



 **Watson
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ECONOMISTS LTD.

Water and Wastewater Ontario Regulation 453/07 Financial Plan

City of Cornwall

Financial Plan #176-101

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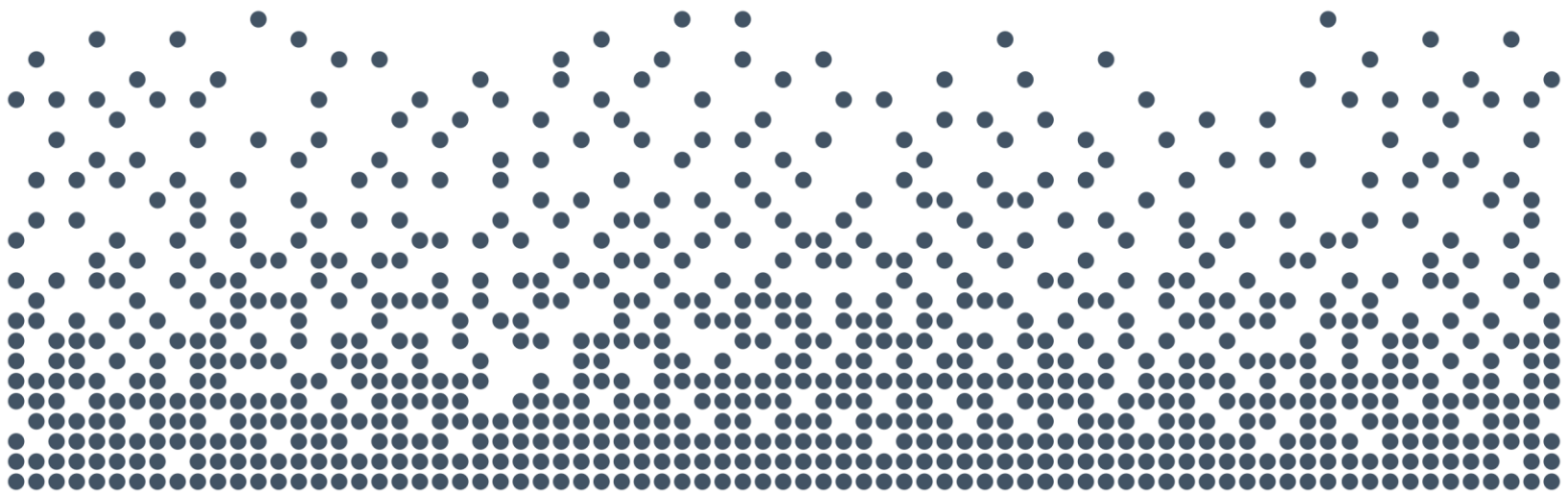
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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
D.C.	Development Charge
F.I.R.	Financial Information Return
MECP	Ministry of the Environment, Conservation and Parks
MMAH	Ministry of Municipal Affairs and Housing
O. Reg.	Ontario Regulation
P.S.A.B.	Public Sector Accounting Board
S.D.W.A.	<i>Safe Drinking Water Act, 2002</i>
W.O.A.	<i>Water Opportunities Act, 2010</i>



Report



Chapter 1

Introduction



1. Introduction

1.1 Study Purpose

The City of Cornwall (City) retained Watson & Associates Economists Ltd. (Watson) to prepare a water financial plan as part of the five submission requirements for the purposes of obtaining a municipal drinking water licence as per the *Safe Drinking Water Act, 2002*. In general, a financial plan requires an in-depth analysis of capital and operating needs, a review of current and future demand versus supply, and consideration of available funding sources. This detailed financial planning and forecasting regarding the City's water system has been completed based upon information provided by the City's staff along with the budget information relevant for water services.

1.2 Background

The *Safe Drinking Water Act, 2002* (S.D.W.A.) was passed in December 2002 in order to address some of the recommendations made by the Walkerton Inquiry Part II report. One of the main requirements of the Act is the mandatory licensing of municipal water providers. Section 31 (1) specifically states,

"No person shall,

- a) establish a new municipal drinking water system or replace or carry out an alteration to a municipal drinking water system except under the authority of and in accordance with an approval under this Part or a drinking water works permit; or
- b) use or operate a municipal drinking water system that was established before or after this section comes into force except under the authority of and in accordance with an approval under this Part or municipal drinking water licence."

In order to become licensed, a municipality must satisfy five key requirements as per section 44 (1):

1. Obtain a drinking water works permit.



2. Acceptance of the operational plan for the system based on the Drinking Water Quality Management Standard.
3. Accreditation of the Operating Authority.
4. Prepare and provide a financial plan.
5. Obtain permit to take water.

The preparation of a financial plan is a key requirement for licensing and as such, must be undertaken by all water providers.

1.2.1 Financial Plan Defined

Subsection 30 of the S.D.W.A. provides the following definition of financial plans:

"financial plans" means financial plans that satisfy the requirements prescribed by the Minister. 2017, c. 2, Sched. 11, s. 6 (3)

These requirements are outlined in O. Reg. 453/07 and will be examined in detail below.

1.2.2 Financial Plan Requirements – Existing System

O. Reg. 453/07 also provides details with regard to s.30 (1) part b of the S.D.W.A. for existing water systems. The requirements for existing systems are summarized as follows:

- Financial plans must be approved by Council resolution (or governing body);
- Financial plans must include a statement that the financial impacts have been considered and apply for a minimum six-year period, commencing in the year of licence expiry (i.e., 2026 for the City);
- Financial plans must include detail regarding proposed or projected financial operations itemized by total revenues, total expenses, annual surplus/deficit and accumulated surplus/deficit (i.e. the components of a “Statement of Operations” as per the Public Section Accounting Board (P.S.A.B.)) for each year in which the financial plans apply;
- Financial plans must present financial position itemized by total financial assets, total liabilities, net debt, non-financial assets, and tangible capital assets (i.e. the



components of a “Statement of Financial Position” as per P.S.A.B.) for each year in which the financial plans apply;

- Gross cash receipts/payments itemized by operating transactions, capital transactions, investing transactions and financial transactions (i.e. the components of a “Statement of Cash Flow” as per P.S.A.B.) for each year in which the financial plans apply;
- Financial plans applicable to two or more solely owned drinking water systems can be prepared as if they are for one drinking water system;
- Financial plans are to be made available to the public upon request and at no charge;
- If a website is maintained, financial plans are to be made available to the public through publication on the Internet at no charge;
- Notice of the availability of the financial plans is to be given to the public; and
- Financial plan is to be submitted to the Ministry of Municipal Affairs and Housing.

1.2.3 Financial Plan Requirements – General

Given that the requirement for a financial plan is legislated under the Act, a financial plan is mandatory for water systems. The financial plans shall be for a forecast period of at least six years but longer planning horizons are encouraged. The 2026 to 2034 forecast included in this financial plan meets that requirement. The financial plan is to be completed and approved by resolution of Council or the governing body in accordance with subsection 3 (1) 1 of O. Reg. 453/07. Confirmation of approval of the financial plan must be submitted at the time of municipal drinking water licence renewal (i.e., six months prior to licence expiry).

A copy of the financial plan must be submitted to the Ministry of Municipal Affairs and Housing (MMAH). The financial plan does not need to be submitted to the Ministry of the Environment, Conservation, and Parks (MECP); however, the MECP may request it in the course of review of the licence renewal. Financial plans may be amended and additional information beyond what is prescribed can be included if deemed necessary. The financial plan must contain on the front page, the appropriate financial plan number as set out in Schedule A of the Municipal Drinking Water Licence.



1.2.4 Public Sector Accounting Board (P.S.A.B.) Requirements

The components of the financial plans indicated by the regulation are consistent with the requirements for financial statement presentation as set out in section PS 1201 of the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook:

“Financial statements should include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, and a Statement of Cash Flow.”

The format required is to conform to the requirements of PS 1201 and PS 3150. The financial statements are to be reported on a full accrual accounting basis. The accrual accounting method recognizes revenues and expenses in the same period as the activities that give rise to them regardless of when they are actually paid . Since an exchange of cash is not necessary to report a financial transaction, the accrual method is meant to provide a more accurate picture of financial position.

The accounting treatment of tangible capital assets is prescribed under section PS 3150. Tangible capital assets are to be capitalized to ensure an inventory of the assets owned is recorded and to account for their ability to provide future benefits.

The Statement of Cash Flow and the Statement of Change in Net Financial Assets/Debt are required statements. The Statement of Change in Net Financial Assets/Debt reports on whether enough revenue was generated in a period to cover the expenses in the period and whether sufficient resources have been generated to support current and future activities. The Statement of Cash Flow reports on how activities were financed for a given period providing a measure of the changes in cash for that period.



Chapter 2

Sustainable Financial Planning



2. Sustainable Financial Planning

2.1 Introduction

In general, sustainability refers to the ability to maintain a certain position over time. While the S.D.W.A. requires a declaration of the financial plan's sustainability, it does not give a clear definition of what would be considered sustainable. Instead, the MECP released a guideline ("Towards Financially Sustainable Drinking-Water and Wastewater Systems") that provides possible approaches to achieving sustainability. The Province's Principles of Financially Sustainable Water Services are provided below:

Principle #1: Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system to which they relate.

Principle #2: An integrated approach to planning among water, wastewater, and storm water systems is desirable given the inherent relationship among these services.

Principle #3: Revenues collected for the provision of water services should ultimately be used to meet the needs of those services.

Principle #4: Lifecycle planning with mid-course corrections is preferable to planning over the short-term or not planning at all.

Principle #5: An asset management plan is a key input to the development of a financial plan.

Principle #6: A sustainable level of revenue allows for reliable service that meets or exceeds environmental protection standards, while providing sufficient resources for future rehabilitation and replacement needs.

Principle #7: Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services received.

Principle #8: Financial plans are "living" documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future.



Principle #9: Financial plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

2.2 Water Opportunities Act, 2010

Since the passage of the S.D.W.A., changes and refinements to the legislation have been introduced, including the *Water Opportunities Act, 2010* (W.O.A). The W.O.A. was introduced into legislation on May 18, 2010, and received Royal Assent on November 29, 2010.

The purposes of the W.O.A. are to foster innovative water, wastewater and storm water technologies, services, and practices; create opportunities for economic development and clean-technology jobs; and conserve and sustain water resources. To achieve this, the W.O.A. provides for the creation of performance targets (financial, operational and maintenance related), which will vary by service type and location and the required submission of conservation and sustainability plans for water, wastewater, and stormwater.

The sustainability plan in the W.O.A. expands on interim legislation for financial plans included in O. Reg. 453/07, to include the following:

- an asset management plan for the physical infrastructure;
- financial plan;
- water conservation plan (for water service only);
- a risk assessment;
- a strategy for maintaining and improving the services; and
- additional information considered advisable.

Where a Board has jurisdiction over a service, the plan (and any plan amendments) must be approved by the municipality in which the municipal service is provided before submission to the Minister. The Minister may also direct preparation of joint or partially joint plans.

Regulations (still forthcoming) will prescribe details in regard to any time periods or time limits, contents of the plans, identifying which portions of the plan will require



certification, the public consultation process (if required), limitations updates and refinements.

2.3 Infrastructure for Jobs and Prosperity Act (I.J.P.A.), 2015

On June 4, 2015, the Province passed the *Infrastructure for Jobs and Prosperity Act, 2015* (I.J.P.A.) which, over time, will require municipalities to undertake and implement asset management plans for all the infrastructure they own. On December 27, 2017, the Province of Ontario released O. Reg. 588/17 under I.J.P.A. which has three phases that municipalities must meet. The timelines associated with the three phases were later extended by O. Reg. 193/21 which was filed on March 15, 2021.

Every municipality in Ontario will have to prepare a strategic asset management policy by July 1, 2019. Municipalities will be required to review their strategic asset management policies at least every five years and make updates, as necessary. The subsequent phases are as follows:

- Phase 1 – Asset Management Plan (by July 1, 2022):
 - For core assets – Municipalities must have the following:
 - Inventory of assets;
 - Current levels of service, including some prescribed measures; and
 - Lifecycle management strategies and associated costs to maintain current levels of service.
- Phase 2 – Asset Management Plan (by July 1, 2024):
 - Same steps as Phase 1 but for all assets.
- Phase 3 – Asset Management Plan (by July 1, 2025):
 - Builds on Phase 1 and 2 by adding:
 - Proposed levels of service; and
 - Financial strategy that supports achieving proposed levels of service.

In relation to water (which is considered a core asset), municipalities will need to have an asset management plan that addresses the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the City's asset management plan must include the following for each asset category:

- the current levels of service being provided;



- determined in accordance with the following qualitative descriptions and technical metrics and based on data from at most the two calendar years prior to the year in which all information required under this section is included in the asset management plan.
- the current performance of each asset category;
- a summary of the assets in the category;
- the replacement cost of the assets in the category;
- the average age of the assets in the category, determined by assessing the average age of the components of the assets;
- the information available on the condition of the assets in the category;
- a description of the City's approach to assessing the condition of the assets in the category, based on recognized and generally accepted good engineering practices where appropriate; and
- the lifecycle activities that need to be undertaken to maintain the current levels of service.

2.4 Water Forecast

The City is currently undertaking a Water and Wastewater Rate Study, which is designed to address “full cost” principles and reflects the guiding principles toward sustainable financial planning. However, due to the application submission date related to the drinking water licence renewal, this financial plan has been based on the City's current water budget and forecast data.

As a result, the forecast contained in the City's 2025 budget and forecast provided the basis for the financial plan for the City's water system by including:

- An analysis of the capital costs, including growth-related costs and asset management costs anticipated over the forecast period, and the various funding sources anticipated; and
- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs and system growth.



Chapter 3

Approach



3. Approach

3.1 Overview

Detailed information provided by City Staff, as per the capital and operating budgets/forecasts, has been used as a starting point to prepare the water financial plan. The water forecasts are prepared on a modified cash basis; therefore, a conversion is required in order to present a full accrual financial plan for the purposes of this report. The conversion process used will help to establish the structure of the financial plan along with the opening balances that will underpin the forecasts. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the financial plan.

3.2 Conversion Process

The conversion from the existing modified cash basis financial plan to the full accrual reporting format required under O. Reg. 453/07 can be summarized in the following steps:

1. Calculate Tangible Capital Asset Balances
2. Convert Statement of Operations
3. Convert Statement of Financial Position
4. Convert Statement of Cash Flow and Net Assets/Debt
5. Verification and Note Preparation

3.2.1 Calculate Tangible Capital Asset Balances

In calculating tangible capital asset balances, existing and future purchased, developed, and/or contributed assets will need to be considered. For existing water assets, an inventory has already been compiled and summarized by the City as part of their annual PS 3150 compliance processes. As required, for PS 3150 reporting purposes, the asset inventory listing included historical cost (which is the original cost to purchase, develop, or construct each asset) along with an estimated useful life for each asset and



any anticipated salvage value is recorded. The following calculations are made to determine net book value:

- Accumulated amortization up to the year prior to the first forecast year.
- Amortization expense on existing assets for each year of the forecast period.
- Acquisition of new assets for each year of the forecast period.
- Disposals and related gains or losses for each year of the forecast period.

Future water capital needs have also been determined and summarized by City staff. However, these estimates only represent future assets that the City anticipates purchasing or constructing. At present, the City does not anticipate any assets will be contributed by developers and other parties (at no or partial cost to the City). If, over the forecast period, additional capital needs arise or contributed assets are anticipated, the financial plan may need to be adjusted to properly account for these transactions. Once the sequence and total asset acquisition has been determined for the forecast period, annual amortization of these assets for each year is calculated in a similar manner as that used for existing assets.

Once the historical cost, accumulated amortization, and amortization expenses are calculated as described above, the total net book value of the tangible capital assets can be determined and recorded on the Statement of Financial Position.

3.2.2 Convert Statement of Operations

A wide range of adjustments will be considered, dependent on the size and complexity of the system, in order to convert from the cash to full accrual basis. For example, debt repayment costs relating to the principal payment portion only need to be removed under the accrual basis, as they no longer qualify as an expense for reporting purposes. Principal payments are reported as a decrease in debt liability on the Statement of Financial Position. Transfers to and from reserves are removed as these transactions are represented by changes in cash and accumulated surplus. Finally, expenses relating to tangible capital assets, such as amortization, write-offs, and (gain)/loss on disposal of assets are reported on the Statement of Operations in order to capture the allocation of the cost of these assets to operating activities over their useful lives and therefore are added in under the accrual basis.



Table 3-1
Conversion Adjustments
Statement of Operations

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		Debits	Credits		
Revenues					Revenues
Base Charge Revenue	-			-	Base Charge Revenue
Rate Based Revenue	13,443,797			13,443,797	Rate Based Revenue
			459,000	459,000	Earned Development Charges, Gas Tax and Canada Community Building Fund Revenue
Other Revenue	374,200		4,112,546	4,486,746	Other Revenue
Total Revenues	13,817,997			18,389,543	Total Revenues
Expenditures					Expenses
Operating	6,670,900	-		6,670,900	Operating Expenses
Capital					
Transfers to Reserves	6,557,750		6,557,750		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	589,347		483,898	105,448	Interest on Debt
		872,451		872,451	Amortization
Total Expenditures	13,817,997			7,648,799	Total Expenses
Net Expenditures	-			10,740,744	Annual Surplus/(Deficit)
Increase (decrease) in amounts to be recovered	-			83,768,746	Accumulated Surplus/(Deficit), beginning of year
Change in Fund Balances	-	10,740,744	-	94,509,490	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		11,613,195	11,613,195		

Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)



3.2.3 Convert Statement of Financial Position

Once the Statement of Operations has been converted and the net book value of tangible capital assets has been recorded, balances for the remaining items on the Statement of Financial Position are determined and recorded (see Table 3-2). The opening/actual balances for the remaining accounts such as accounts receivable, inventory, accounts payable, outstanding debt (principal only), are recorded and classified according to the structure of the Statement of Financial Position as outlined in PS 1201.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the Municipality and as such, will be difficult to isolate the information that is relevant to water. An example of this is accounts receivable, which may be administered centrally by the Finance Department. Ontario Regulation 453/07 allows for the exclusion of these numbers if they are not known at the time of preparing the financial plan. Please refer to the Financial Plan Notes in Chapter 4 for more details.

3.2.4 Convert Statement of Cash Flow and Net Financial Assets/Debt

The Statement of Cash Flow summarizes how the Municipality financed its activities or in other words, how the costs of providing services were recovered. The statement is derived using comparative Statement of Financial Position, the current Statement of Operations and other available transaction data.

The Statement of Change in Net Financial Assets/Debt is a statement which reconciles the difference between the surplus or deficit from current operations and the change in net financial assets/debt for the year. This is significant, as net debt provides an indication of future revenue requirements. In order to complete the Statement of Net Financial Assets/Debt, information regarding any gains/losses on disposals of assets, asset write-downs, acquisition/use of supplies inventory, and the acquisition use of prepaid expenses is necessary, (if applicable). Although the Statement of Change in Net Financial Assets/Debt is not required under O. Reg. 453/07, it has been included in this report as a further indicator of financial viability.



Table 3-2
Conversion Adjustments
Statements of Financial Position

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		Debits	Credits		
ASSETS					ASSETS
Financial Assets					Financial Assets
Cash	7,407,371			7,407,371	Cash
Accounts Receivable	376,607			376,607	Accounts Receivable
Total Financial Assets	7,783,978			7,783,978	Total Financial Assets
LIABILITIES					Liabilities
Accounts Payable & Accrued Liabilities	560,876			560,876	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	26,614,952			26,614,952	Debt (Principal only)
Deferred Revenue	1,483,251			1,483,251	Deferred Revenue
Total Liabilities	28,659,079			28,659,079	Total Liabilities
Net Assets/(Debt)	(20,875,101)			(20,875,101)	Net Financial Assets/(Debt)
		115,384,591	-	115,384,591	Non-Financial Assets
					Tangible Capital Assets
				115,384,591	Total Non-Financial Assets
Municipal Position					
Water Reserves	5,739,851	5,739,851	-		
Development Charge Reserve Fund	1,483,251	1,483,251	-		
Amounts to be Recovered	(28,098,203)	-	28,098,203		
Total Municipal Position	(20,875,101)		94,509,490	94,509,490	Accumulated Surplus/(Deficit), end of year
TOTAL ADJUSTMENTS		122,607,693	122,607,693		

Note: The combined adjustments above should be balanced and net to \$0 (i.e. Total DR = Total CR)



3.2.5 Verification and Note Preparation

The final step in the conversion process is to ensure that all the statements created by the previous steps are in balance. The Statement of Financial Position summarizes the resources and obligations of the City at a set point in time. The Statement of Operations summarizes how these resources and obligations changed over the reporting period. To this end, the accumulated surplus/deficit reported on the Statement of Financial Position should equal the accumulated surplus/deficit reported on the Statement of Operations.

The Statement of Change in Net Financial Assets/Debt and the Statement of Financial Position are also linked in terms of reporting on net financial assets/debt. On the Statement of Financial Position, net financial assets/debt is equal to the difference between financial assets and liabilities and should equal net financial assets/debt as calculated on the Statement of Net Financial Assets/Debt.

While not part of the financial plan, the accompanying notes are important to summarize the assumptions and estimates made in preparing the financial plan. Some of the significant assumptions that need to be addressed within the financial plan are as follows:

- a) Opening Cash Balances – Opening cash balances are necessary to complete the Statement of Cash Flows and balance the Statement of Financial Position. Preferably, opening cash balances should be derived from actual information contained within the City’s ledgers. It may not, however, be possible to extract this information from the ledgers for water alone; therefore, a reasonable proxy will be needed. One approach is to assume that opening cash balances equal ending reserve and reserve fund balances from the previous year adjusted for accrual-based transactions reflected by accounts receivable/payable balances. The following equation outlines this approach:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: Approximate Ending Cash Balance

- b) Amortization Expense – The method and timing of amortization should be based on the City’s amortization policy.



- c) Accumulated Amortization – Will be based on the culmination of accumulated amortization expenses throughout the life of each asset however derived, along with information on construction/acquisition date and useful life obtained from the capital asset listing provided.
- d) Contributed Assets – As noted earlier, contributed assets could represent a significant part of the City’s infrastructure acquisitions. As such, a reasonable estimate of value and timing of acquisition/donation may be required in order to adequately capture these assets. In the case where contributed assets are deemed to be insignificant or unknown, an assumption of “no contributed assets within the forecast period” will be made.
- e) Accumulated Surplus – The magnitude of the surplus in this area may precipitate the need for additional explanation especially in the first year of reporting. This Accumulated Surplus captures the historical infrastructure investment which has not been reported in the past but has accumulated to significant levels. It also includes all water reserve and reserve fund balances.
- f) Other Revenues – Will represent the recognition of minor miscellaneous revenues.



Chapter 4

Financial Plan



4. Financial Plan

4.1 Introduction

The following tables provide the complete financial plan for the City's water system. A brief description and analysis of each table is provided below. It is important to note that the financial plan that follows is a forward look at the financial position of the City's water system. It is not an audited document¹ and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

4.2 Water Financial Plan

4.2.1 *Statement of Financial Position (Table 4-1)*

The Statement of Financial Position provides information that describes the assets, liabilities, and accumulated surplus of the City's water system. The first important indicator is net financial assets/(debt), which is defined as the difference between financial assets and liabilities. This indicator provides an indication of the system's "future revenue requirement." A net financial asset position is where financial assets are greater than liabilities and implies that the system has the resources to finance future operations. Conversely, a net debt position implies that the future revenues generated by the system will be needed to finance past transactions, as well as future operations. Table 4-1 indicates that in 2026, the City's water system will be in net debt position of approximately \$20.88 million. The financial plan forecasts the City's water system would continue to be in a net debt position for the remainder of the forecast period due to the depletion of reserves and anticipated issuance of new debt to fund the capital program required. However, by the end of the forecast period, the net debt position will have improved to a net debt amount of approximately \$15.04 million.

Another important indicator in the Statement of Financial Position is the tangible capital asset balance. As noted earlier, providing this information is a requirement for municipalities as part of PS 3150 compliance and is significant from a financial planning perspective for the following reasons:

¹ O. Reg. 453/07 does not require an audited financial plan.



- Tangible capital assets such as water mains and treatment plants are imperative to water service delivery.
- These assets represent significant economic resources in terms of their historical and replacement costs. Therefore, ongoing capital asset management is essential to managing significant replacements and repairs.
- The annual maintenance required by these assets has an enduring impact on water operational budgets.

In general terms, an increase in the tangible capital asset balance indicates that assets may have been acquired either through purchase by the City or donation/contribution by a third party. A decrease in the tangible capital asset balance can indicate a disposal, write down, or use of assets. The use of assets is usually represented by an increase in accumulated amortization due to annual amortization expenses arising as a result of allocating the cost of the asset to operations over the asset's useful life. Table 4-1 shows that the City's tangible capital assets are expected to increase by approximately \$113.06 million over the forecast period. This indicates that the City plans to invest in tangible capital assets in excess of the anticipated use of existing assets over the forecast period.

4.2.2 Statement of Operations (Table 4-2)

The Statement of Operations summarizes the revenues and expenses generated by the water system for a given period. The annual surplus/deficit measures whether the revenues generated were sufficient to cover the expenses incurred and in turn, whether net financial assets have been maintained or depleted. Table 4-2 illustrates the ratio of expenses to revenues at 42% in 2026, increasing to 66% by 2034. As a result, annual surpluses ranging from approximately \$6.79 million to approximately \$13.97 million are anticipated every year throughout the forecast.

Deficits indicate that the City is not currently contributing to water reserves at amounts equaling or exceeding amortization expense each year. Amortization, which is a non-cash expense from a full accrual reporting standpoint, is included in operating expenses as shown in Table 4-2. It is important to note that an annual surplus is beneficial to ensure funding is available to non-expense costs such as tangible capital asset acquisitions, reserve/reserve fund transfers, and debt principal payments in the future.

Another important indicator on this statement is accumulated surplus/deficit. An accumulated surplus indicates that the available net resources are sufficient to provide



future water services. An accumulated deficit indicates that resources are insufficient to provide future services and that borrowing or rate increases are required to finance annual deficits. From Table 4-2, the financial plan proposes adding approximately \$91.38 million to a 2026 accumulated surplus (at the beginning of the year) of approximately \$83.77 million, over the forecast period. This accumulated surplus, as indicated in Table 4-2, is predominantly made up of historical investments in tangible capital assets as well as reserve and reserve fund balances.

4.2.3 Statement of Change in Net Financial Assets/Debt (Table 4-3)

The Statement of Change in Net Financial Assets/Debt indicates whether revenue generated was sufficient to cover operating and non-financial asset costs (i.e., inventory supplies, prepaid expenses, tangible capital assets, etc.) and in so doing, explains the difference between the annual surplus/deficit and the change in net financial assets/debt for the period.

Table 4-3 indicates that in the years 2026 to 2034, forecasted tangible capital asset acquisitions exceed the forecasted annual surplus, resulting in a decrease to the net financial assets balance. This is due to the planned use of debt financing to fund the construction of some tangible capital assets throughout the forecast. This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions improving from 0.30 in 2026 to 0.84 in 2034 (note: a desirable ratio is 1:1 or better).

4.2.4 Statement of Cash Flow (Table 4-4)

The Statement of Cash Flow summarizes how the City's water system is expected to generate and use cash resources during the forecast period. The transactions that provide/use cash are classified as operating, capital, investing, and financing activities as shown in Table 4-4. This statement focuses on the cash aspect of these transactions and thus is the link between cash-based and accrual-based reporting. Table 4-4 indicates that cash from operations will be used to fund capital transactions (i.e., tangible capital asset acquisitions) and build internal reserves and reserve funds over the forecast period. The financial plan projects the cash position of the City's water system to increase from approximately \$10.29 million at the beginning of 2026 to a surplus balance of approximately \$22.81 million by the end of 2034. For further discussion on projected cash balances please refer to the Notes to the Financial Plan.



Table 4-1
Statement of Financial Position: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Financial Assets										
Cash	1	7,407,371	10,766,816	15,074,297	14,293,593	12,697,659	13,327,400	16,539,249	22,299,380	22,812,373
Accounts Receivable	1	376,607	518,328	558,308	556,944	557,684	561,617	571,715	589,999	544,866
Total Financial Assets		7,783,978	11,285,144	15,632,605	14,850,537	13,255,343	13,889,017	17,110,964	22,889,379	23,357,239
Liabilities										
Accounts Payable & Accrued Liabilities	1	560,876	572,100	583,543	595,213	607,118	619,251	631,644	644,281	657,170
Debt (Principal only)	2	26,614,952	33,032,396	33,556,805	32,150,117	30,794,471	32,377,861	37,798,031	35,915,333	34,076,551
Deferred Revenue	3	1,483,251	1,729,922	1,985,307	2,250,805	2,525,948	2,811,240	3,098,340	3,376,260	3,663,798
Total Liabilities		28,659,079	35,334,418	36,125,655	34,996,135	33,927,537	35,808,352	41,528,015	39,935,874	38,397,519
Net Financial Assets/(Debt)		(20,875,101)	(24,049,274)	(20,493,050)	(20,145,598)	(20,672,194)	(21,919,335)	(24,417,051)	(17,046,495)	(15,040,280)
Non-Financial Assets										
Tangible Capital Assets	4	115,384,591	131,691,737	142,103,860	151,319,401	161,181,621	171,531,907	183,317,261	185,405,801	190,192,810
Total Non-Financial Assets		115,384,591	131,691,737	142,103,860	151,319,401	161,181,621	171,531,907	183,317,261	185,405,801	190,192,810
Accumulated Surplus/(Deficit)	5	94,509,490	107,642,463	121,610,810	131,173,803	140,509,427	149,612,572	158,900,210	168,359,306	175,152,530
Financial Indicators	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Increase/(Decrease) in Net Financial Assets	(21,675,984)	(27,510,805)	(3,174,173)	3,556,224	347,452	(526,596)	(1,247,141)	(2,497,716)	7,370,556	2,006,215
2) Increase/(Decrease) in Tangible Capital Assets	113,059,768	38,251,549	16,307,146	10,412,123	9,215,541	9,862,220	10,350,286	11,785,354	2,088,540	4,787,009
3) Increase/(Decrease) in Accumulated Surplus	91,383,784	10,740,744	13,132,973	13,968,347	9,562,993	9,335,624	9,103,145	9,287,638	9,459,096	6,793,224



Table 4-2
Statement of Operations: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Revenue										
Rate Based Revenue		13,443,797	16,048,621	17,507,806	17,449,968	17,469,235	17,605,435	17,967,732	18,630,192	18,647,620
Earned Development Charges	3	459,000	468,000	477,900	486,900	496,800	506,700	516,600	527,400	538,200
Other Revenue	6	4,486,746	7,145,349	7,233,061	3,220,092	3,191,087	3,205,777	3,271,281	3,387,287	811,561
Total Revenues		18,389,543	23,661,970	25,218,767	21,156,960	21,157,122	21,317,912	21,755,613	22,544,879	19,997,381
Water Expenses										
Operating Expenses	Sch. 4-1	6,670,900	6,856,400	6,940,500	7,079,300	7,220,900	7,534,200	7,512,600	7,662,900	7,816,200
Interest on Debt	2	105,448	1,227,743	1,485,043	1,499,208	1,435,818	1,374,853	1,434,729	1,652,423	1,568,966
Amortization	4	872,451	2,444,854	2,824,877	3,015,459	3,164,780	3,305,714	3,520,646	3,770,460	3,818,991
Total Expenses		7,648,799	10,528,997	11,250,420	11,593,967	11,821,498	12,214,767	12,467,975	13,085,783	13,204,157
Annual Surplus/(Deficit)		10,740,744	13,132,973	13,968,347	9,562,993	9,335,624	9,103,145	9,287,638	9,459,096	6,793,224
Accumulated Surplus/(Deficit), beginning of year	5	83,768,746	94,509,490	107,642,463	121,610,810	131,173,803	140,509,427	149,612,572	158,900,210	168,359,306
Accumulated Surplus/(Deficit), end of year		94,509,490	107,642,463	121,610,810	131,173,803	140,509,427	149,612,572	158,900,210	168,359,306	175,152,530
Note 5:										
Accumulated Surplus/(Deficit) Reconciliation:		2026	2027	2028	2029	2030	2031	2032	2033	2034
Reserve Balances										
Reserves: Development Charges		1,483,251	1,729,922	1,985,307	2,250,805	2,525,948	2,811,240	3,098,340	3,376,260	3,663,798
Reserves: Capital/Other		5,739,851	8,983,122	13,063,755	12,004,519	10,122,277	10,458,526	13,380,980	18,868,838	19,036,271
Total Reserves Balance		7,223,102	10,713,044	15,049,062	14,255,324	12,648,225	13,269,766	16,479,320	22,245,098	22,700,069
Less: Debt Obligations and Deferred Revenue		(28,098,203)	(34,762,318)	(35,542,112)	(34,400,922)	(33,320,419)	(35,189,101)	(40,896,371)	(39,291,593)	(37,740,349)
Add: Tangible Capital Assets	4	115,384,591	131,691,737	142,103,860	151,319,401	161,181,621	171,531,907	183,317,261	185,405,801	190,192,810
Total Ending Balance		94,509,490	107,642,463	121,610,810	131,173,803	140,509,427	149,612,572	158,900,210	168,359,306	175,152,530
Financial Indicators										
	Total Change	2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Expense to Revenue Ratio		42%	44%	45%	55%	56%	57%	57%	58%	66%
2) Increase/(Decrease) in Accumulated Surplus	91,383,784	10,740,744	13,132,973	13,968,347	9,562,993	9,335,624	9,103,145	9,287,638	9,459,096	6,793,224



Schedule 4-1
Statement of Operating Expenses: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Expenses										
Salaries and Benefits		2,893,200	2,951,100	3,010,100	3,070,300	3,131,700	3,194,300	3,258,200	3,323,400	3,389,900
Purchase of Goods		1,470,100	1,499,500	1,529,500	1,560,100	1,591,300	1,623,100	1,655,600	1,688,700	1,722,500
Services & Rent		918,800	937,200	955,900	975,000	994,500	1,014,400	1,034,700	1,055,400	1,076,500
Financial		107,400	109,500	111,700	113,900	116,200	118,500	120,900	123,300	125,800
Financing LTD Principal & Interest		373,600	381,100	388,700	396,500	404,400	412,500	420,800	429,200	437,800
Corporate Costs		752,600	767,700	783,100	798,800	814,800	831,100	847,700	864,700	882,000
Insurance Premiums		145,000	147,900	150,900	153,900	157,000	160,100	163,300	166,600	169,900
Rebate Program		10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800
Non TCA - Expenses from Capital Budget	7	-	52,000	-	-	-	169,000	-	-	-
TOTAL OPERATING EXPENSES		6,670,900	6,856,400	6,940,500	7,079,300	7,220,900	7,534,200	7,512,600	7,662,900	7,816,200

Table 4-3
Statement of Changes in Net Financial Assets/Debt: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)		10,740,744	13,132,973	13,968,347	9,562,993	9,335,624	9,103,145	9,287,638	9,459,096	6,793,224
Less: Acquisition of Tangible Capital Assets	4	(39,124,000)	(18,752,000)	(13,237,000)	(12,231,000)	(13,027,000)	(13,656,000)	(15,306,000)	(5,859,000)	(8,606,000)
Add: Amortization of Tangible Capital Assets	4	872,451	2,444,854	2,824,877	3,015,459	3,164,780	3,305,714	3,520,646	3,770,460	3,818,991
Sub-Total		(38,251,549)	(16,307,146)	(10,412,123)	(9,215,541)	(9,862,220)	(10,350,286)	(11,785,354)	(2,088,540)	(4,787,009)
Less: Acquisition of Supplies Inventory		-	-	-	-	-	-	-	-	-
Add: Consumption of Supplies Inventory		-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Financial Assets/(Net Debt)		(27,510,805)	(3,174,173)	3,556,224	347,452	(526,596)	(1,247,141)	(2,497,716)	7,370,556	2,006,215
Net Financial Assets/(Net Debt), beginning of year		6,635,704	(20,875,101)	(24,049,274)	(20,493,050)	(20,145,598)	(20,672,194)	(21,919,335)	(24,417,051)	(17,046,495)
Net Financial Assets/(Net Debt), end of year		(20,875,101)	(24,049,274)	(20,493,050)	(20,145,598)	(20,672,194)	(21,919,335)	(24,417,051)	(17,046,495)	(15,040,280)
Financial Indicators		2026	2027	2028	2029	2030	2031	2032	2033	2034
1) Acquisition of Tangible Capital Assets (Cumulative)		39,124,000	57,876,000	71,113,000	83,344,000	96,371,000	110,027,000	125,333,000	131,192,000	139,798,000
2) Annual Surplus/Deficit before Amortization (Cumulative)		11,613,195	27,191,022	43,984,246	56,562,698	69,063,102	81,471,961	94,280,245	107,509,801	118,122,016
3) Ratio of Annual Surplus before Amortization to Acquisition of TCA's (Cumulative)		0.30	0.47	0.62	0.68	0.72	0.74	0.75	0.82	0.84



Table 4-4
Statement of Cash Flow – Indirect Method: Water Services
UNAUDITED: For Financial Planning Purposes Only
2026-2034

	Notes	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Transactions										
Annual Surplus/Deficit		10,740,744	13,132,973	13,968,347	9,562,993	9,335,624	9,103,145	9,287,638	9,459,096	6,793,224
Add: Amortization of TCA's	4	872,451	2,444,854	2,824,877	3,015,459	3,164,780	3,305,714	3,520,646	3,770,460	3,818,991
Less: Earned Deferred Revenue	3	(459,000)	(468,000)	(477,900)	(486,900)	(496,800)	(506,700)	(516,600)	(527,400)	(538,200)
Add: Deferred Revenue Proceeds		696,507	714,670	733,285	752,398	771,942	791,992	803,700	805,320	825,738
Change in A/R (Increase)/Decrease		(48,937)	(141,720)	(39,980)	1,364	(740)	(3,933)	(10,097)	(18,284)	45,133
Change in A/P Increase/(Decrease)		11,004	11,224	11,443	11,670	11,905	12,133	12,393	12,637	12,889
Less: Interest Proceeds		(112,546)	(176,140)	(256,152)	(235,383)	(198,476)	(205,069)	(262,372)	(369,977)	(373,260)
Cash Provided by Operating Transactions		11,700,223	15,517,861	16,763,920	12,621,601	12,588,235	12,497,282	12,835,308	13,131,852	10,584,515
Capital Transactions										
Less: Cash Used to acquire Tangible Capital Assets	4	(39,124,000)	(18,752,000)	(13,237,000)	(12,231,000)	(13,027,000)	(13,656,000)	(15,306,000)	(5,859,000)	(8,606,000)
Cash Applied to Capital Transactions		(39,124,000)	(18,752,000)	(13,237,000)	(12,231,000)	(13,027,000)	(13,656,000)	(15,306,000)	(5,859,000)	(8,606,000)
Investing Transactions										
Proceeds from Investments		112,546	176,140	256,152	235,383	198,476	205,069	262,372	369,977	373,260
Cash Provided by (applied to) Investing Transactions		112,546	176,140	256,152	235,383	198,476	205,069	262,372	369,977	373,260
Financing Transactions										
Proceeds from Debt Issue	2	24,915,000	7,711,000	2,134,100	-	-	3,000,000	7,000,000	-	-
Less: Debt Repayment (Principal only)	2	(483,898)	(1,293,556)	(1,609,691)	(1,406,688)	(1,355,645)	(1,416,610)	(1,579,831)	(1,882,698)	(1,838,782)
Cash Applied to Financing Transactions		24,431,102	6,417,444	524,409	(1,406,688)	(1,355,645)	1,583,390	5,420,169	(1,882,698)	(1,838,782)
Increase in Cash and Cash Equivalents		(2,880,129)	3,359,445	4,307,481	(780,704)	(1,595,934)	629,741	3,211,849	5,760,131	512,993
Cash and Cash Equivalents, beginning of year	1	10,287,500	7,407,371	10,766,816	15,074,297	14,293,593	12,697,659	13,327,400	16,539,249	22,299,380
Cash and Cash Equivalents, end of year	1	7,407,371	10,766,816	15,074,297	14,293,593	12,697,659	13,327,400	16,539,249	22,299,380	22,812,373



Water

Notes to Financial Plan

The financial plan format as outlined in Chapter 4 closely approximates the full accrual format used by municipalities (2009 onward) on their audited financial statements. However, the financial plan is not an audited document and contains various estimates. In this regard, Section 3 (2) of O. Reg. 453/07 states the following:

“Each of the following sub-subparagraphs applies only if the information referred to in the sub-subparagraph is known to the owner at the time the financial plans are prepared:

1. Sub-subparagraphs 4 i A, B and C of subsection (1)
2. Sub-subparagraphs 4 iii A, C, E and F of subsection (1).”

The information referred to in sub-subparagraphs 4 i A, B and C of subsection (1) includes:

- A. Total financial assets (i.e., cash and receivables);
- B. Total liabilities (i.e., payables, debt, and deferred revenue);
- C. Net debt (i.e., the difference between A and B above).

The information referred to in sub-subparagraphs 4 iii A, C, E and F of subsection (1) includes:

- A. Operating transactions are cash received from revenues; cash paid for operating expenses and finance charges.
- B. Investing transactions that are acquisitions and disposal of investments.
- C. Changes in cash and cash equivalents during the year.
- D. Cash and cash equivalents at the beginning and end of the year.

In order to show a balanced financial plan in a full accrual format for the City, some of the items listed above have been estimated given that the City does not maintain all financial asset and liability data separately for water. Usually, this type of data is combined with the financial assets and liabilities of other departments and services given that there is not a current obligation to disclose this data separately (as there is with revenue and expenses).



The assumptions used have been documented below:

1. Cash, Receivables and Payables

It is assumed that the opening cash balances required to complete the financial plan are equal to:

Ending Reserve/Reserve Fund Balance
Plus: Ending Accounts Payable Balance
Less: Ending Accounts Receivable Balance
Equals: *Approximate Ending Cash Balance*

For the City, receivable and payable balances were estimated for each year of the forecast based on the following factors:

- a) Receivables: Based on historical levels of water receivables provided by City staff as a percentage of annual water revenue earned (as per the City's past Financial Information Returns (F.I.R.s)); and
- b) Payables: Based on water only data provided by city staff as well as historical levels of water payables as a percentage of annual water expenses incurred by the City (as per the City's past F.I.R.s).

2. Debt

Outstanding water related debt anticipated at the beginning of 2026, is forecasted to be approximately \$2.18 million with additional debt proceeds anticipated throughout the forecast period. Estimated principal repayments over the forecast period are scheduled as follows:

Year	Principal Payments
2026	483,898
2027	1,293,556
2028	1,609,691
2029	1,406,688
2030	1,355,645
2031	1,416,610
2032	1,579,831
2033	1,882,698
2034	1,838,782
Total	\$12,867,399



For financial reporting purposes, debt principal payments represent a decrease in debt liability, and the interest payments represent a current year operating expense.

3. Deferred Revenue

Deferred revenue is typically made up of water development charge (D.C.) fund balances which are considered to be a liability for financial reporting purposes until the funds are used to emplace the works for which they have been collected. The City collects D.C.s for water services, these funds have been utilized to fund capital infrastructure works throughout the forecast period.

4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
 - i. Land;
 - ii. Facilities;
 - iii. Watermains;
 - iv. Valves; and
 - v. Hydrants.
- Amortization is calculated based on the straight-line approach with no amortization applied in the year of acquisition or construction.
- Write-offs are assumed to equal \$0 for each year in the forecast period.
- Tangible capital assets are shown on a net basis. It is assumed that disposals occur when the asset is being replaced. To calculate the value of each asset disposal, the replacement value (of each new asset that has been identified as a “replacement”) has been deflated (by weighted average useful life for all assets on hand in the respective asset category) to an estimated historical cost. This figure was used to calculate disposals only. Future assets are disposed of when fully amortized.
- Gains/losses on disposal for all assets except vehicles are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals). For vehicles, gains/losses on disposal have been estimated based on the anticipated trade-in values in the year of disposal.
- Residual value is assumed to be \$0 for all assets contained within the forecast period.



- Contributed Assets, as described in Section 3.2.1, are deemed to be insignificant or unknown during the forecast period and are therefore assumed to be \$0.
- The City does not have any lead service piping in the municipal water system.



The balance of tangible capital assets is summarized as follows:

Asset Historical Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Asset Balance	78,448,706	100,097,975	116,460,737	128,565,939	140,605,576	153,254,138	166,613,920	181,242,343	187,004,812
Acquisitions	39,124,000	18,752,000	13,237,000	12,231,000	13,027,000	13,656,000	15,306,000	5,859,000	8,606,000
Disposals	17,474,731	2,389,238	1,131,798	191,363	378,438	296,218	677,577	96,531	191,775
Closing Tangible Capital Asset Balance	100,097,975	116,460,737	128,565,939	140,605,576	153,254,138	166,613,920	181,242,343	187,004,812	195,419,037
Opening Accumulated Amortization	1,315,664	(15,286,616)	(15,231,000)	(13,537,921)	(10,713,825)	(7,927,483)	(4,917,987)	(2,074,918)	1,599,011
Amortization Expense	872,451	2,444,854	2,824,877	3,015,459	3,164,780	3,305,714	3,520,646	3,770,460	3,818,991
Amortization on Disposal	17,474,731	2,389,238	1,131,798	191,363	378,438	296,218	677,577	96,531	191,775
Ending Accumulated Amortization	(15,286,616)	(15,231,000)	(13,537,921)	(10,713,825)	(7,927,483)	(4,917,987)	(2,074,918)	1,599,011	5,226,227
Net Book Value	115,384,591	131,691,737	142,103,860	151,319,401	161,181,621	171,531,907	183,317,261	185,405,801	190,192,810



5. Accumulated Surplus

Opening accumulated surplus for the forecast period is reconciled as follows:

Water	2026 Opening Accumulated Surplus
Reserve Balances	
Reserves: Development Charges	1,245,745
Reserves: Capital/Other	8,819,555
Total Reserves Balance	\$10,065,300
Less: Debt Obligations and Deferred Revenue	(3,429,596)
Add: Tangible Capital Assets	77,133,042
Total Opening Balance	\$83,768,746

The accumulated surplus reconciliation for all years within the forecast period is contained in Table 4-2.

6. Other Revenue

Other revenue consists of miscellaneous revenues including those from general sales and rental revenues, service charges, connection charges, sales of meters, miscellaneous sales, and interest earnings.

7. Operating Expenses

Capital expenditures for items not meeting the definition of tangible capital assets have been reclassified as operating expenses and have been expensed in the year in which they occur.



Chapter 5

Process for Financial Plan Approval and Submission to the Province



5. Process for Financial Plan Approval and Submission to the Province

As mentioned in section 1.2, preparation and approval of a financial plan for water assets that meets the requirements of the Act is mandatory for municipal water providers. Proof of the plan preparation and approval is a key submission requirement for municipal drinking water licensing and, upon completion, must be submitted to the MECP. The process established for plan approval, public circulation and filing is set out in O. Reg. 453/07 and can be summarized as follows:

1. The financial plan must be approved by resolution of Council of the municipality who owns the drinking water system or the governing body of the owner. (O. Reg. 453/07, section 3 (1) 1).
2. The owner of the drinking water system must provide notice advertising the availability of the financial plan. The plans will be made available to the public upon request and without charge. The plans must also be made available to the public on the municipality's website. (O. Reg. 453/07, section 3 (1) 5).
3. The owner of the drinking water system must provide a copy of the financial plan to the Director of Policy Branch, Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, section 3 (1) 6).
4. The owner of the drinking water system must provide proof satisfactory to the Director that the financial plans for the system satisfy the requirements under the *Safe Drinking Water Act*. (S.D.W.A. section 32 (5) 2. ii.).



Chapter 6

Recommendations



6. Recommendations

This report presents the water financial plan for the City of Cornwall in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. As Council is required to pass certain resolutions with regard to the regulations, it is recommended that:

1. The City of Cornwall Water Financial Plan prepared by Watson & Associates Economists Ltd. dated September 10, 2025, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan dated September 10, 2025, be submitted to the Ministry of Municipal Affairs and Housing. (O. Reg. 453/07, Section 3 (1) 6)
4. The Council Resolution approving the Financial Plan be submitted to the Ministry of the Environment, Conservation and Parks satisfying the requirements under the *Safe Drinking Water Act*. (S.D.W.A. Section 32 (5) 2 ii).



Appendix A

Water 2026 Summary Tables



Table A-1
City of Cornwall
Water Capital Budget Forecast (Inflated \$)

Description	Total	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Expenditures										
Raw Water Intake Redundancy	45,497,000	6,120,000	6,242,000	6,367,000	6,495,000	6,624,000	6,757,000	6,892,000	-	-
Building and Grounds Project	335,000	51,000	52,000	53,000	-	-	-	-	-	179,000
Removal of Hydrogen Peroxide System	338,000	-	-	-	-	-	338,000	-	-	-
Lifecycle:										
Boundary Road Booster Pump Replacements	412,000	204,000	208,000	-	-	-	-	-	-	-
Valve Replacement Program	781,000	51,000	52,000	-	-	276,000	282,000	-	-	120,000
Instrumentation Upgrades	554,000	102,000	104,000	-	-	-	169,000	-	-	179,000
Elevated Storage Tank Upgrades	2,499,000	-	-	424,000	-	-	282,000	-	-	1,793,000
High Lift Pump Rehabilitation	51,000	51,000	-	-	-	-	-	-	-	-
High Lift Pump Replacement	3,209,000	1,020,000	1,040,000	-	-	-	-	1,149,000	-	-
Submersible Filter Backwash Pump and Valve Replacement	408,000	408,000	-	-	-	-	-	-	-	-
Concrete Rehabilitation/Renewal	641,000	-	208,000	212,000	-	221,000	-	-	-	-
Roof Repairs	825,000	153,000	-	-	-	552,000	-	-	-	120,000
Filter 1 & 2 Media Replacements	612,000	612,000	-	-	-	-	-	-	-	-
Filter 3 & 4 Media Replacements	624,000	-	624,000	-	-	-	-	-	-	-
Clearwell Sluice Gate Replacement	156,000	-	156,000	-	-	-	-	-	-	-
Expansion Joint Repairs	424,000	-	-	424,000	-	-	-	-	-	-
Replacement of Chemical Storage Tanks	169,000	-	-	-	-	-	169,000	-	-	-
Intake Structure Engineering and Rehabilitation	804,000	-	-	-	-	-	-	804,000	-	-
Electrical System Upgrades	804,000	-	-	-	-	-	-	804,000	-	-
Improvements to System Throughout the City	27,693,000	2,652,000	2,757,000	2,865,000	2,977,000	3,091,000	3,153,000	3,274,000	3,398,000	3,526,000
Pitt Street	3,060,000	3,060,000	-	-	-	-	-	-	-	-
Vincent Massey Drive	10,302,000	5,100,000	5,202,000	-	-	-	-	-	-	-
SCADA Equipment	1,207,000	-	-	318,000	541,000	-	169,000	-	-	179,000
Building Exterior Brickwork	424,000	-	-	424,000	-	-	-	-	-	-
Sixth St W - Cumberland St to Augustus St	1,530,000	1,530,000	-	-	-	-	-	-	-	-
Sixth St W - Augustus St To Amelia St	1,587,000	-	1,587,000	-	-	-	-	-	-	-
Gulf St - Fifth St W to Third St W	1,088,000	-	-	1,088,000	-	-	-	-	-	-
Timothy Av - Cumberland St to Bedford St	531,000	-	-	531,000	-	-	-	-	-	-
Bedford St - Fourth St to Fifth St	595,000	-	-	-	595,000	-	-	-	-	-
Eighth St E - Adolphus St to Marlborough St	1,082,000	-	-	-	1,082,000	-	-	-	-	-
Gloucester St - Second St to Aberdeen Ave	1,104,000	-	-	-	-	1,104,000	-	-	-	-
Future Projects	7,977,000	-	-	-	-	607,000	1,774,000	1,809,000	1,875,000	1,912,000
Carryover Projects - Water Meters	17,500,000	17,500,000	-	-	-	-	-	-	-	-
Studies:										
Concrete Storage Tanks Condition Assessment	221,000	-	52,000	-	-	-	169,000	-	-	-
Growth Related:										
Other System Growth/Projection Projects	4,975,000	510,000	520,000	531,000	541,000	552,000	563,000	574,000	586,000	598,000
Total Capital Expenditures	140,019,000	39,124,000	18,804,000	13,237,000	12,231,000	13,027,000	13,825,000	15,306,000	5,859,000	8,606,000



Table A-1 (continued)
City of Cornwall
Water Capital Budget Forecast (Inflated \$)

Description	Total	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Capital Financing										
Provincial/Federal Grants	12,000,000	4,000,000	4,000,000	4,000,000						
Development Charges Reserve Fund	4,477,500	459,000	468,000	477,900	486,900	496,800	506,700	516,600	527,400	538,200
Non-Growth Related Debenture Requirements	27,260,100	7,415,000	7,711,000	2,134,100	-	-	3,000,000	7,000,000	-	-
Non-Growth Related Debenture Requirements - Carryover Projects	17,500,000	17,500,000	-	-	-	-	-	-	-	-
Water Reserve	78,781,400	9,750,000	6,625,000	6,625,000	11,744,100	12,530,200	10,318,300	7,789,400	5,331,600	8,067,800
Total Capital Financing	140,019,000	39,124,000	18,804,000	13,237,000	12,231,000	13,027,000	13,825,000	15,306,000	5,859,000	8,606,000

Table A-2
City of Cornwall
Schedule of Non-Growth-Related Debenture Repayments (Inflated \$)

Debenture Year	Principal (Inflated)	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
2026	7,415,000		551,422	551,422	551,422	551,422	551,422	551,422	551,422	551,422
2027	7,711,000			573,434	573,434	573,434	573,434	573,434	573,434	573,434
2028	2,134,100				158,704	158,704	158,704	158,704	158,704	158,704
2029	-					-	-	-	-	-
2030	-						-	-	-	-
2031	3,000,000							223,097	223,097	223,097
2032	7,000,000								520,560	520,560
2033	-									-
2034	-									-
2035	-									-
Total Annual Debt Charges	27,260,100	-	551,422	1,124,856	1,283,560	1,283,560	1,283,560	1,283,560	1,506,657	2,027,218



Table A-3
City of Cornwall
Waterworks Reserve Funds (Inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	8,819,555	5,739,851	7,267,603	9,598,407	6,754,346	3,051,580	1,530,898	2,559,280	6,115,186
Transfer from Operating	6,557,750	8,010,250	8,767,600	8,767,600	8,767,600	8,767,600	8,767,600	8,767,600	8,767,600
Transfer to Capital	9,750,000	6,625,000	6,625,000	11,744,100	12,530,200	10,318,300	7,789,400	5,331,600	8,067,800
Transfer to Operating	-	-	-	-	-	-	-	-	-
Closing Balance	5,627,305	7,125,101	9,410,203	6,621,907	2,991,746	1,500,880	2,509,098	5,995,280	6,814,986
Interest	112,546	142,502	188,204	132,438	59,835	30,018	50,182	119,906	136,300

Table A-4
City of Cornwall
Water Development Charges Reserve Fund Continuity (Inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	1,245,745	1,483,252	1,729,922	1,985,307	2,250,805	2,525,948	2,811,240	3,098,340	3,376,260
Development Charge Proceeds	667,424	680,750	694,357	708,265	722,414	736,870	742,948	739,119	753,899
Transfer to Capital	459,000	468,000	477,900	486,900	496,800	506,700	516,600	527,400	538,200
Transfer to Operating	-	-	-	-	-	-	-	-	-
Closing Balance	1,454,168	1,696,002	1,946,379	2,206,672	2,476,420	2,756,118	3,037,588	3,310,059	3,591,959
Interest	29,083	33,920	38,928	44,133	49,528	55,122	60,752	66,201	71,839
Required from Development Charges	459,000	468,000	477,900	486,900	496,800	506,700	516,600	527,400	538,200



Table A-5
City of Cornwall
Water Meter Reserve Fund Continuity (Inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	-	-	1,715,519	3,465,348	5,250,173	7,070,695	8,927,628	10,821,699	12,753,651
Transfer from Operating	-	1,681,881	1,681,881	1,681,881	1,681,881	1,681,881	1,681,881	1,681,881	-
Transfer to Capital	-	-	-	-	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-	-	-	905,628
Closing Balance	-	1,681,881	3,397,400	5,147,228	6,932,054	8,752,576	10,609,509	12,503,580	11,848,023
Interest	-	33,638	67,948	102,945	138,641	175,052	212,190	250,072	236,960



Table A-6
City of Cornwall
Water – Operating Budget Forecast (Inflated \$)

Description	Forecast								
	2026	2027	2028	2029	2030	2031	2032	2033	2034
Expenditures									
Operating Costs									
Salaries and Benefits	2,893,200	2,951,100	3,010,100	3,070,300	3,131,700	3,194,300	3,258,200	3,323,400	3,389,900
Purchase of Goods	1,470,100	1,499,500	1,529,500	1,560,100	1,591,300	1,623,100	1,655,600	1,688,700	1,722,500
Services & Rent	918,800	937,200	955,900	975,000	994,500	1,014,400	1,034,700	1,055,400	1,076,500
Financial	107,400	109,500	111,700	113,900	116,200	118,500	120,900	123,300	125,800
Financing LTD Principal & Interest	373,600	381,100	388,700	396,500	404,400	412,500	420,800	429,200	437,800
Coporate Costs	752,600	767,700	783,100	798,800	814,800	831,100	847,700	864,700	882,000
Insurance Premiums	145,000	147,900	150,900	153,900	157,000	160,100	163,300	166,600	169,900
Rebate Program	10,200	10,400	10,600	10,800	11,000	11,200	11,400	11,600	11,800
Sub Total Operating	6,670,900	6,804,400	6,940,500	7,079,300	7,220,900	7,365,200	7,512,600	7,662,900	7,816,200
Capital-Related									
Existing Debt (Principal) - Non-Growth Related	483,898	507,102	531,418	209,359	104,949	110,154	115,618	121,353	-
Existing Debt (Interest) - Non-Growth Related	105,448	82,245	57,929	32,446	22,423	17,217	11,754	6,019	-
New Non-Growth Related Debt (Principal)	-	245,924	511,797	603,662	628,533	654,429	780,888	1,045,221	1,088,284
New Non-Growth Related Debt (Interest)	-	305,498	613,059	679,898	655,027	629,132	725,769	981,997	938,933
New Non-Growth Related Debt - Prior Approved Projects (Principal)	-	540,531	566,476	593,667	622,163	652,027	683,324	716,124	750,498
New Non-Growth Related Debt - Prior Approved Projects (Interest)	-	840,000	814,055	786,864	758,368	728,504	697,207	664,407	630,033
Transfer to Reserve (Water Meter Revenue)	-	1,681,881	1,681,881	1,681,881	1,681,881	1,681,881	1,681,881	1,681,881	-
Transfer to Capital Waterworks Reserve	6,557,750	8,010,250	8,767,600	8,767,600	8,767,600	8,767,600	8,767,600	8,767,600	8,767,600
Sub Total Capital Related	7,147,097	12,213,430	13,544,215	13,355,377	13,240,944	13,240,944	13,464,041	13,984,601	12,175,348
Total Expenditures	13,817,997	19,017,830	20,484,715	20,434,677	20,461,844	20,606,144	20,976,641	21,647,501	19,991,548
Revenues									
0101 Water Billing	11,868,400	12,105,800	12,347,900	12,594,900	12,846,800	13,103,700	13,365,800	13,633,100	13,905,800
0529 General Sales & Rents	155,000	158,100	161,300	164,500	167,800	171,200	174,600	178,100	181,700
0535 Other User Fees	18,400	18,800	19,200	19,600	20,000	20,400	20,800	21,200	21,600
Recovery of Water Meters	-	2,587,509	2,587,509	2,587,509	2,587,509	2,587,509	2,587,509	2,587,509	-
0540 Water Connection	9,200	9,400	9,600	9,800	10,000	10,200	10,400	10,600	10,800
0555 Recoveries	18,900	19,300	19,700	20,100	20,500	20,900	21,300	21,700	22,100
0599 Misc. Fees/Charges	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
0611 Interest on Taxes	91,800	93,600	95,500	97,400	99,300	101,300	103,300	105,400	107,500
0699 Misc Other Revenue	61,200	62,400	63,600	64,900	66,200	67,500	68,900	70,300	71,700
0702 Internal Recoveries	18,200	18,600	19,000	19,400	19,800	20,200	20,600	21,000	21,400
Contribution from Water Meter Reserve Fund	-	-	-	-	-	-	-	-	905,628
Total Operating Revenue	12,242,600	15,075,009	15,324,809	15,579,609	15,839,409	16,104,409	16,374,709	16,650,409	15,249,728
Water Billing Recovery - Operating	1,575,397	3,942,821	5,159,906	4,855,068	4,622,435	4,501,735	4,601,932	4,997,092	4,741,820