



 **Watson  
& Associates**  
ECONOMISTS LTD.

# Water Ontario Regulation 453/07 Financial Plan

City of Orillia

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Financial Plan #125-301

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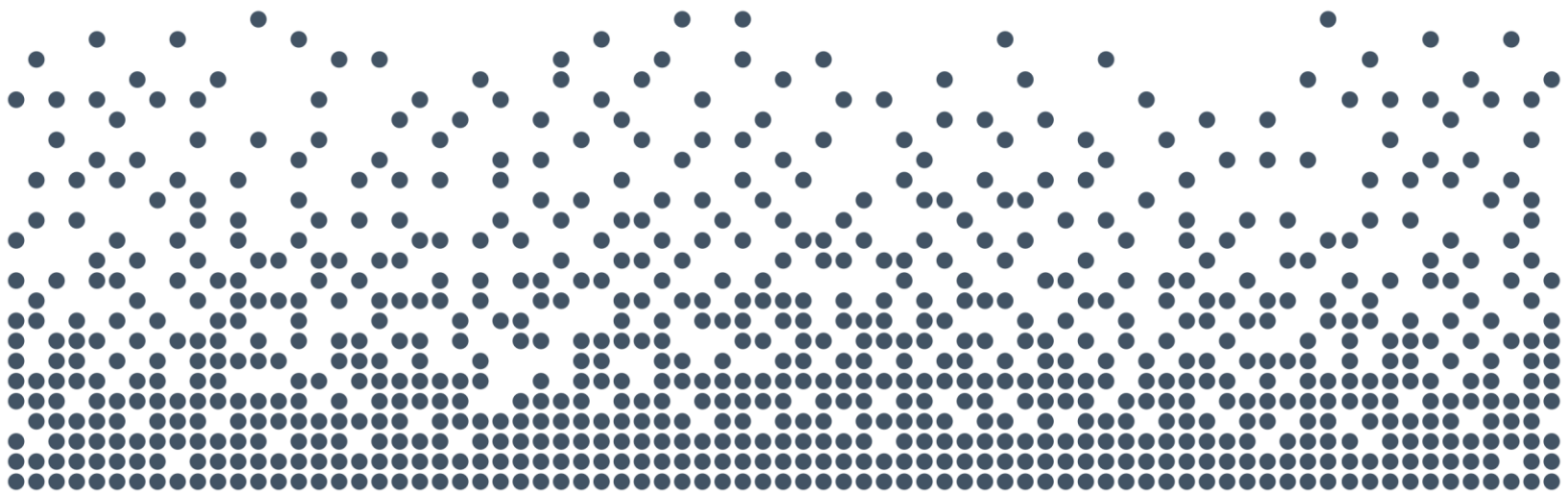
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## List of Acronyms and Abbreviations

<b>Acronym</b>	<b>Full Description of Acronym</b>
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

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The City of Orillia (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 based on the City's Budget and Forecast, along with asset management data.

The objective of the report provided herein is to convert the findings of the 2026 to 2034 approved Forecast from the 2025 Budget and Forecast approved by the City, into the prescribed reporting requirements for a financial plan as defined by Ontario Regulation (O. Reg.) 453/07. The financial plan has been developed for the period starting in 2026, as the financial plan must begin in the year of licence expiry in accordance with O. Reg. 453/07. The City's current water licence expires May 23, 2026. This Financial Plan will then form part of the submission for the City's application to renew its Municipal Drinking Water Licence which is due to be submitted no later than November 23, 2025.

## 1.2 Background

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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 Act 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)

As of time of writing, the *Sustainable Water and Sewage Systems Act, 2002* has been repealed (see Section 2.2 of this report) however, the standards that it directs underpin the specific requirements of s.30 as they are outlined in O. Reg. 453/07, and which 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 plan 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 exceeds the legislative 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 PS1201 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 PS1201 and PS3150. 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 PS3150. 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

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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: Life-cycle 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

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Since the passage of the *Safe Drinking Water Act, 2002*, 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 stormwater 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 regarding 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

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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 needed to have an asset management plan that addressed the related infrastructure by July 1, 2022 (Phase 1). O. Reg. 588/17 specifies that the municipality'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 municipality'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.

The City completed an Asset Management Plan (A.M.P.) which included a review of the City's water infrastructure. The City will need to consider the impacts of funding the lifecycle requirements identified in the A.M.P. during the annual budget and forecast periods.

## **2.4 Water Forecast**

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The City has already completed their financial planning through its 2025 budget and forecast. The 2025 budget and forecast process is designed to address "full cost" principles and reflect the guiding principles toward sustainable financial planning.

As a result of employing this process, the 2025 budget and forecast, which includes the 2026 to 2034 forecast, provides the basis for a sound financial plan for the City's water system by assessing:

- A detailed assessment of current and future capital needs including an analysis of potential funding sources;
- An analysis of operating costs in order to determine how they will be impacted by evolving infrastructure needs;
- A review and recommendation on rates that ensure revenues are equitable and sufficient to meet system needs; and



- A public process that involved consultation with the main stakeholders including the City's staff, Council, the general public (specifically the users of the system) and others with the aim of gaining input and collaboration on the sustainability of the water systems.

The details of the financial plan arising from the 2026 to 2034 forecast are contained in Appendix A.



# Chapter 3

## Approach



## 3. Approach

### 3.1 Overview

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The City's 2026 to 2034 capital forecast, along with additional detailed information provided by City Staff, has been used as a starting point to prepare the Financial Plan for the municipal water system. The water forecast is 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 forecast. This chapter outlines the conversion process utilized and summarizes the adjustments made to prepare the Financial Plan for the municipal water system.

### 3.2 Conversion Process

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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 and assets, an inventory has already been compiled and summarized by the City as part of their annual P.S.A.B. 3150 compliance processes. As required, for P.S.A.B. 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 Municipal staff. However, these estimates only represent future assets that the City anticipates purchasing or constructing. At present, the City does not have costing information for 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 will need to be adjusted to properly account for these transactions. The regulation (O. Reg. 453/07) allows for amendments to be made to the drinking water financial plan, and recognizes that the financial plan is based on forecasted costs and revenues, which will vary each year based on actual costs, revenues, changes in tangible capital assets, etc. 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 - Water

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		Debits	Credits		
<b>Revenues</b>					<b>Revenues</b>
Base Charge Revenue	2,582,934			2,582,934	Base Charge Revenue
Rate Based Revenue	7,863,438			7,863,438	Rate Based Revenue
Transfers from Reserves	803,748	803,748			
			1,057,569	1,057,569	Earned Development Charges, Gas Tax and Canada Community Building Fund Revenue
Other Revenue	420,653		254,246	674,899	Other Revenue
<b>Total Revenues</b>	<b>11,670,773</b>			<b>12,178,840</b>	<b>Total Revenues</b>
<b>Expenditures</b>					<b>Expenses</b>
Operating	5,872,675	181,298		6,053,973	Operating Expenses
Capital					
Transfers to Reserves	5,425,041		5,425,041		
Transfers to Capital	-		-		
Debt Repayment (Principal & Interest)	373,057		192,178	180,879	Interest on Debt
		1,452,089		1,452,089	Amortization
		-		-	Loss on Disposal of Tangible Capital Assets
<b>Total Expenditures</b>	<b>11,670,773</b>			<b>7,686,941</b>	<b>Total Expenses</b>
<b>Net Expenditures</b>	<b>-</b>			<b>4,491,899</b>	<b>Annual Surplus/(Deficit)</b>
Increase (decrease) in amounts to be recovered	-			58,267,229	Accumulated Surplus/(Deficit), beginning of year
<b>Change in Fund Balances</b>	<b>-</b>	<b>4,491,899</b>	<b>-</b>	<b>62,759,128</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>6,929,034</b>	<b>6,929,034</b>		



### **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 PS1201.

It is acknowledged that some of the balances required on the Statement of Financial Position will be consolidated across the City 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. O. Reg. 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 City 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 - Water

Modified Cash Basis	Budget 2026	Adjustments		Full Accrual Budget 2026	Accrual Basis
		Debits	Credits		
<b>ASSETS</b>					<b>ASSETS</b>
<b>Financial Assets</b>					<b>Financial Assets</b>
Cash	(492,294)			-	Cash
Accounts Receivable	3,622,606			3,622,606	Accounts Receivable
Accounts Receivable - Other	3,236,541			3,236,541	Accounts Receivable - Other
<b>Total Financial Assets</b>	<b>6,366,853</b>			<b>6,859,147</b>	<b>Total Financial Assets</b>
<b>Non-Financial Assets</b>					
Inventory of Supplies	-		-		
Prepaid Expenses	-		-		
<b>Total Non-Financial Assets</b>	<b>-</b>				
<b>LIABILITIES</b>					<b>Liabilities</b>
Accounts Payable & Accrued Liabilities	1,145,984			1,174,633	Accounts Payable & Accrued Liabilities
Gross Long-term Liabilities	4,798,105			4,798,105	Debt (Principal only)
Deferred Revenue	-			-	Deferred Revenue
Bank Indebtedness	-			463,645	Bank Indebtedness
Other	-			-	Other
<b>Total Liabilities</b>	<b>5,944,089</b>			<b>6,436,383</b>	<b>Total Liabilities</b>
<b>Net Assets/(Debt)</b>	<b>422,764</b>			<b>422,764</b>	<b>Net Financial Assets/(Debt)</b>
		62,517,662	181,298	62,336,364	<b>Non-Financial Assets</b>
		-		-	Tangible Capital Assets
		-		-	Inventory of Supplies
					Prepaid Expenses
				<b>62,336,364</b>	<b>Total Non-Financial Assets</b>
<b>Municipal Position</b>					
Water Reserves	5,220,869	5,220,869	-		
Development Charge Reserve Fund	(3,236,541)	-	3,236,541		
Amounts to be Recovered	(1,561,564)	-	1,561,564		
<b>Total Municipal Position</b>	<b>422,764</b>		62,759,128	<b>62,759,128</b>	<b>Accumulated Surplus/(Deficit), end of year</b>
<b>TOTAL ADJUSTMENTS</b>		<b>67,738,531</b>	<b>67,738,531</b>		



### **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 are 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 2025 capital budget and forecast and adjusted for 2026 projected amortization.
- 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 revenues such as those from miscellaneous water charges and other minor miscellaneous revenues.



# Chapter 4

## Financial Plan



## 4. Financial Plan

### 4.1 Introduction

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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 document<sup>1</sup> and contains various estimates as detailed in the "Notes to the Financial Plan" section below.

Similar tables and analysis for the City's water financial plan are included in Appendix A.

### 4.2 Water Financial Plan

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#### ***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 a net asset position of approximately \$422,800. The City's net debt position is projected to increase to a net debt position of approximately \$17.68 million by the end of the forecast period.

The net debt position of \$17.68 million in 2034 is projected to occur due to the increase in accounts receivable, the majority of which relates to future development charge revenues from growth anticipated in the post 2034 period, and the need to construct capital infrastructure, in the amount of approximately \$25.6 million early in the forecast period to service growth anticipated over the forecast period and post forecast period. Additionally, there is also approximately \$88.4 million in capital replacement work,

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



including associated studies, to undertake over the forecast period. Due to the extensive capital needs identified in the forecast period, the water reserve fund and water development charges reserve fund are both anticipated to be in a negative position at the end of the forecast period, which increases the bank indebtedness for the water system.

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 PS3150 compliance and is significant from a financial planning perspective for the following reasons:

- 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's 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 \$80.11 million over the forecast period. This indicates that the City plans to invest in tangible capital 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 that the ratio of expenses to revenues is projected to fluctuate over the forecast period with a slight decrease from 63% in 2026 to 62% in 2034. As a result, annual surpluses are anticipated every year of the forecast period (2026 to 2034). 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 in 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 illustrates an increase in accumulated surplus of approximately \$66.5 million will be added to the opening accumulated surplus of approximately \$58.27 million over the forecast period. The existing accumulated surplus, as indicated in Table 4-2, is predominately made up of reserve balances as well as historical investments in tangible capital assets.

#### **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, the forecasted annual surplus is less than the tangible capital asset acquisitions, resulting in a decrease in the net financial debt balance. This is due to the amount of capital assets anticipated to be constructed over the forecast period. This is further evidenced by the ratio of cumulative annual surplus before amortization to cumulative tangible capital asset acquisitions initially increasing from 0.54 in 2026 to 0.93 in 2030, and the decreasing to 0.79 by 2034, (note: a desirable ratio is 1:1 or better). The effect of being under the desirable ratio indicates that the City's needs related to tangible capital assets are not being met through funding sources anticipated over the forecast period. However, as noted, the water financial plan is projecting that the ratio is improving over the forecast period. Municipalities can consider the long-term system needs when undertaking rate reviews to plan for increasing this ratio over time.



#### **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- 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 decrease from approximately \$4.06 million at the beginning of 2026 to a negative balance of approximately \$39.45 million by the end of 2034. For further discussion on projected cash balances please refer to the Notes to the Financial Plan. The implications of the decrease in cash position, include the need to cash flow capital projects over a longer period of time through debt financing and/or potentially requiring a delay in the construction of new and/or replacement infrastructure.



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
<b>Financial Assets</b>										
Cash	1	-	-	-	-	-	-	-	-	-
Accounts Receivable	1	3,622,606	3,738,780	3,946,592	4,200,890	4,472,708	4,718,892	4,861,247	5,157,850	5,448,818
Accounts Receivable - Other	3	3,236,541	5,572,759	5,666,478	5,103,540	6,284,228	6,038,967	23,644,856	24,227,652	24,082,543
<b>Total Financial Assets</b>		<b>6,859,147</b>	<b>9,311,539</b>	<b>9,613,070</b>	<b>9,304,430</b>	<b>10,756,936</b>	<b>10,757,859</b>	<b>28,506,103</b>	<b>29,385,502</b>	<b>29,531,361</b>
<b>Liabilities</b>										
Bank Indebtedness		463,645	5,247,566	3,817,343	2,240,670	314,418	3,404,633	23,375,086	30,424,663	39,452,449
Accounts Payable & Accrued Liabilities	1	1,174,633	1,203,999	1,234,099	1,264,951	1,296,575	1,328,990	1,362,214	1,396,270	1,431,176
Debt (Principal only)	2	4,798,105	6,025,459	7,139,494	6,722,983	6,287,123	7,263,598	7,646,504	7,027,072	6,325,000
<b>Total Liabilities</b>		<b>6,436,383</b>	<b>12,477,024</b>	<b>12,190,936</b>	<b>10,228,604</b>	<b>7,898,116</b>	<b>11,997,221</b>	<b>32,383,804</b>	<b>38,848,005</b>	<b>47,208,625</b>
<b>Net Financial Assets/(Debt)</b>		<b>422,764</b>	<b>(3,165,485)</b>	<b>(2,577,866)</b>	<b>(924,174)</b>	<b>2,858,820</b>	<b>(1,239,362)</b>	<b>(3,877,701)</b>	<b>(9,462,503)</b>	<b>(17,677,264)</b>
<b>Non-Financial Assets</b>										
Tangible Capital Assets	4	62,336,364	70,868,526	74,615,587	76,517,506	78,536,994	88,354,606	115,002,108	127,646,349	142,443,105
<b>Total Non-Financial Assets</b>		<b>62,336,364</b>	<b>70,868,526</b>	<b>74,615,587</b>	<b>76,517,506</b>	<b>78,536,994</b>	<b>88,354,606</b>	<b>115,002,108</b>	<b>127,646,349</b>	<b>142,443,105</b>
<b>Accumulated Surplus/(Deficit)</b>	5	<b>62,759,128</b>	<b>67,703,041</b>	<b>72,037,721</b>	<b>75,593,332</b>	<b>81,395,814</b>	<b>87,115,244</b>	<b>111,124,407</b>	<b>118,183,846</b>	<b>124,765,841</b>
<b>Financial Indicators</b>	<b>Total Change</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>
1) Increase/(Decrease) in Net Financial Assets	(23,072,074)	(4,972,046)	(3,588,249)	587,619	1,653,692	3,782,994	(4,098,182)	(2,638,339)	(5,584,802)	(8,214,761)
2) Increase/(Decrease) in Tangible Capital Assets	89,570,686	9,463,945	8,532,162	3,747,061	1,901,919	2,019,488	9,817,612	26,647,502	12,644,241	14,796,756
3) Increase/(Decrease) in Accumulated Surplus	66,498,612	4,491,899	4,943,913	4,334,680	3,555,611	5,802,482	5,719,430	24,009,163	7,059,439	6,581,995



**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
<b>Water Revenue</b>										
Base Charge Revenue		2,582,934	2,726,545	2,878,141	3,038,166	3,207,088	3,385,402	3,573,630	3,772,324	3,982,065
Rate Based Revenue		7,863,438	8,380,460	8,931,475	9,518,719	10,144,575	10,811,581	11,522,442	12,280,043	13,087,455
Earned Development Charges	3	1,057,569	2,911,804	634,800	-	1,783,500	353,133	18,152,615	718,175	-
Other Revenue	6	674,899	565,888	481,755	499,682	544,516	644,127	544,893	469,512	318,002
<b>Total Revenues</b>		<b>12,178,840</b>	<b>14,584,697</b>	<b>12,926,171</b>	<b>13,056,567</b>	<b>15,679,679</b>	<b>15,194,243</b>	<b>33,793,580</b>	<b>17,240,054</b>	<b>17,387,522</b>
<b>Water Expenses</b>										
Operating Expenses	Sch. 4-1	6,053,973	7,762,885	6,445,980	7,179,547	7,490,161	7,017,739	7,183,515	7,045,766	7,535,785
Interest on Debt	2	180,879	223,260	283,083	337,474	318,124	297,874	345,731	361,940	298,098
Amortization	4	1,452,089	1,654,639	1,862,428	1,983,935	2,068,912	2,159,200	2,255,171	2,772,909	2,971,644
Loss on Disposal of Tangible Capital Assets		-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>		<b>7,686,941</b>	<b>9,640,784</b>	<b>8,591,491</b>	<b>9,500,956</b>	<b>9,877,197</b>	<b>9,474,813</b>	<b>9,784,417</b>	<b>10,180,615</b>	<b>10,805,527</b>
<b>Annual Surplus/(Deficit)</b>		<b>4,491,899</b>	<b>4,943,913</b>	<b>4,334,680</b>	<b>3,555,611</b>	<b>5,802,482</b>	<b>5,719,430</b>	<b>24,009,163</b>	<b>7,059,439</b>	<b>6,581,995</b>
Accumulated Surplus/(Deficit), beginning of year	5	58,267,229	62,759,128	67,703,041	72,037,721	75,593,332	81,395,814	87,115,244	111,124,407	118,183,846
Accumulated Surplus/(Deficit), end of year		62,759,128	67,703,041	72,037,721	75,593,332	81,395,814	87,115,244	111,124,407	118,183,846	124,765,841
<b>Note 5:</b>										
<b>Accumulated Surplus/(Deficit) Reconciliation:</b>		<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>
<b>Reserve Balances</b>										
Reserves: Development Charges		(3,236,541)	(5,572,759)	(5,666,478)	(5,103,540)	(6,284,228)	(6,038,967)	(23,644,856)	(24,227,652)	(24,082,543)
Reserves: Capital/Other		5,220,869	2,859,974	4,561,628	5,798,809	9,145,943	6,024,236	3,768,803	(2,435,431)	(11,352,264)
<b>Total Reserves Balance</b>		<b>1,984,328</b>	<b>(2,712,785)</b>	<b>(1,104,850)</b>	<b>695,269</b>	<b>2,861,715</b>	<b>(14,731)</b>	<b>(19,876,053)</b>	<b>(26,663,083)</b>	<b>(35,434,807)</b>
Less: Debt Obligations and Deferred Revenue		(1,561,564)	(452,700)	(1,473,016)	(1,619,443)	(2,895)	(1,224,631)	15,998,352	17,200,580	17,757,543
Add: Tangible Capital Assets	4	62,336,364	70,868,526	74,615,587	76,517,506	78,536,994	88,354,606	115,002,108	127,646,349	142,443,105
<b>Total Ending Balance</b>		<b>62,759,128</b>	<b>67,703,041</b>	<b>72,037,721</b>	<b>75,593,332</b>	<b>81,395,814</b>	<b>87,115,244</b>	<b>111,124,407</b>	<b>118,183,846</b>	<b>124,765,841</b>
<b>Financial Indicators</b>	<b>Total Change</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>
1) Expense to Revenue Ratio		63%	66%	66%	73%	63%	62%	29%	59%	62%
2) Increase/(Decrease) in Accumulated Surplus	66,498,612	4,491,899	4,943,913	4,334,680	3,555,611	5,802,482	5,719,430	24,009,163	7,059,439	6,581,995



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	
<b>Operating Expenses</b>											
Sal Wages - Salaries & Benefits		2,349,912	2,408,660	2,468,876	2,530,598	2,593,863	2,658,710	2,725,177	2,793,307	2,863,139	
Nonbillable - Contracted Services		227,432	233,118	238,946	244,920	251,043	257,319	263,752	270,345	277,104	
Overtime - Salaries & Benefits		43,818	44,913	46,036	47,187	48,367	49,576	50,815	52,086	53,388	
On Call - Salaries & Benefits		33,537	34,375	35,235	36,116	37,019	37,944	38,893	39,865	40,862	
Sick Payout - Salaries & Benefits		7,462	7,649	7,840	8,036	8,237	8,443	8,654	8,870	9,092	
Benefits - Salaries & Benefits		307,102	314,780	322,649	330,715	338,983	347,458	356,144	365,048	374,174	
Benefits Retltd - Salaries & Benefits		9,102	9,330	9,563	9,802	10,047	10,298	10,556	10,819	11,090	
Contracts - Contracted Services		225,171	230,800	236,570	242,484	248,546	254,760	261,129	267,657	274,348	
Audit Fees - Contracted Services		4,258	4,364	4,473	4,585	4,700	4,817	4,938	5,061	5,188	
Mtce Serv Fac - Contracted Services		46,681	47,848	49,044	50,270	51,527	52,815	54,135	55,489	56,876	
Mtce Serv Equip - Contracted Services		90,465	92,727	95,045	97,421	99,857	102,353	104,912	107,535	110,223	
Other Srv - Contracted Services		181,216	185,747	190,390	195,150	200,029	205,029	210,155	215,409	220,794	
Pmnt Process Fees - Meter Reading & Collection		3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747	
Natural Gas - Utilities		34,990	35,865	36,762	37,681	38,623	39,588	40,578	41,593	42,632	
Water / Sewer - Utilities		479,644	491,635	503,926	516,524	529,437	542,673	556,240	570,146	584,399	
Hydro - Utilities		329,437	337,673	346,115	354,768	363,637	372,728	382,046	391,597	401,387	
Telephone - Utilities		22,401	22,961	23,535	24,124	24,727	25,345	25,979	26,628	27,294	
Property Taxes - Office & General		65,600	67,240	68,921	70,644	72,410	74,220	76,076	77,978	79,927	
Insurance - Insurance		96,501	98,913	101,386	103,921	106,519	109,182	111,911	114,709	117,577	
Conf Seminar - Contracted Services		32,351	33,159	33,988	34,838	35,709	36,602	37,517	38,455	39,416	
Travel / Accom - Office & General		2,563	2,627	2,692	2,760	2,829	2,899	2,972	3,046	3,122	
Mileage - Salaries & Benefits		2,534	2,597	2,662	2,729	2,797	2,867	2,938	3,012	3,087	
Membership Sub - Contracted Services		7,618	7,808	8,003	8,204	8,409	8,619	8,834	9,055	9,282	
Postage - Office & General		59,430	60,916	62,438	63,999	65,599	67,239	68,920	70,643	72,409	
Office Supplies - Office & General		11,812	12,107	12,410	12,720	13,038	13,364	13,698	14,041	14,392	
Fuel - Diesel - Utilities		4,350	4,459	4,570	4,685	4,802	4,922	5,045	5,171	5,300	
Parts - Repair - Contracted Services		110,362	113,121	115,949	118,848	121,819	124,865	127,986	131,186	134,466	
Materials - Contracted Services		173,700	178,042	182,493	187,055	191,732	196,525	201,438	206,474	211,636	
Chemicals - Chemicals		224,906	230,528	236,291	242,199	248,254	254,460	260,821	267,342	274,026	
Uniform Clothing - Other Admin		9,487	9,725	9,968	10,217	10,472	10,734	11,002	11,278	11,559	
Meters Supplies - Meters & Services		108,037	110,738	113,506	116,344	119,253	122,234	125,290	128,422	131,633	
Redist-Labour - Contracted Services		455,475	466,862	478,534	490,497	502,759	515,328	528,212	541,417	554,952	
Redist-Equip - Contracted Services		96,322	98,730	101,198	103,728	106,321	108,979	111,704	114,496	117,359	
Redist-Mat - Contracted Services		15,926	16,325	16,733	17,151	17,580	18,019	18,470	18,932	19,405	
Non TCA - Expenses from Capital Budget	7	181,298	1,743,393	276,000	855,318	1,007,826	373,346	373,012	65,000	380,500	
<b>TOTAL OPERATING EXPENSES</b>		<b>6,053,973</b>	<b>7,762,885</b>	<b>6,445,980</b>	<b>7,179,547</b>	<b>7,490,161</b>	<b>7,017,739</b>	<b>7,183,515</b>	<b>7,045,766</b>	<b>7,535,785</b>	



**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)		4,491,899	4,943,913	4,334,680	3,555,611	5,802,482	5,719,430	24,009,163	7,059,439	6,581,995
Less: Acquisition of Tangible Capital Assets	4	(10,916,034)	(10,186,801)	(5,609,489)	(3,885,854)	(4,088,400)	(11,976,812)	(28,902,673)	(15,417,150)	(17,768,400)
Add: Amortization of Tangible Capital Assets	4	1,452,089	1,654,639	1,862,428	1,983,935	2,068,912	2,159,200	2,255,171	2,772,909	2,971,644
Sub-Total		(9,463,945)	(8,532,162)	(3,747,061)	(1,901,919)	(2,019,488)	(9,817,612)	(26,647,502)	(12,644,241)	(14,796,756)
Less: Acquisition of Prepaid Expenses		-	-	-	-	-	-	-	-	-
Add: Use of Prepaid Expenses		-	-	-	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-	-	-	-
<b>Increase/(Decrease) in Net Financial Assets/(Net Debt)</b>		<b>(4,972,046)</b>	<b>(3,588,249)</b>	<b>587,619</b>	<b>1,653,692</b>	<b>3,782,994</b>	<b>(4,098,182)</b>	<b>(2,638,339)</b>	<b>(5,584,802)</b>	<b>(8,214,761)</b>
Net Financial Assets/(Net Debt), beginning of year		5,394,810	422,764	(3,165,485)	(2,577,866)	(924,174)	2,858,820	(1,239,362)	(3,877,701)	(9,462,503)
<b>Net Financial Assets/(Net Debt), end of year</b>		<b>422,764</b>	<b>(3,165,485)</b>	<b>(2,577,866)</b>	<b>(924,174)</b>	<b>2,858,820</b>	<b>(1,239,362)</b>	<b>(3,877,701)</b>	<b>(9,462,503)</b>	<b>(17,677,264)</b>
<b>Financial Indicators</b>										
1) Acquisition of Tangible Capital Assets (Cumulative)		10,916,034	21,102,835	26,712,324	30,598,178	34,686,578	46,663,390	75,566,063	90,983,213	108,751,613
2) Annual Surplus/Deficit before Amortization (Cumulative)		5,943,988	12,542,540	18,739,648	24,279,194	32,150,588	40,029,218	66,293,552	76,125,900	85,679,539
3) Ratio of Annual Surplus before Amortization to Acquisition of TCAs (Cumulative)		0.54	0.59	0.70	0.79	0.93	0.86	0.88	0.84	0.79



**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
<b>Operating Transactions</b>										
Annual Surplus/Deficit		4,491,899	4,943,913	4,334,680	3,555,611	5,802,482	5,719,430	24,009,163	7,059,439	6,581,995
Add: Amortization of TCAs	4	1,452,089	1,654,639	1,862,428	1,983,935	2,068,912	2,159,200	2,255,171	2,772,909	2,971,644
Less: Earned Deferred Revenue	3	(1,057,569)	(2,911,804)	(634,800)	-	(1,783,500)	(353,133)	(18,152,615)	(718,175)	-
Add: Deferred Revenue Proceeds		766,562	575,586	541,081	562,938	602,812	598,394	546,726	135,379	145,109
Change in A/R (Increase)/Decrease		(241,692)	(116,175)	(207,812)	(254,298)	(271,817)	(246,185)	(142,354)	(296,603)	(290,968)
Change in A/P Increase/(Decrease)		28,649	29,366	30,100	30,852	31,624	32,415	33,224	34,056	34,906
Less: Interest Proceeds		(254,246)	(145,234)	(61,102)	(79,029)	(123,865)	(223,473)	(124,240)	(48,858)	102,653
<b>Cash Provided by Operating Transactions</b>		<b>5,185,692</b>	<b>4,030,291</b>	<b>5,864,575</b>	<b>5,800,009</b>	<b>6,326,648</b>	<b>7,686,648</b>	<b>8,425,075</b>	<b>8,938,147</b>	<b>9,545,339</b>
<b>Capital Transactions</b>										
Less: Cash Used to acquire Tangible Capital Assets	4	(10,916,034)	(10,186,801)	(5,609,489)	(3,885,854)	(4,088,400)	(11,976,812)	(28,902,673)	(15,417,150)	(17,768,400)
<b>Cash Applied to Capital Transactions</b>		<b>(10,916,034)</b>	<b>(10,186,801)</b>	<b>(5,609,489)</b>	<b>(3,885,854)</b>	<b>(4,088,400)</b>	<b>(11,976,812)</b>	<b>(28,902,673)</b>	<b>(15,417,150)</b>	<b>(17,768,400)</b>
<b>Investing Transactions</b>										
Proceeds from Investments		254,246	145,234	61,102	79,029	123,865	223,473	124,240	48,858	(102,653)
Less: Cash Used to Acquire Investments		-	-	-	-	-	-	-	-	-
<b>Cash Provided by (applied to) Investing Transactions</b>		<b>254,246</b>	<b>145,234</b>	<b>61,102</b>	<b>79,029</b>	<b>123,865</b>	<b>223,473</b>	<b>124,240</b>	<b>48,858</b>	<b>(102,653)</b>
<b>Financing Transactions</b>										
Proceeds from Debt Issue	2	1,145,318	1,521,754	1,468,863	-	-	1,432,587	904,365	-	-
Less: Debt Repayment (Principal only)	2	(192,178)	(294,399)	(354,828)	(416,511)	(435,861)	(456,111)	(521,460)	(619,432)	(702,072)
<b>Cash Applied to Financing Transactions</b>		<b>953,140</b>	<b>1,227,355</b>	<b>1,114,035</b>	<b>(416,511)</b>	<b>(435,861)</b>	<b>976,476</b>	<b>382,905</b>	<b>(619,432)</b>	<b>(702,072)</b>
Increase in Cash and Cash Equivalents		(4,522,956)	(4,783,921)	1,430,223	1,576,673	1,926,252	(3,090,215)	(19,970,453)	(7,049,577)	(9,027,786)
Cash and Cash Equivalents, beginning of year	1	4,059,311	(463,645)	(5,247,566)	(3,817,343)	(2,240,670)	(314,418)	(3,404,633)	(23,375,086)	(30,424,663)
<b>Cash and Cash Equivalents, end of year</b>	<b>1</b>	<b>(463,645)</b>	<b>(5,247,566)</b>	<b>(3,817,343)</b>	<b>(2,240,670)</b>	<b>(314,418)</b>	<b>(3,404,633)</b>	<b>(23,375,086)</b>	<b>(30,424,663)</b>	<b>(39,452,449)</b>



## 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 a 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 if 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 that are cash received from revenues, cash paid for operating expenses and finance charges.
- B. Investing transactions that are acquisitions and disposal of investments.
- C. Change 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 municipal-wide receivables (as per 2021, 2022, and 2023 Financial Information Returns) as a percentage of annual municipal-wide revenue earned; and
- b) Payables: Based on historical levels of municipal-wide payables as a percentage of annual municipal-wide expenses incurred (as per the 2021, 2022, and 2023 Financial Information Returns).

## 2. Debt

Outstanding water related debt at the beginning of 2026 is approximately \$3.84 million. Additional debentures are anticipated to be required over the remainder of the forecast period to assist in funding the capital infrastructure needs.

Principal repayments over the forecast period are scheduled as provided in Schedule A as follows:



Schedule A  
Anticipated Debenture Principal Payments

Year	Principal Payments
2026	192,178
2027	294,399
2028	354,828
2029	416,511
2030	435,861
2031	456,111
2032	521,460
2033	619,432
2034	702,072
<b>Total</b>	<b>\$3,992,852</b>

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 reserve 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. As water infrastructure is often required to be put in prior to development being able to commence, the draws against the development charge reserve fund may result in a negative balance. When this takes place, the negative balances are reflected as a long-term accounts receivable in the financial statements (as provided in Table 4-1 under “Accounts Receivable – Other”).

### 4. Tangible Capital Assets

- Opening net book value of tangible capital assets includes water related assets in the following categories:
  - i. Water Facilities;
  - ii. Water Valves;
  - iii. Water Meters;
  - iv. Water Equipment; and
  - v. Watermains.



- Amortization is calculated based on the straight-line approach with no amortization 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. The balance of tangible capital assets is summarized in Schedule D.
- Gains/losses on disposal are assumed to be \$0 (it is assumed that historical cost is equal to accumulated amortization for all disposals).
- 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/unknown during the forecast period and are therefore assumed to be \$0.
- City-side confirmed lead services are targeted for replacement as part of a City-side road reconstruction project in the capital budget forecasting. Private-side confirmed lead services can apply for rebate through a City program and new confirmed lead services are provided information on the rebate as well as lead mitigation measures.
  - The current inventory for private-side confirmed lead services is provided in Schedule B. Both “Confirmed Lead: and “Confirmed Not Lead” are based on records, inspections, or meter installations. Where records are not available, the category is based on structure age.

Schedule B  
Private-side Lead Services Inventory

Category	Structure Age	Number
Confirmed Lead	N/A	223
Probable Lead	Earlier than 1956	1,489
Possible Lead	1955 to 1975	1,372
No Data	Unknown	1,246
Probable Not Lead	Later than 1975	3,317
Confirmed Not Lead	N/A	3,671



- There is a rebate program in place in Orillia where property owners with a private-side lead service can receive 50% of the replacement cost up to a maximum of \$3,000. There have been six property owners that have used the rebate as of year-end 2024.
- The current inventory for City-side confirmed lead services is summarized in Schedule C. Like private-side, both confirmed lead and confirmed not lead are based on records, inspections, or meter installations. Where records are not available, the category is based on watermain age.

Schedule C  
City-side Lead Service Inventory

Category	Watermain Age	Number
Confirmed Lead	N/A	221
Probable Lead	Earlier than 1956	635
Possible Lead	1955 to 1975	2,306
No Data	Unknown	687
Probable Not Lead	Later than 1975	4,271
Confirmed Not Lead	N/A	3,187

- The general strategy is to complete investigations to migrate data from the categories of Probable Lead, Possible Lead and No Data to either Confirmed Lead or Confirmed Not Lead. Probable Not Lead is not considered a priority at present. 76 properties have been moved from the Probable Lead category to the Confirmed Not Lead category through investigations in 2024



Schedule D  
Tangible Capital Asset Annual Balances

Asset Historical Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Tangible Capital Asset Balance	111,903,821	121,266,250	129,788,675	134,413,352	137,546,538	140,746,861	151,504,285	179,420,691	193,452,709
Acquisitions	10,916,034	10,186,801	5,609,489	3,885,854	4,088,400	11,976,812	28,902,673	15,417,150	17,768,400
Disposals	1,553,605	1,664,376	984,812	752,668	888,077	1,219,388	986,267	1,385,132	1,205,474
<b>Closing Tangible Capital Asset Balance</b>	<b>121,266,250</b>	<b>129,788,675</b>	<b>134,413,352</b>	<b>137,546,538</b>	<b>140,746,861</b>	<b>151,504,285</b>	<b>179,420,691</b>	<b>193,452,709</b>	<b>210,015,635</b>
Opening Accumulated Amortization	59,031,402	58,929,886	58,920,149	59,797,765	61,029,032	62,209,867	63,149,679	64,418,583	65,806,360
Amortization Expense	1,452,089	1,654,639	1,862,428	1,983,935	2,068,912	2,159,200	2,255,171	2,772,909	2,971,644
Amortization on Disposal	1,553,605	1,664,376	984,812	752,668	888,077	1,219,388	986,267	1,385,132	1,205,474
<b>Ending Accumulated Amortization</b>	<b>58,929,886</b>	<b>58,920,149</b>	<b>59,797,765</b>	<b>61,029,032</b>	<b>62,209,867</b>	<b>63,149,679</b>	<b>64,418,583</b>	<b>65,806,360</b>	<b>67,572,530</b>
<b>Net Book Value</b>	<b>62,336,364</b>	<b>70,868,526</b>	<b>74,615,587</b>	<b>76,517,506</b>	<b>78,536,994</b>	<b>88,354,606</b>	<b>115,002,108</b>	<b>127,646,349</b>	<b>142,443,105</b>



## 5. Accumulated Surplus

Opening accumulated surplus for the forecast period is reconciled and provided in Schedule E. The accumulated surplus reconciliation for all years within the forecast period is contained in Table 4-2.

Schedule E  
Tangible Capital Asset Annual Balances

Water	2026 Opening Accumulated Surplus
<b>Reserve Balances</b>	
Reserves: Development Charges	(2,945,534)
Reserves: Capital/Other	9,239,775
<b>Total Reserves Balance</b>	<b>6,294,241</b>
Less: Debt Obligations and Deferred Revenue	(899,431)
Add: Tangible Capital Assets	52,872,419
<b>Total Opening Balance</b>	<b>58,267,229</b>

## 6. Other Revenue

Other revenue consists of revenues from bulk water sales, penalties, permits, activation/deactivation fees, and other miscellaneous fees and charges. Local improvement fees are also anticipated. These miscellaneous revenues have been held constant at 2025 budgeted levels.

## 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, 2002*. (S.D.W.A. section 32 (5) 2. ii.).



# Chapter 6

## Recommendations



## 6. Recommendations

This report presents the water financial plan for the City in accordance with the mandatory reporting formats for water systems as detailed in O. Reg. 453/07. It is important to note that while mandatory for water, the financial plan is provided for Council's interest and approval however, for decision making purposes, it may be more informative to rely on the information contained within the City's operating and capital budgets. Nevertheless, Council is required to pass certain resolutions with regard to this plan and regulations, and it is recommended that:

1. The City of Orillia Water Financial Plan prepared by Watson & Associates Economists Ltd. dated August 20, 2025, be approved.
2. Notice of availability of the Financial Plan be advertised.
3. The Financial Plan, dated August 20, 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, 2002*. (S.D.W.A, Section 32 (5) 2 ii).



# Appendix A

## 2026 to 2034 Forecast



**Table A-1  
City of Orillia  
Water Service  
Capital Budget Forecast**

Description	Total	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Capital Expenditures</b>										
<b>Lifecycle:</b>										
(PMY) Water Service Lateral Assessment and Replacement	115,640	115,640	-	-	-	-	-	-	-	-
Water Asset Renewal	9,202,000	925,000	948,000	971,000	995,000	1,021,000	1,046,000	1,071,000	1,099,000	1,126,000
Water Meter Renewal Program	3,985,000	143,000	612,000	752,000	640,000	739,000	580,000	315,000	144,000	60,000
Granular Activated Carbon (GAC) Replacement	1,464,000	-	452,000	-	-	487,000	-	-	525,000	-
Bayview St - CONSTRUCTION	2,143,680	-	-	-	-	-	-	2,143,680	-	-
Calverley - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	2,140,160	-	-	-	-	-	-	-	-	2,140,160
Cedar - - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,044,164	-	-	-	-	-	-	-	1,044,164	-
Colborne Street West - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	721,298	-	-	-	-	-	-	-	721,298	-
Coldwater Street - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,520,640	-	-	-	-	-	-	-	-	1,520,640
Dallas - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	672,000	-	-	-	-	-	-	-	-	672,000
Douglas Street - - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	714,428	-	-	-	-	-	-	-	714,428	-
Dunedin (Memorial) - CONSTRUCTION	1,141,876	-	-	-	-	-	-	1,141,876	-	-
Fittons Heights (Design, Util, Const)	1,967,360	-	-	139,273	142,679	-	1,685,408	-	-	-
Fittons Road East - - CONSTRUCTION INCLUDING UTILITIES, SOIL	472,122	-	-	-	-	-	-	-	472,122	-
Forest Avenue North - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,013,760	-	-	-	-	-	-	-	-	1,013,760
Forest Avenue South - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,372,800	-	-	-	-	-	-	-	-	1,372,800
Fowlie Street	979,101	-	-	36,900	37,836	-	-	904,365	-	-
Grenville Street - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,576,960	-	-	-	-	-	-	-	-	1,576,960
Harvey St - CONSTRUCTION	1,337,625	-	-	-	-	-	1,337,625	-	-	-
Jarvis Street Phase 2 - CONSTRUCTION	1,512,585	1,512,585	-	-	-	-	-	-	-	-
John St - CONSTRUCTION INCLUDING UTILITIES, SOIL	1,206,534	-	-	-	-	-	-	-	1,206,534	-
Laclic Street Phase 3 - CONSTRUCTION	1,890,781	-	1,890,781	-	-	-	-	-	-	-
Laclic Street Phase 4 - CONSTRUCTION	1,824,250	-	-	1,824,250	-	-	-	-	-	-
Lead in Drinking Water Reduction Program	1,034,880	-	118,470	121,440	124,410	127,600	130,790	133,980	137,390	140,800
McKinnell/Linwood - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,267,200	-	-	-	-	-	-	-	-	1,267,200
Memorial (Elmer Ave) - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,408,000	-	-	-	-	-	-	-	-	1,408,000
Neywash Street - - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,538,768	-	-	-	-	-	-	-	1,538,768	-
North Street Phase 1	2,602,291	-	-	342,240	-	-	2,260,051	-	-	-
North Street Phase 2 - CONSTRUCTION	2,946,586	-	-	-	-	-	-	2,946,586	-	-
North Street Phase 3	994,080	-	-	82,000	84,080	-	-	828,000	-	-
Olive Crescent - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	2,196,480	-	-	-	-	-	-	-	-	2,196,480
Oxford Phase 2 - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,584,000	-	-	-	-	-	-	-	-	1,584,000
Oxford St Phase 1 - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,689,600	-	-	-	-	-	-	-	-	1,689,600
Parkview/Brant/Canice - - CONSTRUCTION INCLUDING UTILITIES, SOIL	1,573,740	-	-	-	-	-	-	-	1,573,740	-
Peter St Phase 1 - - CONSTRUCTION INCLUDING UTILITIES, SOIL	1,499,971	-	-	-	-	-	-	-	1,499,971	-
Peter Street Phase 2 - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,494,116	-	-	-	-	-	-	-	1,494,116	-
Poughkeepsie/Matchedsash - design, utilities, construction	1,702,561	-	-	70,786	72,514	-	-	1,559,261	-	-
Quinn Avenue - - CONSTRUCTION INCL DESIGN AND UTILITIES, SOIL	1,210,749	-	-	-	-	-	-	-	1,210,749	-
Royce Water/Sewer Servicing (Design/Const)	1,469,408	-	-	-	-	63,800	1,405,608	-	-	-
Secondary Chlorination Optimization - CONSTRUCTION	718,175	-	-	-	-	-	-	-	718,175	-
Secondary Chlorination Optimization -CONSTRUCTION	634,800	-	-	634,800	-	-	-	-	-	-



Table A-1 (Continued)  
City of Orillia  
Water Service  
Capital Budget Forecast

Description	Total	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
Victoria - CONSTRUCTION	599,520	-	-	-	-	-	-	-	599,520	-
Water Filtration Plant Filter Renewal	4,940,000	605,000	4,335,000	-	-	-	-	-	-	-
Watermain from Goldie Dr. service main to Mariposa Dr. - DESIGN, CONSTRUCTION	941,688	-	-	-	-	-	941,688	-	-	-
Watermain on Commerce Rd. from Kubota to Goldie Dr. - DESIGN, CONSTRUCTION	2,236,509	-	-	-	-	-	2,236,509	-	-	-
Well 1 and 2 Refurbishment Wells and Pumphouses	200,000	-	-	-	-	200,000	-	-	-	-
Wells 1 and 2 Scrubber Replacement	2,156,000	2,156,000	-	-	-	-	-	-	-	-
West Street South Widening and Reconstruction - CONSTRUCTION	1,789,335	-	-	-	1,789,335	-	-	-	-	-
WFP & WWTC UV System Replacement	4,335,000	4,335,000	-	-	-	-	-	-	-	-
WFP Low Lift Pump Replacements	592,000	-	592,000	-	-	-	-	-	-	-
Wyandotte Street Reconstruction	247,538	247,538	-	-	-	-	-	-	-	-
<b>Studies:</b>										
SCADA Master Plan	199,000	-	-	-	93,500	-	-	-	-	105,500
WFP/WWTC/PS Condition Assessment	238,000	-	-	-	-	238,000	-	-	-	-
Reservoirs Cleaning & Inspection	376,000	-	-	58,000	119,000	-	-	-	65,000	134,000
WFP Chlorine Room Maintenance	265,000	-	-	-	124,000	-	-	-	-	141,000
Bayview - UTILITIES RELOCATION, SOIL INVESTIGATION	102,037	-	-	-	-	102,037	-	-	-	-
Bayview Street - DESIGN	99,486	-	-	-	99,486	-	-	-	-	-
Dunedin (Memorial) - UTILITIES RELOCATION, SOIL INVESTIGATION	115,916	-	-	-	-	115,916	-	-	-	-
Dunedin St (Memorial) - DESIGN	112,889	-	-	-	112,889	-	-	-	-	-
Fittons Road East - DESIGN	21,402	-	-	-	-	-	21,402	-	-	-
Harvey St - UTILITIES RELOCATION, SOIL INVESTIGATION	139,369	-	-	-	-	139,369	-	-	-	-
Harvey Street - DESIGN	136,100	-	-	-	136,100	-	-	-	-	-
John Street- DESIGN	54,694	-	-	-	-	-	54,694	-	-	-
Lightfoot Trail Watermain Abandonment	113,000	-	-	113,000	-	-	-	-	-	-
North Street Phase 2 - UTILITIES RELOCATION, SOILS INVESTIGATION	143,500	-	-	-	143,500	-	-	-	-	-
Peter Street Phase 1 - DESIGN	145,058	-	-	-	-	-	145,058	-	-	-
PTTW Renewal Application	48,000	-	-	48,000	-	-	-	-	-	-
Secondary Chlorination Optimization - DESIGN	52,526	-	-	-	-	-	-	52,526	-	-
Parkview/Brant/Canice - DESIGN	152,192	-	-	-	-	-	152,192	-	-	-
Secondary Chlorination Optimization -DESIGN	46,445	-	46,445	-	-	-	-	-	-	-
Victoria St- UTILITIES RELOCATION, SOIL INVESTIGATION	27,964	-	-	-	-	27,964	-	-	-	-
Victoria Street - DESIGN	26,843	-	-	-	26,843	-	-	-	-	-
Water and Wastewater System Master Plan	50,490	-	23,694	-	-	-	-	26,796	-	-
Water Conservation and Efficiency Plan Update	57,000	-	-	57,000	-	-	-	-	-	-
Water/Wastewater System Financial Plan	51,040	-	-	-	-	51,040	-	-	-	-
<b>Growth Related:</b>										
<b>Studies:</b>										
Harvie Hill Phase 2 - DESIGN	333,500	-	-	-	-	333,500	-	-	-	-
New Groundwater Supply - DESIGN	1,413,563	-	1,413,563	-	-	-	-	-	-	-
Secondary Chlorination Optimization - DESIGN	52,526	-	-	-	-	-	-	52,526	-	-
Secondary Chlorination Optimization -DESIGN	46,445	-	46,445	-	-	-	-	-	-	-
Water and Wastewater System Master Plan	454,410	-	213,246	-	-	-	-	241,164	-	-
Zone 3 Booster Pumping Station Expansion	181,298	181,298	-	-	-	-	-	-	-	-



Table A-1 (Continued)  
City of Orillia  
Water Service  
Capital Budget Forecast

Description	Total	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Growth Related:</b>										
<b>Construction:</b>										
Harvie Hill Phase 2 - CONSTRUCTION	17,858,925	-	-	-	-	-	-	17,858,925	-	-
New Groundwater Supply - CONSTRUCTION	1,450,000	-	-	-	-	1,450,000	-	-	-	-
Secondary Chlorination Optimization - CONSTRUCTION	718,175	-	-	-	-	-	-	-	718,175	-
Secondary Chlorination Optimization -CONSTRUCTION	634,800	-	-	634,800	-	-	-	-	-	-
Watermain from Goldie Dr. service main to Mariposa Dr. - DESIGN, CONSTRUCTION	104,632	-	-	-	-	-	104,632	-	-	-
Watermain on Commerce Rd. from Kubota to Goldie Dr. - DESIGN, CONSTRUCTION	248,501	-	-	-	-	-	248,501	-	-	-
West Orillia Standby Groundwater Well (TWIN) - Construction	1,238,550	-	1,238,550	-	-	-	-	-	-	-
Zone 3 Booster Pumping Station Expansion - CONSTRUCTION	876,271	876,271	-	-	-	-	-	-	-	-
<b>Total Capital Expenditures</b>	<b>114,007,306</b>	<b>11,097,332</b>	<b>11,930,194</b>	<b>5,885,489</b>	<b>4,741,172</b>	<b>5,096,226</b>	<b>12,350,158</b>	<b>29,275,685</b>	<b>15,482,150</b>	<b>18,148,900</b>
<b>Capital Financing</b>										
Provincial/Federal Grants	-	-	-	-	-	-	-	-	-	-
Development Charges Reserve Fund	25,611,595	1,057,569	2,911,804	634,800	-	1,783,500	353,133	18,152,615	718,175	-
Non-Growth Related Debenture Requirements	6,472,887	1,145,318	1,521,754	1,468,863	-	-	1,432,587	904,365	-	-
Growth Related Debenture Requirements	-	-	-	-	-	-	-	-	-	-
Water Reserve	81,922,823	8,894,445	7,496,636	3,781,826	4,741,172	3,312,726	10,564,438	10,218,705	14,763,975	18,148,900
<b>Total Capital Financing</b>	<b>114,007,305</b>	<b>11,097,332</b>	<b>11,930,194</b>	<b>5,885,489</b>	<b>4,741,172</b>	<b>5,096,226</b>	<b>12,350,158</b>	<b>29,275,685</b>	<b>15,482,150</b>	<b>18,148,900</b>



Table A-2  
City of Orillia  
Water Service  
Schedule of Non-Growth-Related Debenture Repayments (10-Year Debt Term)

Debenture Year	Principal (Inflated)	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
2026	1,145,318		144,602	144,602	144,602	144,602	144,602	144,602	144,602	144,602
2027	-			-	-	-	-	-	-	-
2028	-									
2029	-									
2030	-									
2031	-									
2032	904,365								114,180	114,180
2033	-									-
2034	-									-
<b>Total Annual Debt Charges</b>	<b>2,049,683</b>	<b>-</b>	<b>144,602</b>	<b>144,602</b>	<b>144,602</b>	<b>144,602</b>	<b>144,602</b>	<b>144,602</b>	<b>258,782</b>	<b>258,782</b>

Table A-3  
City of Orillia  
Water Service  
Schedule of Non-Growth-Related Debenture Repayments (20-Year Debt Term)

Debenture Year	Principal (Inflated)	Forecast								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
2026	-		-	-	-	-	-	-	-	-
2027	1,521,754			120,253	120,253	120,253	120,253	120,253	120,253	120,253
2028	1,468,863				116,073	116,073	116,073	116,073	116,073	116,073
2029	-									
2030	-									
2031	1,432,587							113,207	113,207	113,207
2032	-									
2033	-									
2034	-									
<b>Total Annual Debt Charges</b>	<b>4,423,204</b>	<b>-</b>	<b>-</b>	<b>120,253</b>	<b>236,326</b>	<b>236,326</b>	<b>236,326</b>	<b>349,533</b>	<b>349,533</b>	<b>349,533</b>



Table A-4  
City of Orillia  
Water Service  
Water Reserve Fund Continuity (Inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	9,239,775	5,220,869	2,859,974	4,561,628	5,798,808	9,145,943	6,024,236	3,768,803	(2,435,431)
Transfer from Operating	5,425,041	5,507,894	5,906,651	6,455,587	7,173,184	7,804,247	7,983,548	8,654,658	9,398,736
Transfer to Capital	8,894,445	7,496,636	3,781,826	4,741,172	3,312,726	10,564,438	10,218,705	14,763,975	18,148,900
Transfer to Operating	803,748	517,387	484,273	556,263	637,188	584,989	144,517	143,775	64,016
<b>Closing Balance</b>	<b>4,966,623</b>	<b>2,714,740</b>	<b>4,500,525</b>	<b>5,719,779</b>	<b>9,022,078</b>	<b>5,800,763</b>	<b>3,644,562</b>	<b>(2,484,289)</b>	<b>(11,249,611)</b>
Interest	254,246	145,234	61,102	79,029	123,865	223,473	124,240	48,858	(102,653)

Table A-5  
City of Orillia  
Water Service  
Water Development Charges Reserve Fund Continuity (Inflated \$)

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	(2,945,534)	(3,236,541)	(5,572,758)	(5,666,477)	(5,103,539)	(6,284,227)	(6,038,966)	(23,644,855)	(24,227,652)
Development Charge Proceeds	840,200	656,500	680,400	704,600	730,400	755,500	697,700	726,500	750,800
Transfer to Capital	1,057,569	2,911,804	634,800	-	1,783,500	353,133	18,152,615	718,175	-
Transfer to Operating	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>(3,162,903)</b>	<b>(5,491,845)</b>	<b>(5,527,158)</b>	<b>(4,961,877)</b>	<b>(6,156,639)</b>	<b>(5,881,860)</b>	<b>(23,493,881)</b>	<b>(23,636,530)</b>	<b>(23,476,852)</b>
Interest	(73,638)	(80,914)	(139,319)	(141,662)	(127,588)	(157,106)	(150,974)	(591,121)	(605,691)



**Table A-6**  
**City of Orillia**  
**Water Service**  
**Operating Budget Forecast (Inflated \$)**

Description	Forecast								
	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Expenditures</b>									
<b>Operating Costs</b>									
Sal Wages - Salaries & Benefits	2,349,912	2,408,660	2,468,876	2,530,598	2,593,863	2,658,710	2,725,177	2,793,307	2,863,139
Nonbillable - Contracted Services	227,432	233,118	238,946	244,920	251,043	257,319	263,752	270,345	277,104
Overtime - Salaries & Benefits	43,818	44,913	46,036	47,187	48,367	49,576	50,815	52,086	53,388
On Call - Salaries & Benefits	33,537	34,375	35,235	36,116	37,019	37,944	38,893	39,865	40,862
Sick Payout - Salaries & Benefits	7,462	7,649	7,840	8,036	8,237	8,443	8,654	8,870	9,092
Benefits - Salaries & Benefits	307,102	314,780	322,649	330,715	338,983	347,458	356,144	365,048	374,174
Benefits Retltd - Salaries & Benefits	9,102	9,330	9,563	9,802	10,047	10,298	10,556	10,819	11,090
Contracts - Contracted Services	225,171	230,800	236,570	242,484	248,546	254,760	261,129	267,657	274,348
Audit Fees - Contracted Services	4,258	4,364	4,473	4,585	4,700	4,817	4,938	5,061	5,188
Mtce Serv Fac - Contracted Services	46,681	47,848	49,044	50,270	51,527	52,815	54,135	55,489	56,876
Mtce Serv Equip - Contracted Services	90,465	92,727	95,045	97,421	99,857	102,353	104,912	107,535	110,223
Other Srv - Contracted Services	181,216	185,747	190,390	195,150	200,029	205,029	210,155	215,409	220,794
Pmnt Process Fees - Meter Reading & Collection	3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747
Natural Gas - Utilities	34,990	35,865	36,762	37,681	38,623	39,588	40,578	41,593	42,632
Water / Sewer - Utilities	479,644	491,635	503,926	516,524	529,437	542,673	556,240	570,146	584,399
Hydro - Utilities	329,437	337,673	346,115	354,768	363,637	372,728	382,046	391,597	401,387
Telephone - Utilities	22,401	22,961	23,535	24,124	24,727	25,345	25,979	26,628	27,294
Property Taxes - Office & General	65,600	67,240	68,921	70,644	72,410	74,220	76,076	77,978	79,927
Insurance - Insurance	96,501	98,913	101,386	103,921	106,519	109,182	111,911	114,709	117,577
Conf Seminar - Contracted Services	32,351	33,159	33,988	34,838	35,709	36,602	37,517	38,455	39,416
Travel / Accom - Office & General	2,563	2,627	2,692	2,760	2,829	2,899	2,972	3,046	3,122
Mileage - Salaries & Benefits	2,534	2,597	2,662	2,729	2,797	2,867	2,938	3,012	3,087
Membership Sub - Contracted Services	7,618	7,808	8,003	8,204	8,409	8,619	8,834	9,055	9,282
Postage - Office & General	59,430	60,916	62,438	63,999	65,599	67,239	68,920	70,643	72,409
Office Supplies - Office & General	11,812	12,107	12,410	12,720	13,038	13,364	13,698	14,041	14,392
Fuel - Diesel - Utilities	4,350	4,459	4,570	4,685	4,802	4,922	5,045	5,171	5,300
Parts - Repair - Contracted Services	110,362	113,121	115,949	118,848	121,819	124,865	127,986	131,186	134,466
Materials - Contracted Services	173,700	178,042	182,493	187,055	191,732	196,525	201,438	206,474	211,636
Chemicals - Chemicals	224,906	230,528	236,291	242,199	248,254	254,460	260,821	267,342	274,026
Uniform Clothing - Other Admin	9,487	9,725	9,968	10,217	10,472	10,734	11,002	11,278	11,559
Meters Supplies - Meters & Services	108,037	110,738	113,506	116,344	119,253	122,234	125,290	128,422	131,633
Redist-Labour - Contracted Services	455,475	466,862	478,534	490,497	502,759	515,328	528,212	541,417	554,952
Redist-Equip - Contracted Services	96,322	98,730	101,198	103,728	106,321	108,979	111,704	114,496	117,359
Redist-Mat - Contracted Services	15,926	16,325	16,733	17,151	17,580	18,019	18,470	18,932	19,405
<b>Sub Total Operating</b>	<b>5,872,675</b>	<b>6,019,492</b>	<b>6,169,980</b>	<b>6,324,229</b>	<b>6,482,335</b>	<b>6,644,393</b>	<b>6,810,503</b>	<b>6,980,766</b>	<b>7,155,285</b>



Table A-6 (Continued)  
City of Orillia  
Water Service  
Operating Budget Forecast (Inflated \$)

Description	Forecast								
	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Expenditures</b>									
<b>Capital-Related</b>									
Existing Debt (Principal) - Non-Growth Related	192,178	201,108	210,453	220,234	230,470	241,182	252,393	264,127	330,304
Existing Debt (Interest) - Non-Growth Related	180,879	171,949	162,604	152,823	142,587	131,875	120,664	108,930	61,551
New Non-Growth Related Debt (Principal)	-	93,291	144,375	196,277	205,391	214,929	269,066	355,305	371,768
New Non-Growth Related Debt (Interest)	-	51,310	120,479	184,651	175,537	165,999	225,068	253,009	236,547
Transfer to Capital	-	-	-	-	-	-	-	-	-
Transfer to Capital Reserve	5,425,041	5,507,894	5,906,651	6,455,587	7,173,184	7,804,247	7,983,548	8,654,658	9,398,736
<b>Sub Total Capital Related</b>	<b>5,798,098</b>	<b>6,025,553</b>	<b>6,544,563</b>	<b>7,209,572</b>	<b>7,927,169</b>	<b>8,558,232</b>	<b>8,850,739</b>	<b>9,636,029</b>	<b>10,398,905</b>
<b>Total Expenditures</b>	<b>11,670,774</b>	<b>12,045,045</b>	<b>12,714,542</b>	<b>13,533,801</b>	<b>14,409,504</b>	<b>15,202,625</b>	<b>15,661,242</b>	<b>16,616,795</b>	<b>17,554,190</b>
<b>Revenues</b>									
Fixed Rate	2,582,934	2,726,545	2,878,141	3,038,166	3,207,088	3,385,402	3,573,630	3,772,324	3,982,065
Other Revenue:									
Fees Act/Deact	23,999	23,999	23,999	23,999	23,999	23,999	23,999	23,999	23,999
Bulk Water	83,120	83,120	83,120	83,120	83,120	83,120	83,120	83,120	83,120
Fees Gen	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Penalty Charges	130,588	130,588	130,588	130,588	130,588	130,588	130,588	130,588	130,588
Sog Other	2,940	2,940	2,940	2,940	2,940	2,940	2,940	2,940	2,940
Srcv Est	11,676	11,676	11,676	11,676	11,676	11,676	11,676	11,676	11,676
BACK FLOW	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Permits	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Misc Rev	3,230	3,230	3,230	3,230	3,230	3,230	3,230	3,230	3,230
Recovery	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000	101,000
Fees Local Imp	13,100	13,100	13,100	13,100	13,100	13,100	13,100	13,100	13,100
Contributions from Development Charges Reserve Fund	-	-	-	-	-	-	-	-	-
Contributions from Reserves / Reserve Funds	803,748	517,387	484,273	556,263	637,188	584,989	144,517	143,775	64,016
<b>Total Operating Revenue</b>	<b>3,807,335</b>	<b>3,664,585</b>	<b>3,783,068</b>	<b>4,015,082</b>	<b>4,264,929</b>	<b>4,391,044</b>	<b>4,138,800</b>	<b>4,336,753</b>	<b>4,466,735</b>
<b>Water Volume Billing Recovery</b>	<b>7,863,438</b>	<b>8,380,460</b>	<b>8,931,475</b>	<b>9,518,719</b>	<b>10,144,575</b>	<b>10,811,581</b>	<b>11,522,442</b>	<b>12,280,043</b>	<b>13,087,455</b>