 2: Assess August – September	Phase 3: Strategize September – October	Phase 4: Report October – November
This phase laid a strong foundation for the project through the facilitation of introductory and kick-off meetings with the City's Project Team.	This is the stage where KPMG will understand and evaluate the City's overall financial health, history, current state, and sustainability of the current services provided.	In this phase, KPMG created a financial model and long-term financial plan based on the current state assessment completed.	Once the financial model was developed, KPMG extracted the key findings and outputs generated by the model in a draft final report with the financial plan.

Stakeholders engaged

Stakeholder title			
CAO (Chief Administrative Officer) Property Tax Supervisor	Treasurer and General Manager of Financial Services Accounting Supervisor	Deputy Treasurer and Finance Manager Coordinator of Financial Projects and Policies	Finance Manager, Shared Services Interim General Manager of Human Resources
Chief of Paramedic Services	Director of Information Technology, Digitization, Innovation & Special Projects	Director of Development and Building Services	General Manager of Infrastructure and Municipal Works
Deputy CAO and Fire Chief	General Manager of Human Services	Director of Legal and Legislative Services	Director of Communications, Government Relations, and Strategic Planning
Chief of Police			

Documents Reviewed

Document title			
2024 Asset Management Plan	2025 10Y Capital forecast	2025 Water and Wastewater Budget Presentation	Capital Funding Breakdown
HR Service Review Report – May 2024	2022 Asset Management Plan Core Infrastructure	Official Plan	Strategic Priorities 2022-2026
Debt Schedule Projection at July 3 2025	HR Staffing Implementation Plan	2017 LTFP Presentation	Reserve and Reserve Fund Listing
Reserve Schedule June 30 2025	Progress Fund Report June 30 2025	One Bond Fund	Payment of Accounts Policy
Cash Flow Management Policy	Municipal grants Program Policy	Operational Budget Expenditures prior to Approval Policy	Operational Budget Policy
Procurement of Goods and Services Policy	Asset Management Policy	Capital budget Policy	Capital Expenditure Policy
Closing of Capital Projects Policy	Development Charges Implementation Policy	Investment Policy	Reserve and Reserve Fund Policy
Municipal Tax Registration Policy	Sale and Disposal of Lands Policy	Risk Management Policy	Sewer Lateral Replacement Financing Program Policy
Tax Accounts Collection Policy	Treatment of Properties that do not sell at Municipal Tax Sale Policy	Water Accounts Receivable Collection Policy	

Appendix B

Summary of stakeholder feedback

City of Cornwall – Long-Term Financial Plan

Financial organization

For the purposes of the LTFP, the City's financial activities (i.e., expenses, revenues, reserves, and debt) are grouped based on the structure presented in the table on the right. This includes the following grouping:

1. General Government
2. Shared Services
3. Protective Services
4. Infrastructure and Municipal Works
5. Planning, Development, and Recreation
6. Community Partners (Cornwall Public Library, Eastern Ontario Health Unit, conservation authorities, etc.)

KPMG interviewed internal stakeholders of the City to understand the organization's financial priorities and challenges, assets and liabilities, and operating and capital needs.

Note 1: The structure of financial organization is based on KPMG grouping of budget accounts and does not reflect the City's organizational structure.

Note 2: Figures presented in this section may not balance correctly due to rounding.

Source: City of Cornwall 2025 Budget Submission, Draft Operating and Capital Budgets

Table 9. Draft operating and capital budget
(2025)

Program	Department	Expenses	Revenues	Net Capital	Net Levy
1. General Government	Council	586,432	0	0	586,432
	Executive and Legal Services	2,363,054	250,000	0	2,113,054
	Human Resources	4,231,040	1,200,000	0	3,031,040
	Financial Services	7,057,431	1,529,350	0	5,528,081
	Non-Departmental	6,509,378	111,097,365	0	-104,587,987
	Subtotal - General Government		20,747,335	114,076,715	0
2. Shared Services	Ontario Works	24,295,510	23,885,444	0	410,066
	Children's Services	22,147,662	22,193,689	0	-46,027
	Community Housing	27,477,475	20,270,604	0	7,206,871
	Glen Stor Dun Lodge	23,138,832	19,300,901	108,863	3,946,794
	Cornwall SDG Paramedic Services	24,107,557	19,611,401	0	4,496,156
	Subtotal - Shared Services		121,167,036	105,262,039	108,863
3. Protective Services	Fire and Emergency Management Services	13,146,032	1,000,120	0	12,145,912
	Cornwall Police Service	27,776,687	3,842,567	188,962	24,123,082
	Subtotal - Protective Services	40,922,719	4,842,687	188,962	36,268,994
4. Infrastructure and Municipal Works	Municipal Works	9,176,416	4,606,505	400,000	4,969,911
	Roads Department	4,718,580	81,008	0	4,637,572
	Transit Services	7,826,866	2,841,688	0	4,985,178
	Infrastructure Planning	5,383,204	2,092,094	45,000	3,336,110
	Waste Management Services	7,333,845	2,679,450	50,000	4,704,395
	Subtotal - Infrastructure and Municipal Works	34,438,911	12,300,745	495,000	22,633,166
5. Planning, Development, and Recreation	Economic Development	2,290,045	1,423,021	0	867,024
	Planning Services	1,172,778	439,000	0	733,778
	By-law Services and Parking Program	1,597,048	1,099,041	0	498,007
	Building Services	1,836,751	2,860,806	0	-1,024,055
	Recreation Services	4,582,728	3,965,932	0	616,796
	City Facilities	12,957,073	2,679,439	40,000	10,317,634
Subtotal - Planning, Development and Recreation	24,436,423	12,467,239	40,000	12,009,184	
6. Community Partners	Community Partners	5,102,092	189,826	0	4,912,266
TOTAL		246,814,516	249,139,251	832,825	-1,491,910

City of Cornwall – Long-Term Financial Plan

Stakeholder feedback

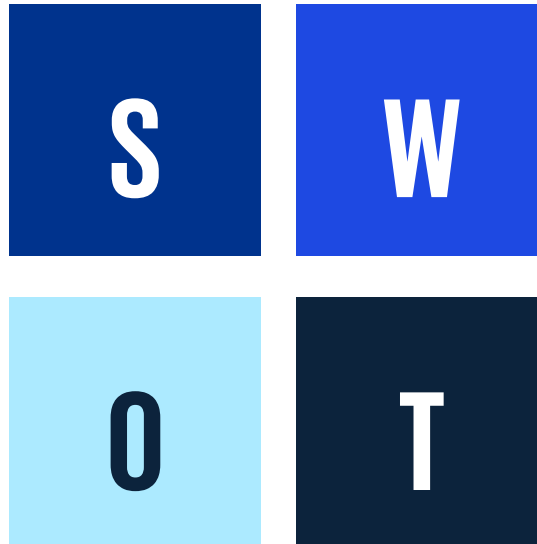
Based on the targeted stakeholder consultation, this slide summarizes internal and external factors that may impact the City's long-term financial plans. Feedbacks are organized in a SWOT (strengths, weaknesses, opportunities, threats) analysis:

Strengths

- The City successfully implemented its first LTFP in 2017, that supported robust financial planning.
- Foundational financial policies are in place to support sustainable financial planning.
- The City has strong financial data to inform decisions.
- General managers and Directors have a strong understanding of the financial position, obligations, priorities, and challenges of the services they provide.
- Following a transition to a new CAO earlier in 2025, the City underwent a restructuring to ensure a balanced span of control among leaders.
- Financial reporting and monitoring are in place. Financial Services delivers monthly and quarterly financial reports for departments and Council detailing projections to year end, capital project, reserve fund schedules, and other critical information.

Opportunities

- The City is expecting its population and assessment base to continue growing over the next 10 years at an average annual rate of 0.5% and 2.0% respectively.
- The City intends to begin multi-year budgeting as an outcome of the LTFP.
- User fees and cost recovery targets could be assessed to ensure financial sustainability.



Weaknesses

- The City will be exceeding the City's self-imposed debt limit within the next 1-2 years based on current capital plans.
- The sustainability of reserves and reserve funds is unclear. The City drew down its reserves last year by \$5.1 million and contributions of \$2.6 million to replenish the reserves and reserve funds were deferred.
- Council targets tax increases no greater than the rate of inflation which has contributed to financial pressure.
- The City has some capital/infrastructure project funding gaps. The 10-year capital plan includes 543 projects and 196 (or 36%) are currently unfunded.
- The City does not have a workforce plan(s) detailing future staffing needs. It is unclear how the City's organizational structure and capacity will be impacted by growth.

Threats

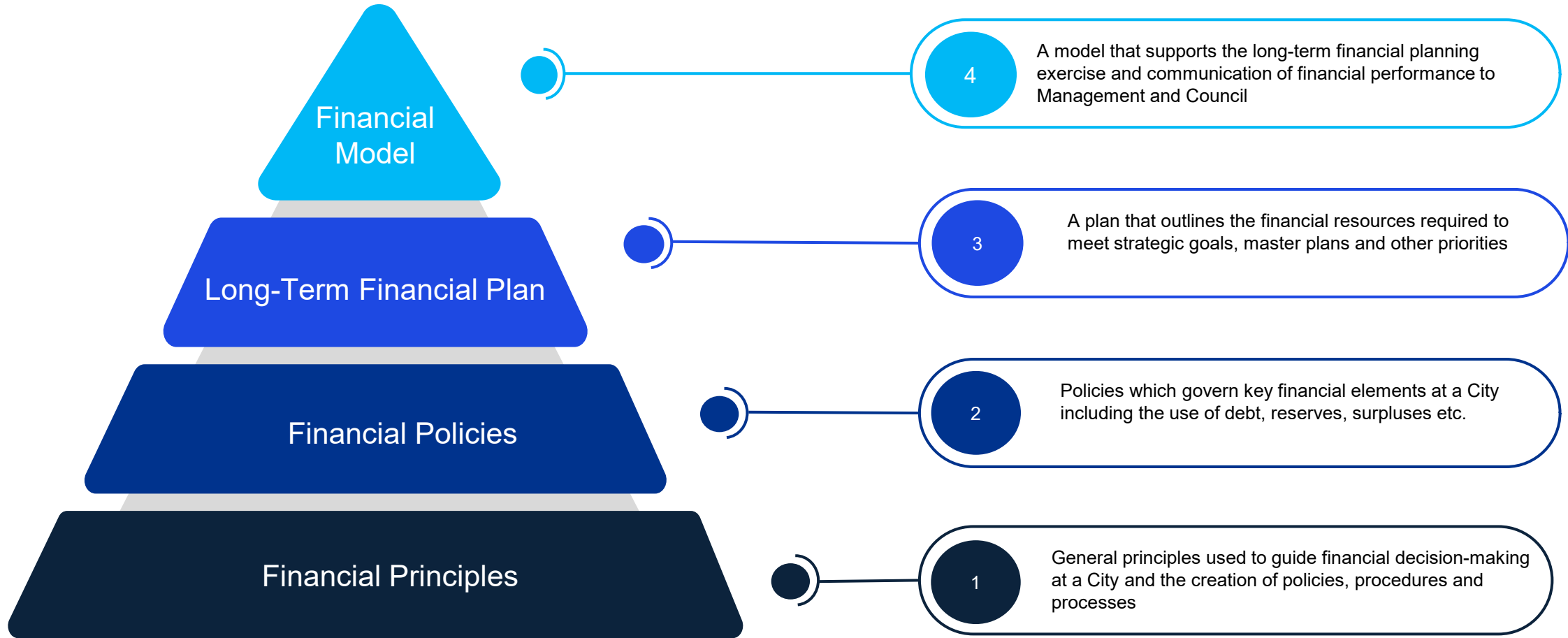
- As the City's population grows and shifts, community-facing services will face increasing pressure to maintain their current service levels with higher demand (e.g., increase road maintenance) and meet the changing needs of the dominant age group (e.g., seniors planning).
- As the largest population centre in SDG (Stormont, Dundas and Glengarry), the City indirectly provides municipal services to neighbouring municipalities (e.g., parks and recreation centers).
- Grant funding vulnerability is high for services such as Paramedic and Human Services. Ministry funding can be unpredictable and is in many cases paid in retrospect.

Appendix C

Gap analysis

The Financial Sustainability Framework

KPMG suggests the following four (4) elements to create a robust financial framework for the City. The Sustainability Framework is used to assess gaps and formulate recommendations.



Sustainability Framework: Gap analysis

	Existing Elements Present at the Municipality	Observation / Gap
1. Financial Principles	1. The City has principles outlined in specific financial policies e.g., annual budget principles.	<ol style="list-style-type: none"> 1. The Municipality does not have consolidated, formal financial principles approved by Council. 2. During stakeholder consultation, there was no mention of financial principles to guide decisions aside from the corporation’s self-imposed debt limit.
2. Financial Policies	<ol style="list-style-type: none"> 1. Existing financial policies pertaining to: <ol style="list-style-type: none"> I. Operating and capital II. Cash management III. Asset management IV. Debt management V. Reserves and surplus VI. Investments VII. Procurement VIII. Taxes and receivables 	<ol style="list-style-type: none"> 1. Overall, the City has a comprehensive inventory of financial policies pertaining to all key aspects of financial management. 2. Some policies have not been reviewed in over 15 years. There may be an opportunity to instate a policy review date on all policies to require routine review. 3. Some policies have room for improvement to ensure alignment with leading practices and proportional risk controls. 4. Based on proposed changes to financial principles (e.g., debt limitations), policies may require updates.
3. Financial Plan	1. 2017-2027 Long Term Financial Plan (approved by Council)	<ol style="list-style-type: none"> 1. The financial plan is not reflective of the current state of the City. Despite covering the period between 2017 and 2027, the plan became outdated as master plans and Council priorities shifted from the original assumptions. 2. There is no municipal policy requiring master plans to include financial projections before obtaining approval from Council. As a result, many master plans at the City have received approval without fully understanding their implications on the City’s financial plan.
4. Financial Model	1. 2017-2027 Long Term Financial Plan (approved by Council) included the financial model which supported multi-year financial projections. Since adoption, the model has been updated annually and compared to the original projections to measure deviation.	<ol style="list-style-type: none"> 1. Each department has their own financial perspective on long-term capital expenditures and master plans. 2. The existing financial model has limited scenario analysis capabilities.

Appendix D

Interview guides

City of Cornwall – Long-Term Financial Plan

Interview guides



City of Cornwall Long-term Financial Plan Interview Guide Version: CAO

The City of Cornwall engaged KPMG to develop a long-term financial plan (LTFF) that reflects the long-term capital, operating, staffing, revenue sources, reserves and reserve funds needs of the City.

As part of the project, KPMG is conducting interviews with key stakeholders. The purpose of the interview is to confirm our understanding of municipal services and plans, document financial priorities and challenges, assess the City's current financial position, and identify any gaps and opportunities for improvement.

The interviews are expected to last 45 to 60 minutes. In preparation for the interview, kindly review the questions numbered below. KPMG project staff will document responses and will summarize the results to inform the LTFF.

KPMG appreciates your contribution, time and effort and look forward to connecting with you over the following weeks. Should you have any questions, please contact **Anne Lindsay** at anelindsay@kpmg.ca.

- 1) How would you assess the City's current financial health? What are the key financial indicators you monitor to determine financial health?
- 2) Does the City have financial principles to guide decisions and financial policies to guide actions?
- 3) What are Council's strategic priorities and vision for the City over the next 10 years?
- 4) What are the main barriers to accomplishing these priorities and vision? What are the most significant financial risks facing the City today and in the future?
- 5) To what extent do you anticipate the City will grow over the next 10 years? Is the City positioned effectively to accommodate this growth or will changes be necessary (e.g., workforce size, organizational structure, investment in technology)?
- 6) What is the City's approach towards debt? How do you feel about the City's current level of indebtedness?
- 7) How would you assess the City's current reserve and reserve funds position?
- 8) What questions would you like us to answer through the LTFF?
- 9) What outcomes do you hope to achieve through the LTFF?

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City of Cornwall Long-term Financial Plan Interview Guide Version: Finance Department

The City of Cornwall engaged KPMG to develop a long-term financial plan (LTFF) that reflects the long-term capital, operating, staffing, revenue sources, reserves and reserve funds needs of the City.

As part of the project, KPMG is conducting interviews with key stakeholders. The purpose of the interview is to confirm our understanding of municipal services and plans, document financial priorities and challenges, assess the City's current financial position, and identify any gaps and opportunities for improvement.

The interviews are expected to last 45 to 60 minutes. In preparation for the interview, kindly review the questions numbered below. KPMG project staff will document responses and will summarize and present the results to inform the LTFF.

KPMG appreciates your contribution, time and effort and look forward to connecting with you over the following weeks. Should you have any questions, please contact **Anne Lindsay** at anelindsay@kpmg.ca.

- 1) How would you assess the City's current financial health? What are the key financial indicators you monitor to determine financial health?
- 2) Does the City have financial principles to guide decisions and effective financial policies to guide actions?
- 3) What is the current status of the City's various plans and studies including AMP (Asset Management Plan), DC (Development Charges) Study, Strategic Plan, departmental master plans, and other key documents? Do these documents continue to reflect the current priorities and plans of the City?
- 4) What financial challenges is the City currently facing? What challenges do you expect to face over the next 10 years?
- 5) What is the City's approach towards debt? How do you feel about the City's current level of indebtedness?
- 6) How does the City leverage reserves and reserve funds to support its financial plan?
 - a) Do your reserves and reserve funds have minimum balance and contribution targets? Are you effective in meeting those targets?
 - b) How do you determine annual contributions to reserves and reserve funds?
 - c) Do you engage in lifecycle costing?
- 7) Does the City have dedicated resources for grant applications? To what extent does the municipality depend on grant funding to provide services?
- 8) Provide an overview of the City's current investment strategy. How satisfied have you been with recent returns? Is there any interest or plan to reassess or modify the existing investment strategy?
- 9) Please describe the current annual budgeting process.
 - a) When does the process approximately begin and end?
 - b) When do you begin to engage Council? What information is presented to Council? Do you believe Council receives appropriate/sufficient information to inform financial decisions?
 - c) Are there any challenges or gaps in the budgeting process you would like to see addressed?
- 10) What outcomes do you hope to achieve through the LTFF?

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City of Cornwall Long-term Financial Plan Interview Guide Version: Department Leadership

The City of Cornwall engaged KPMG to develop a long-term financial plan (LTFF) that reflects the long-term capital, operating, staffing, revenue sources, reserves and reserve funds needs of the City.

As part of the project, KPMG is conducting interviews with key stakeholders. The purpose of the interview is to confirm our understanding of municipal services and plans, document financial priorities and challenges, assess the City's current financial position, and identify any gaps and opportunities for improvement.

The interviews are expected to last 30 to 60 minutes. In preparation for the interview, kindly review the questions numbered below. KPMG project staff will document responses and will summarize and present the results to inform the LTFF.

KPMG appreciates your contribution, time and effort and look forward to connecting with you over the following weeks. Should you have any questions, please contact **Anne Lindsay** at anelindsay@kpmg.ca.

- 1) Please provide an overview of your department and services provided.
- 2) What is your department's current staffing level? Do you have an active workforce plan? How do you anticipate your department growing over the next 10 years?
- 3) What are your current financial priorities?
- 4) What financial challenges is your department currently facing? What challenges do you expect to face over the next 10 years?
- 5) What are the main capital expenditures your department is anticipating over the next 10 years? Are these captured in a master plan, asset management plan, or other planning documentation?
- 6) Does your department have a dedicated reserve/reserve fund?
 - a) How do you feel about the current balances of your available reserves? Do these reserves have target balances?
 - b) How do you determine annual transfers to/from these reserves?
- 7) How does your department leverage debt financing? How do you determine when projects should be financed by debt versus other sources?
- 8) Does your department receive grant funding?
 - a) To what extent do your department's operations depend on grant funding? Do you believe funding from provincial/federal sources is of high risk?
 - b) What is your current success rate in grant applications? Are there opportunities to increase grant funding?
- 9) Please describe the current annual budgeting process from your perspective.
 - a) How does your department determine budget increases? What information is presented to Council?
 - b) Are there any challenges or gaps in the budgeting process you would like to see addressed?
- 10) What outcomes do you hope to achieve through the LTFF?

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Appendix E

Financial principles

Proposed financial principles

#	Financial Principle	PSAB Classification	Description
1	User fees based on Cost Recovery Beneficiary Pay principle	Flexibility	Completed User Fee Study – maximize use of cost-recovery from consumers of identifiable services.
2	User Fees employ Full Cost Recovery Based on Activity Costing	Flexibility	Completed User Fee Study - All direct and indirect costs including overhead are recovered from the consumers of the activity.
3	Debt Management	Sustainability	Debt Charges to gross current expenditures not to exceed 15%. This sets maximum annual debt charges in relation to total current operating expenditures.
4	Debt Management	Flexibility	Maximum Debt Load of 25% of annual debt repayments from general taxpayers. Calculated annual debt interest and principle payments funded from general levy in relation to total debt charges.
5	Debt Management	Sustainability	Annual Debt Repayment Set At Maximum of 15% of net own-source revenues. This financial indicator provides an indication as to the Municipality’s overall indebtedness by calculating the percentage of revenues used to fund long-term debt servicing costs. The Municipality’s ability to issue additional debt may be limited if debt servicing costs on existing debt are excessively high.
6	Debt Management	Vulnerability	Debt Financing is a last resort tool for one time projects where insufficient life-cycle costing funds are available.
7	Debt Management	Vulnerability	Debt financing as a last resort for low-dollar-value projects. This indicator measures the number of projects which are planned to be financed in part or entirely by debt whereby the project is valued at less than \$2.5 million. In the cases of these projects, best practice is to leverage reserves, grants, tax levy, or other sources as opposed to indebting the municipality.
8	Establishment of an Operating Stabilization Reserve	Flexibility	At year end, any net operational results will be transferred to/from the Operating Stabilization Reserve
9	Establishment of a Capital Stabilization Reserve	Flexibility	Budget variances resulting on approved capital projects will be funded from the Capital Stabilization Reserve
10	Establishment of a Capital Levy adjusted annually by construction index	Vulnerability	The capital levy is applied to projects that are typically not funded by long-term financing. The annual construction price index as determined by Stats Canada is used to determine the annual inflationary impacts on ongoing capital maintenance projects

Proposed financial principles

#	Financial Principle	PSAB Classification	Description
11	Targeted Operating Rate Stabilization Reserve Balance	Sustainability	Targeted Operating Rate Stabilization Reserve Balance 10% of annual operating expenditures (not including shared services) to provide the City with protection from unforeseen operating budget variances.
12	Targeted Capital Rate Stabilization Reserve Balance	Sustainability	Targeted Capital Rate Stabilization Reserve Balance 10% of annual Capital expenditures to provide the City with protection from unforeseen budget variances on capital projects/purchases.
13	Current Capital and Operating Budgets must be completed before December 31 st of applicable year	Flexibility	Final Council approval of the upcoming annual budget must be completed prior to the end of the preceding year. This allows the City the greatest opportunity to deliver optimum results on both capital and operating projects.
14	Life cycle Asset Management	Sustainability	Completed asset management plan using life-cycle costing tied to the long-term financial plan.
15	Life cycle Asset Management	Sustainability	Capital additions as a percentage of amortization expense – provides an assessment of the Municipality's efforts to replace its end-of-life capital assets. In the absence of meaningful reinvestment in tangible capital assets, the Municipality's ability to continue to deliver services at the current levels may be compromised.

Appendix F

Current state policy assessment

City of Cornwall – Long-Term Financial Plan

Financial Policies: Operating

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Accounts – Payment of <i>Fl.adm03-09</i>	This policy outlines the procedures for processing payments of accounts and commitments within the Corporation of the City of Cornwall. It includes requirements for invoice authorization, use of corporate purchasing cards, scheduling of payments, and approval protocols for urgent payments.	November 25, 2007 (not revised since original approval)		<ul style="list-style-type: none"> Overdue for review: The policy has not been updated in over 15 years, which is well beyond standard municipal policy review cycles (typically every 3-5 years) No digital payment integration: The policy does not address electronic funds transfer (EFT), online banking, or automated payment systems now commonly used in municipal finance. Limited internal control details: Addition guidance on segregation of duties, audit trails, or fraud prevention measures is needed. <ul style="list-style-type: none"> Exemption not justified: The exclusion of Community Police Services and Social housing Services is noted but not explained or justified. Urgent payment protocols lack safeguards: The discretion given to the General Manager of Financial Services for urgent payments lacks checks and balances or escalation procedures. No performance metrics or compliance monitoring: The policy does not include any mechanisms for tracking timeliness, accuracy, or compliance with payment procedures.
Cash Flow Management <i>Fl.adm02-04</i>	This policy outlines the City of Cornwall’s approach to managing short-term cash surpluses and shortages. It prioritizes maintaining principal safety, liquidity, and optimizing returns within the framework of the City’s Investment Policy. The General Manager of Financial Services is designated as the cash management officer, responsible for overseeing procedures and ensuring alignment with prescribed standards.	July 8, 2002 (not revised since original approval)		<ul style="list-style-type: none"> Overdue for Review: No revisions since 2002; does not reflect current financial instruments, technologies, or legislative changes (e.g., updates to the Municipal Act). Lack of Integration with Risk Management: No reference to risk tolerance, credit risk, or counterparty risk in investment decisions. Governance Gaps: Roles and responsibilities are limited to the General Manager; lacks clarity on oversight, segregation of duties, and escalation protocols. No Reference to Digital Banking or Automation: The policy does not address modern banking practices, automation tools, or real-time cash monitoring systems. Forecasting Methodology is Vague: While forecasting is mentioned, there is no detail on models, assumptions, or validation processes. Council Reporting is Minimal: Annual reporting is noted, but lacks specificity on metrics, thresholds, or corrective actions. No Linkage to Long-Term Financial Planning (LTFFP): Cash flow management is treated in isolation from broader financial strategies.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Operating

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
<p>Municipal Grants Program Policy FI-2020-01-27-4</p>	<p>This policy governs the allocation of municipal grants to non-profit community organizations within the City of Cornwall. It outlines eligibility criteria, application procedures, funding limits, and reporting requirements for two distinct programs: Program 1 (Financial and In-Kind Assistance) and Program 2 (Multi-Government Funding Support). The policy aims to ensure fair, transparent, and strategic distribution of limited municipal resources to initiatives that align with the City's strategic goals.</p>	<p>November 23, 2020</p>		<ul style="list-style-type: none"> • Different naming convention: The policy number does not match the naming convention pattern of other, older policies. • Overdue for Review: Last amended in 2020; a formal review should be conducted to ensure alignment with current municipal priorities and legislative updates (e.g., Municipal Act, 2001). • Missing Performance Metrics: No defined KPIs or outcome measurement framework to assess community impact or value-for-money. • Limited Financial Oversight Detail: The policy lacks clarity on financial audit requirements or reconciliation procedures for grant recipients. • No Explicit Reference to Conflict of Interest or Risk Management: Absence of controls or declarations of interest for Committee members. • Equity Considerations Not Fully Developed: While inclusivity is mentioned, there is no framework to assess equity outcomes or barriers to access. • No Appeal Mechanism: Denied applicants have no formal recourse or appeal process. • Static Funding Caps: The \$10,000 and \$30,000 caps may not reflect inflationary pressures or evolving community needs; consider indexing or periodic review. • Carryover Limitations: The \$200,000 cap on carryover and current year funding may constrain responsiveness to emerging needs. • No Digital Submission or Evaluation Process Mentioned: Modernization opportunities exist in digitizing the application and review workflow.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Operating

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
<p>Operational Budget Expenditures prior to Approval <i>Fl.adm03-07</i></p>	<p>This policy authorizes the General Manager of Financial Services to process payments prior to formal budget approval, under specific conditions. It outlines permissible expenditures based on prior year appropriations, staffing costs, or direct Council approval, and mandates that such expenditures be included in the current year’s budget estimates.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Overdue for Review: Last revised in 2007; does not reflect current legislative or operational realities. • Lacks Internal Control Framework: No mention of segregation of duties, approval hierarchies, or audit trails. No Defined Roles Beyond GM: The policy centralizes authority with the General Manager without checks or escalation protocols. • No Risk Mitigation Measures: There is no guidance on managing financial risk or contingency planning. • Ambiguity in Clause (a): “Similar item” and “50% of the amount appropriated” are vague and open to interpretation. • No Monitoring or Reporting Requirements: There is no requirement for periodic reporting to Council or audit committee on pre-approval expenditures.
<p>Operational Budget <i>Fl.adm03-08</i></p>	<p>This policy outlines the financial management framework for preparing and approving the City of Cornwall’s annual operating budget. It applies to all municipal departments and external boards, commissions, and agencies funded by Council. The policy defines roles, responsibilities, and procedural steps for budget development, review, and reporting.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Overdue for Review: Last revised in 2007; does not reflect current legislative requirements or financial management practices. • No Integration with Long-Term Financial Planning (LTFP): While it mentions long-term well-being, there is no structured approach to multi-year forecasting or asset management planning. • No Performance-Based Budgeting Framework: Service levels are mentioned but not tied to measurable outcomes or KPIs. • No Risk Management or Contingency Planning: The policy does not address financial risk, reserves, or mitigation strategies. • No Public Engagement or Transparency Measures: There is no mention of public consultation, accessibility of budget documents, or communication strategies. • No Digital Tools or Automation References: The policy does not reflect the use of modern budgeting software or data analytics. • No Defined Escalation or Appeal Process: There is no mechanism for resolving disputes or appeals during budget deliberations. • No Linkage to Strategic Plan: Budget priorities are not explicitly tied to Council’s strategic goals or community outcomes.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Operating

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Procurement of Goods and Services	This policy governs the procurement of goods and services for the Corporation of the City of Cornwall. It outlines procedures, responsibilities, and methods to ensure compliance with the Municipal Act, 2001 and applicable trade agreements (e.g., CETA, CFTA). The policy aims to promote transparency, ethical conduct, environmental and social responsibility, and best value in municipal purchasing activities.	September 1, 2024		<p>Policy Maturity and Breadth</p> <ul style="list-style-type: none"> The policy is robust and well-structured, covering all major procurement methods, thresholds, and governance mechanisms. Incorporates advanced practices such as life cycle costing, environmentally and ethically preferred procurement, and vendor management. <p>Areas for Improvement</p> <ul style="list-style-type: none"> Policy Numbering: No formal policy number is assigned. For tracking and audit purposes, a unique identifier should be included. Review Cycle: Although revised in 2024, the policy does not specify a mandatory review frequency (e.g., every 3 or 5 years). A defined review cycle should be added to ensure ongoing relevance. Digital Procurement Tools: While electronic tendering is referenced, there is limited detail on integration with eProcurement platforms or automation tools. Consider expanding guidance on digital procurement systems and data analytics. Supplier Diversity and Equity: The policy references ethical sourcing but does not explicitly address supplier diversity (e.g., Indigenous, local SMEs, social enterprises). Inclusion of equity-focused procurement goals would strengthen alignment with modern municipal practices. Performance Metrics: The Vendor Management Program is mentioned, but there is no detail on KPIs or performance thresholds. Consider adding a framework for supplier evaluation and continuous improvement. Training and Compliance Monitoring: The policy mandates compliance but lacks a defined training program or audit schedule for staff. Recommend formalizing procurement training and compliance monitoring protocols.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Capital

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Asset Management Policy <i>FI-2019-06-24-1</i>	<p>This policy formalizes the City of Cornwall’s commitment to asset management by aligning infrastructure planning with strategic objectives, risk management, and service delivery. It applies to all departments and assets owned, leased, or operated by the City, and integrates legislative requirements, financial planning, and stakeholder engagement into a unified framework for sustainable infrastructure management.</p>	<p>June 24, 2019 (creation date – no evidence of revision since Council approval)</p>	<p>Note: This policy is currently under review and update by GEI Consulting as part of the Asset Management Plan update. A new policy is expected by 2026.</p>	<ul style="list-style-type: none"> • Overdue for Review: The policy mandates a five-year review cycle but has not been updated since its 2019 approval. A review should have occurred by June 2024. • Different naming convention: This policy does not follow the standard naming convention as the other financial policies. • Implementation Mechanisms Missing: While the policy outlines strategic intent and governance roles, it lacks detailed procedures or tools for operationalizing asset management across departments. • Performance Monitoring Underspecified: The policy references continuous improvement and monitoring but does not define KPIs, reporting frequency, or responsible parties. • Climate Change Integration Needs Strengthening: The policy mentions climate change mitigation and adaptation but does not specify measurable targets or integration with climate-related plans. • Capitalization Thresholds and Financial Reporting Disconnect: The policy correctly separates asset management from financial reporting thresholds but does not provide guidance on how assets below the threshold are managed. • Stakeholder Engagement is Broad but Vague: The policy commits to engagement but lacks a defined process or schedule for public consultation or reporting. • Governance Structure Needs Clarification: Roles are defined (Council, CAO, Treasurer, etc.), but there is no mention of how cross-departmental coordination is maintained or how conflicts are resolved.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Capital

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Capital Budget <i>Fl.adm02-02</i>	<p>This policy outlines the City of Cornwall’s approach to capital budgeting, emphasizing long-term infrastructure planning and resource allocation. It mandates annual preparation of a capital budget and a five-year capital forecast, with defined roles for departmental managers and the Financial Services team in budget development, review, and reporting.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Outdated Revision: Last updated in 2007; does not reflect current financial management standards or legislative changes. • No Reference to Asset Management Planning: Missing integration with Ontario Regulation 588/17 under the Infrastructure for Jobs and Prosperity Act. • Limited Governance Framework: No mention of internal controls, risk management, or accountability mechanisms. • No Performance Metrics: Absence of KPIs or evaluation criteria for capital project effectiveness. • Election Year Exception: The policy excludes capital budget presentation in election years, which may hinder continuity and transparency. • No Public Engagement Component: Lacks provisions for public consultation or stakeholder input in capital planning. • No Digital or System Integration Mention: No reference to financial systems or tools used for capital planning and tracking. • No Explicit Link to Strategic Plan: Capital priorities are not clearly tied to broader corporate or strategic objectives.
Capital Expenditure <i>Fl.adm02-03</i>	<p>This policy outlines the definition, scope, and conditions under which capital expenditures may be incurred by the Corporation of the City of Cornwall. It establishes criteria for what qualifies as a capital expenditure, including asset acquisition, improvement, and related financing mechanisms. It also sets procedural requirements for budget inclusion and Council approval.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Outdated Definitions: The policy lacks alignment with current Public Sector Accounting Board (PSAB) standards and does not reference the Municipal Act, 2001 or relevant MFOA guidance. • No Governance Framework: There is no mention of internal controls, risk management, or accountability mechanisms. • Threshold Ambiguity: The \$50,000 threshold for capital classification is arbitrary and lacks justification or benchmarking. • Debt Policy Inconsistency: The definition of “Debt-Free” is vague and does not align with standard municipal debt management practices. • No Lifecycle or Asset Management Integration: The policy does not incorporate asset lifecycle planning or tie into broader asset management strategies. • Council Approval Process Needs Clarification: The approval process is briefly mentioned but lacks procedural clarity and documentation requirements. • No Review Cycle Specified: There is no mandated review frequency, which has contributed to the policy being outdated.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Capital

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Closing of Capital Projects <i>Fl.acc02-01</i>	<p>This policy outlines the criteria and procedures for closing out capital projects within the City of Cornwall. It mandates annual departmental reviews of capital projects prior to December 15, and provides conditions under which projects may be carried forward or closed to surplus. The General Manager of Financial Services is responsible for final closure decisions and annual reporting to Council.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Outdated Revision: Last updated in 2007; does not reflect modern capital project lifecycle management or financial reporting standards. • No Reference to Legislative Frameworks: Missing explicit references to the Municipal Act, PSAB guidelines, or other applicable provincial legislation. • Lack of Defined Roles and Responsibilities: While the General Manager and department managers are mentioned, there is no clear delineation of accountability or escalation procedures. • No Integration with Risk Management or Internal Controls: The policy does not incorporate internal control mechanisms for project closure. • Ambiguity in Carry-Forward Criteria: The conditions for carrying forward projects are loosely defined and may lead to inconsistent application across departments. • No Mention of Audit or Review Mechanisms: There is no provision for internal audit review or post-implementation evaluation of closed projects. • Surplus Treatment Not Clearly Defined: The term “closed out to surplus” is used without specifying how surplus funds are managed or reallocated.

City of Cornwall – Long-Term Financial Plan




Financial Policies: Capital

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective


In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Development Charges Implementation Policy	This policy outlines the City of Cornwall’s approach to implementing development charge (D.C.) by-laws, particularly in light of legislative changes to the Development Charges Act (D.C.A.). It establishes procedures for applying interest to D.C. deferrals and freezes, defines eligibility criteria for exemptions, and sets out administrative protocols to ensure financial sustainability and transparency in funding growth-related infrastructure.	November 26, 2024		<ul style="list-style-type: none"> • Policy Numbering: No formal policy number is assigned. For tracking and audit purposes, a unique identifier should be included. • Interest Rate Calculation Methodology Needs Clarification: While the policy defines the interest rate as “average prime rate + 1%,” it lacks a clear formula or example for how interest is compounded and applied across adjustment dates. This could lead to inconsistent application. • No Explicit Risk Assessment: The policy mentions financial risk management but does not include a formal risk assessment or mitigation strategy. • Delegated Authority Is Broad: Section 11.01 allows the Treasurer to make administrative changes without Council approval if the objective remains unchanged. This could benefit from clearer boundaries or examples of what constitutes “administrative” vs. “substantive” changes. • No Review Cycle Specified: There is no indication of when the policy will be reviewed next. A standard review cycle (e.g., every 3 years) should be established. • Limited Stakeholder Engagement Framework: The policy references fairness to stakeholders but does not outline how stakeholder input (e.g., developers, residents) will be solicited or incorporated. • No Appendices or Process Maps: The policy would benefit from visual aids or appendices that summarize procedures, timelines, and responsibilities for D.C. deferrals, freezes, and exemptions. • Website Update Protocol Is Weakly Enforced: Section 07.05 requires interest rates to be posted within 5 business days of each adjustment date, but there is no accountability mechanism or escalation process if this is missed.

Financial Policies: Reserves and reserve funds

Legend	
	Complete, up-to-date
	Complete, may require review
	Incomplete, does not exist

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Investment Policy <i>Fl.adm03-04</i>	This policy governs the investment of all financial assets of the Corporation of the City of Cornwall, including revenue, reserve, capital, and trust funds. It aims to ensure the highest return with maximum security, while maintaining liquidity and complying with statutory requirements under the Municipal Act, 2001 and Ontario Regulation 438/97.	November 2007		<ul style="list-style-type: none"> • Overdue for Review: No updates since 2007. The policy is nearly two decades old and does not reflect changes in legislation, accounting standards, or investment practices. • Legislative References: References to Ontario Regulation 438/97 and the Municipal Act, 2001 are present but not cross-referenced with current amendments or newer regulations (e.g., changes post-2019 to eligible investments and prudent investor regime). • Governance Weaknesses: Delegation of authority is limited to named roles without reference to broader governance structures or oversight committees. No mention of internal audit or third-party review mechanisms. • Risk Management: The policy addresses credit and interest rate risk but lacks a comprehensive risk framework (e.g., market risk, liquidity risk, operational risk). No reference to enterprise risk management practices. • Performance Measurement: Benchmarking is limited to ONE Fund and Scotia Capital Short Canada Bond Index, without justification or review frequency. No clear process for evaluating investment performance against objectives. • Currency Restriction: Investments are restricted to Canadian dollars, which is appropriate, but the rationale and flexibility (e.g., hedging) are not discussed. • Reporting and Transparency: Quarterly reporting to Council is mandated, but there is no mention of public disclosure or integration with financial statements. Investment register retention is only two years, which may be insufficient for audit and historical analysis. • Appendices: Credit rating definitions are outdated and do not reflect current rating agency methodologies. Investment limits and issuer weightings are rigid and may not align with current market conditions or portfolio optimization strategies.

Financial Policies: Reserves and reserve funds

Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Reserve Fund Policy Reserve and reserve Fund Policy Revised <i>Fl.adm14-16</i>	This policy outlines the framework for the creation, administration, and use of reserves and reserve funds within the City of Cornwall. It defines categories of reserves (Operating, Capital, Restricted – Municipal and Externally Funded), sets targeted funding levels, and establishes reporting and governance requirements for their management.	August 11, 2014 (no explicit revision since effective date)		<ul style="list-style-type: none"> • Overdue for Review: The policy mandates a review every four years. No evidence is provided that a review has occurred since its 2014 adoption. A review should have occurred in 2018 and 2022. • Missing Revision History: There is no documented revision history or version control, which is a standard practice for policy governance. • No Linkage to Municipal Act or PSAB Standards: The policy does not reference applicable legislation (e.g., Municipal Act, 2001) or accounting standards (e.g., PSAB Section 3110 – Reserves and Reserve Funds), which would strengthen its legal and financial foundation. • No Risk Framework Integration: The policy lacks integration with risk management principles (e.g., ERM), which would help align reserve usage with broader organizational risk and resilience strategies. • No Explicit Roles and Responsibilities: While Council and the General Manager of Financial Services are mentioned, there is no detailed delineation of roles for Finance staff, departmental leads, or auditors. • No Performance Metrics or KPIs: The policy does not include any performance indicators to assess reserve adequacy, usage efficiency, or alignment with long-term financial planning. • Schedule A is Static: The reserve list in Schedule A is extensive but static. There is no mechanism described for updating or validating the relevance of each reserve category over time. • Borrowing Provisions Lack Safeguards: While borrowing from reserve funds is permitted, the policy does not define limits, repayment terms, or risk thresholds, which could expose the municipality to liquidity risks. • No Public Transparency Measures: There is no mention of public disclosure or reporting beyond Council updates, which limits transparency and accountability.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Tax and other




Legend	
	Relevant and effective
	Mostly relevant/effective
	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:



Financial Policy	Overview	Last update	Status	Gaps
Municipal Tax Registration <i>Fl.adm03-06</i>	<p>This policy outlines the procedures for registering real property that is three years or more in arrears of municipal taxes. It provides a step-by-step framework for initiating tax arrears certificates, conducting title searches, notifying interested parties, and proceeding with tax sales under the authority of Part XI of the Municipal Act, 2001.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Overdue for Review: Last revised in 2007; does not reflect updates to the Municipal Act or evolving municipal tax collection practices. • No Reference to Digital Tools or Automation: The policy does not mention the use of digital property tax systems or GIS integration, which are now standard in municipal operations. • Lacks Explicit Risk Management Measures: No reference to risk mitigation strategies in tax sale proceedings. • No Performance Metrics or Reporting Requirements: The policy does not define KPIs or reporting standards for monitoring arrears or sale outcomes. • Environmental Assessment Clause is Vague: The provision for environmental site assessments lacks procedural clarity and does not reference applicable environmental legislation. • No Stakeholder Engagement Framework: The policy does not outline how affected property owners or community stakeholders are engaged beyond statutory notice. • Absence of Equity Considerations: No mention of hardship provisions or equity-based review mechanisms for vulnerable property owners. • No Linkage to Financial Strategy or LTFP: The policy operates in isolation from broader financial planning frameworks such as the Long-Term Financial Plan (LTFP).
Risk Management <i>Fl.ins06-01</i>	<p>This policy outlines the Corporation of the City of Cornwall’s framework for managing risk, with the goal of minimizing financial loss, protecting assets, and ensuring public trust. It establishes responsibilities across all levels of staff and defines a structured process for identifying, assessing, and mitigating risks.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Overdue for Review: No updates in over 15 years; does not reflect modern risk management standards or evolving municipal risks. • Lacks Integration with Enterprise Risk Management (ERM): No reference to ERM or alignment with strategic objectives. • No Defined Metrics or KPIs: Absence of measurable indicators to assess effectiveness of risk mitigation. • Limited Governance Structure: The role of the Risk Management Committee is mentioned but not defined; no reporting or escalation protocols. • No Reference to Legislative Compliance: Missing links to Municipal Act, Occupational Health and Safety Act, or other applicable legislation. • No Cyber or Technology Risk Consideration: Omits emerging risk categories such as cybersecurity, data privacy, or climate-related risks. • No Update Mechanism: No defined review cycle or triggers for policy updates.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Tax and other

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	Neither relevant nor effective

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Financial Policy	Overview	Last update	Status	Gaps
Sewer Lateral Replacement Financing Program <i>Fl.adm03-05</i>	<p>This policy outlines the City of Cornwall’s financing mechanism to assist homeowners with the cost of replacing exterior sewer laterals on private property. It provides terms for interest, repayment, and registration of the loan against the property tax system.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Overdue for Review: Last revised in 2007; does not reflect current interest rate practices, inflation, or updated Municipal Act provisions. • No Eligibility Criteria: The policy does not specify homeowner eligibility, income thresholds, or property conditions. • No Risk Management Provisions: There is no mention of default handling, lien enforcement, or risk mitigation strategies. • Lacks Transparency on Fee Structure: The “established user fee listing” is referenced but not included or linked. • No Performance Metrics or Reporting Requirements: There is no mechanism to track uptake, repayment success, or financial impact. • No Integration with Asset Management Planning: The policy does not align with broader infrastructure renewal or asset management strategies. • Missing Accessibility and Equity Considerations: No provisions for low-income households or accessibility accommodations.
Tax Accounts Collection <i>Fl.bc07-04</i>	<p>This policy outlines the City of Cornwall’s approach to the collection of real property taxes across all prescribed tax classes. It details billing procedures, deterrents for non-payment, and recovery mechanisms in accordance with the Municipal Act, 2001.</p>	<p>December 10, 2007</p>		<ul style="list-style-type: none"> • Outdated Policy Framework: The policy has not been revised since 2007. It may not reflect current legislative amendments to the Municipal Act, 2001, or evolving best practices in municipal tax collection. • Lack of Performance Metrics: There are no defined KPIs or performance measures to assess the effectiveness of the collection strategies or to monitor arrears trends over time. • No Reference to Digital Payment Channels: The policy does not address modern payment methods such as online banking portals, mobile apps, or e-transfer options, which are now standard in municipal operations. • Limited Customer Service Focus: While deterrents are well-defined, the policy lacks a customer-centric approach, such as hardship programs, flexible payment arrangements, or proactive engagement strategies. • No Risk Management Integration: The policy does not reference internal controls, fraud prevention, or risk mitigation strategies. • Absence of Roles and Responsibilities: There is no delineation of staff roles, escalation protocols, or accountability mechanisms for tax collection activities. • No Review Cycle Specified: The policy does not include a mandatory review period or process for periodic updates, which is a standard governance requirement.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Tax and other

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In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Treatment of Properties that do not sell at Municipal Tax Sales <i>Fl.adm07-01</i>	<p>This policy outlines the procedures the City of Cornwall will follow for properties that fail to sell at municipal tax sales, with a focus on potentially contaminated parcels. It distinguishes between two types of properties—those with minimal contamination and market interest (Type 1), and those with significant contamination or redevelopment potential (Type 2)—and prescribes specific steps for vesting, securing, assessing, and disposing of such properties.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Outdated Framework: The policy has not been reviewed or updated in over 17 years. It does not reflect current legislative, environmental, or financial standards (e.g., updates to the Municipal Act, 2001 or Environmental Protection Act). • No Reference to Risk Management Frameworks: The policy lacks integration with enterprise risk management principles (e.g., ERM) for assessing and mitigating financial, legal, and reputational risks associated with vesting contaminated properties. • Environmental Liability Treatment: While the policy acknowledges environmental contamination, it does not provide a clear framework for managing environmental liabilities, including indemnification, insurance, or long-term monitoring obligations. • Lack of Financial Controls: There is no mention of internal audit oversight, segregation of duties, or financial control mechanisms to ensure transparency and accountability in property valuation, sale, and write-off processes. • No Performance Metrics or Review Cycle: The policy does not include any KPIs, performance measures, or a mandatory review cycle, which are standard in modern municipal governance frameworks. • Council Delegation and Authority Limits: The policy assumes Council involvement in all stages but does not clarify thresholds for delegated authority or emergency vesting scenarios. • Public Communication and Transparency: There is no guidance on public disclosure, community engagement, or transparency in the RFO process, which is critical for public trust and accountability.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Tax and other

Legend	
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	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
<p>Sale and Disposition of Municipal Lands Policy <i>Fl.adm07-02</i></p>	<p>This policy outlines the standards and procedures for the sale or disposition of municipally owned lands by the City of Cornwall. It includes requirements for appraisals, public notification, exemptions, sale methods, and internal approvals, ensuring transparency and compliance with the Municipal Act, 2001.</p>	<p>November 26, 2007</p>		<ul style="list-style-type: none"> • Outdated Policy: The policy has not been revised since its adoption in 2007. It may not reflect current legislative changes, particularly updates to the Municipal Act, 2001 and best practices from organizations like MFOA and AMO. • Lack of Defined Review Cycle: There is no mention of a scheduled review period or process to ensure ongoing relevance and compliance. • Limited Reference to Legislative Frameworks: While the policy references the Municipal Act, 2001, it does not cite specific subsections consistently or provide guidance on how legislative changes will be incorporated. • Ambiguity in Exemptions: Several exemptions (e.g., industrial lands, sales to public bodies) are broadly defined without clear criteria or thresholds, which may lead to inconsistent application. • Public Notification Methods: The policy allows discretion in public notification (e.g., newspaper selection), which may lead to transparency concerns. Consider standardizing notification practices to ensure equitable public access. • No Performance Metrics or Accountability Measures: The policy lacks mechanisms to evaluate effectiveness or ensure accountability in land disposition decisions. • Digital Modernization: References to the City’s website (e.g., www.cornwall.ca) are outdated and do not reflect modern digital engagement practices (e.g., use of GIS mapping, online property listings). • Missing Definitions and Clarity: While some terms are defined (e.g., “Sale,” “Land,” “Appraisal”), others used throughout the policy (e.g., “surplus,” “appropriate internal departments”) are not clearly explained.

City of Cornwall – Long-Term Financial Plan

Financial Policies: Tax and other

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	Neither relevant nor effective

In support of its financial planning, the City requires supporting financial policies. The City’s current state of financial policies is summarized below:

Financial Policy	Overview	Last update	Status	Gaps
Water Accounts Receivable Collection <i>Fl.bc07-05</i>	<p>This policy outlines the procedures and enforcement mechanisms for collecting water and sewage accounts receivable in the City of Cornwall. It includes billing schedules, penalties, service disconnection protocols, and legal remedies under the Municipal Act and Public Utilities Act.</p>	<p>December 10, 2007</p>		<ul style="list-style-type: none"> • Overdue for Review: No updates since 2007; does not reflect changes in the Municipal Act, Public Utilities Act, or best practices in utility billing and collections. • No Reference to Digital Payment Methods: The policy lacks provisions for online payments, e-billing, or automated reminders, which are now standard. • No Risk Management Framework: Does not incorporate internal control mechanisms to mitigate collection risks. • Limited Customer Engagement Strategy: No mention of customer service protocols, dispute resolution, or hardship programs. • No Performance Metrics: Absence of KPIs or benchmarks to assess collection efficiency or arrears recovery. • Manual and Paper-Based Notices: Relies on mailed notices; no mention of electronic communication or integration with CRM systems. • No Linkage to Broader Financial Policies: The policy operates in isolation without reference to the City's broader financial strategy or long-term financial plan (LTFP). Ambiguity in Enforcement: Disconnection and rent attainment procedures are outlined but lack clarity on escalation thresholds and appeal processes. • No Equity Considerations: No provisions for vulnerable populations or low-income households.

Appendix G

Multi-year budgeting review

Current budgeting process

The current budgeting process (illustrated below)

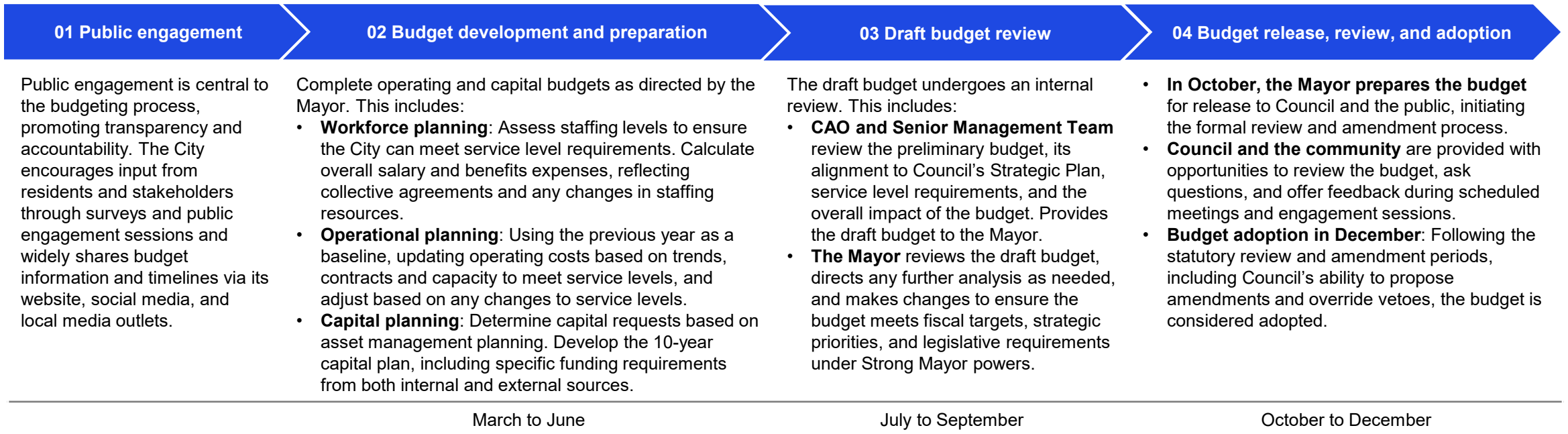
- Annual budget timeline targets adoption before the start of the fiscal year. Departments begin budget development at different times, some as early as March, based on service complexity.
- The City uses FMW budgeting system but will be implementing Microsoft Dynamics 365 which is expected to increase budgeting functionality.

Impact of Strong Mayor powers

- Effective May 1, 2025, the Mayor holds sole authority to propose the budget.
- Council retains the ability to propose amendments and override vetoes with a two-thirds majority vote, preserving a balance of influence and oversight.

Observations/gaps

- Strong Mayor powers are to accelerate decision-making and align municipal priorities with provincial objectives.
- Council retains amendment and override powers, ensuring balance and oversight.
- Public engagement is embedded throughout the process.
- Workforce and capital planning are key budget drivers.
- Governance structure may evolve as the City transitions to multi-year budgeting.



City of Cornwall – Long-Term Financial Plan

Multi-year budgeting (MYB)

Background: Multi-year budgeting is being considered to improve long-term planning, address recurring operating pressures, and reduce the need for annual budget preparation, with the expectation that it will provide more accurate forecasting and stability.

Legislative framework: “[A] municipality may prepare and adopt a budget covering a period of two to five years in the first year to which the budget applies or in the year immediately preceding the first year to which the budget applies.” 2006, c. 32, Sched. A, s. 121.

High-level Process overview: Multi-year budgeting has two key stages:

- 1. Development of the multi-year budget.** At the start of each multi-year budget term, a full review of the City’s operating and capital requirements is conducted for the entire term of the budget.
- 2. Annual review and update.** For each subsequent year of the multi-year budget term, the budget is revisited. Amendments may be made on the premise of new council direction, unforeseen cost drivers, or changes to regulations. But ultimately, the originally approved budget should be only adjusted within a designated threshold.

Benefits	Risks and mitigation	
<ul style="list-style-type: none"> ➤ Improve predictability and stability. With clearly defined amendment thresholds, the annual budget update may result in minor deviations from the first year of a multi-year budget but should overall provide greater accountability between funding plans and costs of services to residents. ➤ Improve budgeting process efficiency. Through approval of the multi-year budget in the first year, staff and Council days spent on budget preparation matters per term of Council is expected to decline. ➤ Enhance transparency and public satisfaction. Tax predictability through multi-year budgeting can improve resident and local business satisfaction. ➤ Better alignment with strategic planning. Through integration of capital and operating budgets, a MYB can be better linked to the City’s long-term strategic priorities and asset management plans and avoid consequential project deferrals. ➤ Stronger financial governance. Clearly defined amendment provisions and delegation powers provide flexibility for staff while maintaining council control over significant changes. ➤ Improve credit assessment. Rating agencies view MYB positively as it reflects financial maturity, sometimes resulting in improved municipal credit outlooks. ➤ Strategic investment of reserves. Based on approved capital projects, the City will more accurately predict surplus reserves to take advantage of investment vehicles with longer terms. 	<ul style="list-style-type: none"> ➤ Political resistance to binding future years. Council may be reluctant to agree to multiple years of tax rate increases based on political pressure from constituents 	<p>Provide clear amendment thresholds for the City to amend its budget if unforeseen circumstances arise.</p> <p>Provide a mandatory midpoint/ongoing review with a levy change cap.</p>
	<ul style="list-style-type: none"> ➤ Technology risks such as MYB capabilities with existing system and cost overruns. 	<p>Thoroughly review the agreement with FMW to explore existing availability capabilities.</p>
	<ul style="list-style-type: none"> ➤ Community group input may be hindered. Given the importance of each new budget development, community groups must understand their upcoming years’ financial needs. 	<p>Prepare a robust community partner engagement plan as part of the budget development process. Support in forecasting funding requirements.</p>
	<ul style="list-style-type: none"> ➤ Public confusion and resistance may arise with the change. 	<p>Prepare plain-language FAQ responses, and a thorough communication plan.</p>
	<ul style="list-style-type: none"> ➤ Rigidity of budget in the event of change such as organizational restructure. 	<p>Data cleansing exercise before adoption, to ensure accounts/funds titled and identified consistently for ease of reorganization.</p>

Multi-year budgeting – Comparator scan

This slide summarizes other Ontario municipalities’ approaches to multi-year budgeting. Overall, multi-year budgeting is a relatively recent leading practices. Among the sample of five municipalities below, two are currently in the midst of their first multi-year budget. The three key takeaways in designing a multi-year budgeting structure are:

1. The binding years of the budget for most municipalities is four years, but the City of Waterloo aligns the budget cycle with terms of Council by first approving a one-year budget for the first year of the term followed by a three-year budget.
2. Amendment thresholds need to be clearly defined to balance financial stability with flexibility in the event of unforeseen circumstances.
3. Integrations of capital plans must be done alongside the operating budget. Capital plans naturally require longer-term planning based on development and asset management projections.

Municipality		Binding years	First cycle	Amendment threshold	Capital integration	Budgeting Software platform
<u>City of Kingston</u>	The City of Kingston uses a multi-year financial planning framework that combines four-year operating budget projections, and a 15-year capital plan and funding model.	4* (only first year is binding)	2023-2026	No fixed percentage threshold	Annual operating budget includes a 1% capital levy and capital planning span 15 years	Unknown
<u>York Region</u>	York Region is in its third multi-year budget cycle. In February 2023, Council approved the 2023-2026 budget with tax levy increases between 2.60% and 2.90%.	4	2015-2018	Tax changes ±0.5% triggers update	Concurrent 10-year capital; years 1-4 locked	PeopleSoft
<u>City of Waterloo</u>	There are 2 different budget cycles during a 4-year term of City Council. Year 1: Council approves a single-year budget Year 2: Council approves a three-year budget covering the remaining term of Council.	3	2020-2023	Delegated to CAO if less than \$500k	Same meeting passes 10-year capital forecast	SAP BPC
<u>City of Guelph</u>	The City of Guelph is in its first multi-year budget cycle. The 2024-2027 budget includes tax levy increases between 7.35% and 9.80% across the four years it spans.	4	2024-2027	Up to \$100k operating or 15% of capital	Capital envelopes per service	Workday Adaptive
<u>Municipality of Chatham-Kent</u>	The Municipality of Chatham-Kent is in its first multi-year budget cycle after approving its budget last year with a four-year average increase of 7.17% in the tax levy.	4	2024-2027	Any new initiative or legislation	Full 4-year capital	FMW



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