



# City of Belleville Water Financial Plan

April 28, 2025

# Contents

1.	Introduction	3
2.	Background	4
2.1.	Safe Drinking Waters Act (SDWA)	4
2.2.	Water Rate Model	4
3.	Sustainable Financial Planning	6
4.	Water Financial Plan	7
4.1.	Statement of Operations – Table 3	7
4.2.	Statement of Financial Position – Table 4	9
4.3.	Statement of Cash Flows – Table 5	11
4.4.	Statement of Change in Net Financial Assets/Debt – Table 6	13
4.5.	Summary of Tangible Capital Assets – Table 7	15
4.6.	Notes and Assumptions	17
5.	Appendices	19
5.1.	Appendix A – Water Rates (2025)	19
5.2.	Appendix B – Other Water Charges (2025)	20
5.3.	Appendix C – Definitions	21
5.4.	Appendix D - Summary of Tables	22

# 1. Introduction

This document outlines the Water Financial Plan for the City of Belleville, developed in accordance with the Safe Drinking Water Act, 2002 (SDWA) and its associated regulation, Ontario Regulation (O. Reg.) 453/07. As part of the City's requirement to renew its municipal drinking water license under the SDWA, this Financial Plan is based on 10-year projections as presented in the City's water rate model, which informs the recommendations of annual water rate changes proposed by City staff. It includes a comprehensive analysis of both operating and capital needs over the next decade, along with an assessment of available funding sources. The key forecast assumptions used throughout the plan are consistent with those in the Council-approved water rate model and 10-Year Capital Plan.

The *SDWA* and *O. Reg 453/07* outline the specific requirements for a Water Financial Plan, including the following provisions:

- A planning horizon of at least six years (starting from when the system first serves the public, for new systems);
- Completion and approval of the plan by the application date for license renewal;
- The plan may be amended, and additional information may be included beyond the prescribed requirements, as necessary;
- The plan must be approved by Council resolution, confirming that the drinking water system is financially viable;
- The financial plan must be made available to the public and published on the City's website; and
- A copy of the Financial Plan must be submitted to the Ministry of Municipal Affairs and Housing.

To meet the financial requirements outlined in *O. Reg. 453/07*, the following specific financial statements and summaries are included in Section 4:

- Statement of Operations
- Statement of Financial Position
- Statement of Cash Flow
- Statement of Net Financial Assets/Debt
- Summary of Tangible Capital Assets

Section 4.6 presents the Notes and Assumptions to the Financial Plan that are used in the preparation of the statements are outlined in this section.

The Financial Plan is prepared for a ten-year period from 2025-2034. For this report, 2025 will be used as the reference year.

## 2. Background

### 2.1. Safe Drinking Waters Act (SDWA)

The SDWA in Ontario was introduced to ensure the provision of safe, clean drinking water to all residents of the province. The SDWA established strict regulations for water quality, and the legislation aimed to enhance transparency by requiring regular reporting on water quality and ensuring that all municipalities comply with the established standards. The City is now required to update its Financial Plan to renew its drinking water licenses, which was last revised in 2020. In accordance with O. Reg. 453/07, this updated Financial Plan will apply to the first year following the expiration of the City's existing municipal drinking water license, which was set to expire in 2025.

As defined in section 30(1) of the SDWA, financial plans must satisfy the requirements prescribed by the Minister. At the time of writing, the Sustainable Water and Sewage Systems Act, 2002, has been repealed, however, the standards that it directs underpin the specific requirements of Section 30 of the SDWA and O. Reg. 453/07.

### 2.2. Water Rate Model

The City provides potable water to approximately 16,000 residential and general service (i.e., non-residential) customers through its extensive water distribution network. Its fee structure consists of both a fixed (i.e., service) and a volumetric (i.e., consumption) rate, with costs recovered through user fees based on a full cost recovery model.

In 2009, Hemson completed a comprehensive water rate study for the City, which included the development of a full cost recovery approach. The study's in-depth analysis informed the methodology currently used to set rates for the City's water and wastewater services to fund both operating costs and capital investments. This model is regularly updated with the most recent data, including the City's annual operating budget, Asset Management Plan, and 10-Year Capital plan. These updates ensure financial sustainability of the City's water and wastewater systems.

#### 2.2.1. Rate Approach

The initial phase of the annual rate-setting exercise involves forecasting the customer base and water consumption over the 2025–2034 forecast period. For the City, an annual growth rate of 1.5% for residential customers and 0.3% for general service customers was assumed. Additionally, annual consumption growth was projected at 0.5% for residential and 1.0% for general service customers over the same period.

To support the rate-setting process, both operating and capital costs are forecasted to determine the overall revenue requirement. Operating costs reflect the anticipated expenditures needed to maintain day-to-day water services, while capital costs are based on the City's Asset Management Plan and 10-Year Capital Plan. The City recently updated its water asset inventory, assessing expected useful life, condition, risk, and replacement costs. The 2024 10-Year Capital Plan, informed by this asset data, outlines the anticipated capital investments over the forecast period.

In addition to rate revenues, the City considers other sources of funding, such as development charges, which typically support infrastructure needs driven by growth. These growth-related needs are identified in the City's Development Charges Background Study. Where applicable, a portion of these capital costs may be attributed to existing users and recovered through water rates.

### 2.2.2. Water Rates

The City of Belleville's water rates contain two components: a fixed rate, and a volumetric rate. Appendix A – Water Rates (2025) highlights the City's current rates for Residential and General Services, with monthly consumption measured in cubic meters.

The fixed rate includes two charges: Fire Protection and Water Service. The rate table below illustrates the forecasted Fixed Monthly Charges for a 5/8" meter by both monthly Fire Protection and Water Service charges as outlined in the City's water rate model.

**Table 1: Water Rate Model Fixed Charges**

Proposed Fixed Monthly Charges - Water (per 5/8" meter)										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Fire Protection</b>	\$6.39	\$ 6.48	\$ 6.58	\$ 6.68	\$ 6.78	\$ 6.88	\$ 6.98	\$ 7.08	\$ 7.18	\$ 7.29
<b>Water Service</b>	\$26.85	\$27.24	\$27.64	\$28.05	\$28.46	\$28.88	\$29.30	\$29.73	\$30.17	\$30.61
<b>Total Charges</b>	\$33.24	\$33.72	\$34.22	\$34.73	\$35.24	\$35.76	\$36.28	\$36.81	\$37.35	\$37.90

The volumetric rates are based on monthly water consumption. The City has approved a tiered rate strategy for water consumption to primarily accommodate increased consumption levels for general service customers. The three tiers for water consumption include: the first 455 cubic metres consumed; consumption greater than 455 cubic metres but less than 22,730 cubic metres; and consumption greater than 22,730 cubic metres. The rate table below shows the forecasted volumetric rates for the next ten years.

**Table 2: Water Rate Model Volumetric Charges**

Proposed Volumetric Rates - Water										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>First 455 m3</b>	\$2.02	\$ 2.05	\$ 2.09	\$ 2.13	\$ 2.17	\$ 2.21	\$ 2.25	\$ 2.29	\$ 2.33	\$ 2.37
<b>456 - 22,730 m3</b>	\$1.54	\$ 1.57	\$ 1.60	\$ 1.63	\$ 1.66	\$ 1.69	\$ 1.72	\$ 1.75	\$ 1.78	\$ 1.81
<b>22,730 +m3</b>	\$0.92	\$ 0.94	\$ 0.96	\$ 0.97	\$ 0.99	\$ 1.01	\$ 1.03	\$ 1.05	\$ 1.07	\$ 1.08

### 3. Sustainable Financial Planning

Sustainability, in general terms, refers to the capacity to maintain a certain condition or performance over time. While the SDWA requires a declaration of a financial plan's sustainability, it does not specifically define what qualifies as sustainable. To provide guidance, the Ministry of the Environment, Conservation and Parks (MECP) released a document titled "Towards Financially Sustainable Drinking-Water and Wastewater Systems," outlining potential approaches for achieving financial sustainability. The Province's Principles of Financially Sustainable Water Services are outlined 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.

In developing this Water Financial Plan, the City acknowledges that it is a living document, intended to be reviewed and updated alongside future user rate studies. Based on the current reporting requirements, the City's water system remains financially sustainable, reflecting all of the principles outlined above. Continued financial sustainability will require ongoing, careful monitoring of both operating and capital expenditures.

## 4. Water Financial Plan

The following section provides the complete financial plan for the City's water system. Each financial statement will include tables, analysis, and brief descriptions below. It is important to note that the financial plan that follows is a projection for the future financial position of the City's water system, and that the statements included in this analysis are not audited documents. All estimates and assumptions contained within are outlined in section 4.6 of this report.

### 4.1. Statement of Operations – Table 3

The Statement of Operations outlines the revenues and expenses associated with the water system for each fiscal year. A surplus occurs when annual revenues exceed annual expenses, while a deficit arises when expenses exceed revenues. Any surplus generated is utilized to cover non-operating expenditures, including the acquisition of tangible capital assets, debt principal repayments, and contributions to reserves and reserve funds.

In 2025, projected operating and capital revenues are \$19.1 million, resulting in a surplus of approximately \$10 million, prior to amortization. Projected water rates as outlined in Table 1 and Table 2 have will generate revenue to address a 5% estimated escalation of operating expenses per annum. Additionally, interest on debt payments is derived from existing and forecasted debt issuances for water infrastructure projects.

The City's projected Statement of Operations forecasts an annual surplus for each year, with the accumulated surplus increasing by approximately \$61.8 million. This aligns with the City's full cost recovery approach and addresses the City's objective to address its infrastructure investment requirements as identified in the 2024 Asset Management Plan.

**Table 3**  
**City of Belleville**  
**Statement of Operations (000's)**  
**Water Services**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>REVENUE</b>										
<b>Water Sales</b>										
Metered	\$ 10,194	\$ 10,425	\$ 10,711	\$ 11,000	\$ 11,293	\$ 11,589	\$ 11,890	\$ 12,195	\$ 12,504	\$ 12,817
Bulk	445	459	474	489	505	521	538	557	576	597
	10,639	10,884	11,185	11,489	11,798	12,110	12,428	12,752	13,080	13,414
<b>Fixed Charges</b>										
Flat Rate Water	40	41	42	42	43	44	45	46	47	48
Service Charges	5,506	5,660	5,821	5,985	6,156	6,331	6,510	6,693	6,888	7,082
Fire Protection	1,396	1,433	1,474	1,515	1,559	1,602	1,646	1,691	1,739	1,787
Customer Service Charges	113	113	114	114	115	116	116	117	117	118
	7,055	7,247	7,451	7,656	7,873	8,093	8,317	8,547	8,791	9,035
Other Revenue - Operating	1,321	1,366	1,407	1,455	1,500	1,551	1,599	1,651	1,705	1,759
<b>Total Revenue - Operating</b>	<b>19,015</b>	<b>19,497</b>	<b>20,043</b>	<b>20,600</b>	<b>21,171</b>	<b>21,754</b>	<b>22,344</b>	<b>22,950</b>	<b>23,576</b>	<b>24,208</b>
Other Revenue - Capital	115	190	190	190	248	237	3,775	190	190	190
<b>TOTAL REVENUE</b>	<b>\$ 19,130</b>	<b>\$ 19,687</b>	<b>\$ 20,233</b>	<b>\$ 20,790</b>	<b>\$ 21,419</b>	<b>\$ 21,991</b>	<b>\$ 26,119</b>	<b>\$ 23,140</b>	<b>\$ 23,766</b>	<b>\$ 24,398</b>
<b>EXPENDITURES</b>										
Operating	8,759	9,197	9,657	10,140	10,647	11,179	11,738	12,325	12,941	13,588
Debt Payments - Interest	338	434	403	372	339	305	270	234	197	169
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,097</b>	<b>\$ 9,631</b>	<b>\$ 10,060</b>	<b>\$ 10,512</b>	<b>\$ 10,986</b>	<b>\$ 11,484</b>	<b>\$ 12,008</b>	<b>\$ 12,559</b>	<b>\$ 13,138</b>	<b>\$ 13,757</b>
<b>Net Surplus before Amortization</b>	10,033	10,056	10,173	10,278	10,433	10,507	14,111	10,581	10,628	10,641
<b>AMORTIZATION</b>	3,489	3,716	3,985	4,261	4,494	4,720	4,936	5,155	5,318	5,522
<b>ANNUAL SURPLUS / (DEFICIT)</b>	<b>\$ 6,544</b>	<b>\$ 6,340</b>	<b>\$ 6,188</b>	<b>\$ 6,017</b>	<b>\$ 5,939</b>	<b>\$ 5,787</b>	<b>\$ 9,175</b>	<b>\$ 5,426</b>	<b>\$ 5,310</b>	<b>\$ 5,119</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF PERIOD</b>	\$165,288	\$171,832	\$178,172	\$184,360	\$190,377	\$196,316	\$202,103	\$211,278	\$216,704	\$222,014
<b>ACCUMULATED SURPLUS, END OF PERIOD</b>	\$171,832	\$178,172	\$184,360	\$190,377	\$196,316	\$202,103	\$211,278	\$216,704	\$222,014	\$227,133

## 4.2. Statement of Financial Position – Table 4

The Statement of Financial Position provides information on the assets and liabilities of the City's water system. Net financial assets/(debt) reflect the difference between financial assets and liabilities. A position of net financial asset arises when financial assets exceed liabilities, indicating that the system has the necessary financial resources to fund future operations. Conversely, a position of net financial debt occurs when financial liabilities exceed assets, suggesting that future revenues will be needed to cover past obligations.

According to the 10-Year Capital Plan, the City does not anticipate the issuance new debt over the next decade to meet its future capital needs, however, previously approved debt commitments by Council, totaling \$2.7 million, have been incorporated into this financial plan. As of 2025, the City's total liabilities and deferred revenue are estimated at \$19.1 million, with \$9.2 million attributed to outstanding debt. Deferred revenue primarily represents development charges collected to fund growth-related capital infrastructure.

In 2025, the City's financial assets are projected at \$60.2 million, resulting in a net financial asset position of \$41.1 million. By 2034, this net financial asset position is expected to decline to \$19.7 million, in line with the City's projected financial outlook outlined in the 10-Year Capital Plan and its reserve fund projections. Additionally, periodic internal borrowing is projected to fund wastewater infrastructure replacements as outlined in the City's 10-Year Capital Plan. This interfund borrowing is expected to be fully repaid by 2033 and will be adjusted as asset needs evolve and new funding sources are identified. In the short term, the Water Reserve Fund—currently exceeding its target as set out in the City's Reserve and Reserve Fund Policy—can be used to temporarily support these funding needs.

The Statement of Financial Position also offers insight into the City's tangible capital assets. Increases in the net book value typically indicate new acquisitions, while decreases generally reflect amortization, disposals, or write-offs. The City anticipates an accumulated surplus in each of the next ten years, ending at \$171.8 million in 2025 and growing to \$227.1 million by 2034.

**Table 4**  
**City of Belleville**  
**Statement of Financial Position (000's)**  
**Water Services**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>FINANCIAL ASSETS</b>										
Cash & Cash Equivalents	\$ 60,202	\$ 59,635	\$ 49,473	\$ 41,030	\$ 20,395	\$ 19,558	\$ 15,124	\$ 13,200	\$ 43,439	\$ 34,167
Interfund Loan Receivable	-	2,540	3,578	8,220	23,154	23,154	23,154	24,670	-	-
<b>TOTAL ASSETS</b>	<b>\$ 60,202</b>	<b>\$ 62,175</b>	<b>\$ 53,051</b>	<b>\$ 49,251</b>	<b>\$ 43,549</b>	<b>\$ 42,712</b>	<b>\$ 38,278</b>	<b>\$ 37,870</b>	<b>\$ 43,439</b>	<b>\$ 34,167</b>
<b>LIABILITIES</b>										
Debt	9,227	11,072	10,189	9,274	8,326	7,343	6,327	5,273	4,333	3,573
Deferred Revenue	9,870	10,307	10,768	11,253	11,712	12,204	9,295	9,790	10,316	10,871
<b>TOTAL LIABILITIES</b>	<b>\$ 19,097</b>	<b>\$ 21,379</b>	<b>\$ 20,957</b>	<b>\$ 20,527</b>	<b>\$ 20,038</b>	<b>\$ 19,547</b>	<b>\$ 15,622</b>	<b>\$ 15,063</b>	<b>\$ 14,649</b>	<b>\$ 14,444</b>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 41,105</b>	<b>\$ 40,796</b>	<b>\$ 32,094</b>	<b>\$ 28,724</b>	<b>\$ 23,511</b>	<b>\$ 23,165</b>	<b>\$ 22,656</b>	<b>\$ 22,807</b>	<b>\$ 28,790</b>	<b>\$ 19,723</b>
<b>NON FINANCIAL ASSETS</b>										
Tangible Capital Assets	130,727	137,376	152,266	161,653	172,805	178,938	188,622	193,897	193,224	207,410
<b>ACCUMULATED SURPLUS</b>	<b>\$ 171,832</b>	<b>\$ 178,172</b>	<b>\$ 184,360</b>	<b>\$ 190,377</b>	<b>\$ 196,316</b>	<b>\$ 202,103</b>	<b>\$ 211,278</b>	<b>\$ 216,704</b>	<b>\$ 222,014</b>	<b>\$ 227,133</b>

### 4.3. Statement of Cash Flows – Table 5

The Statement of Cash Flow outlines how the City generates and uses cash resources across four main categories: operating activities, capital spending, and financing transactions. This statement provides a comprehensive view of the City's financial health by tracking cash inflows and outflows, helping to ensure long-term financial sustainability.

In 2025, the City is projected to generate \$10.5 million in cash from operating activities. A portion of this will be directed toward capital expenditures (\$9.4 million) and financing activities such as debt repayment (\$766,000), resulting in a net cash increase of approximately \$323,000 for the year. This brings the year-end cash and cash equivalents balance to \$60.2 million. The opening balance largely reflects the water reserve funds and unspent development charges carried into the year.

As noted in Section 4.2, the City's 10-year financial forecast anticipates a gradual decline in cash and cash equivalents, reaching an estimated \$34.2 million by the end of 2034. This decline is expected and remains within the City's reserve fund target levels, as defined in the Reserve and Reserve Fund Policy. The projected decrease in available cash is primarily driven by ongoing investments in critical water infrastructure, as outlined in the 10-Year Capital Plan.

It is important to note that cash flows will vary from year to year, depending on the timing and scale of capital projects, debt repayments, and reserve fund usage. However, revenues from user rates are projected to remain stable and steadily increase over the planning period, in accordance with the City's water rate model. This growing revenue stream will help maintain financial flexibility and ensure that adequate cash is available to meet future obligations and support infrastructure renewal.

**Table 5**  
**City of Belleville**  
**Statement of Cash Flow (000's)**  
**Water Services**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>OPERATING TRANSACTIONS</b>										
Annual Surplus/(Deficit)	\$ 6,544	\$ 6,340	\$ 6,188	\$ 6,017	\$ 5,939	\$ 5,787	\$ 9,175	\$ 5,426	\$ 5,310	\$ 5,119
Add: Amortization of TCA	3,489	3,716	3,985	4,261	4,494	4,720	4,936	5,155	5,318	5,522
Less: DC Revenue	(116)	(191)	(191)	(191)	(249)	(238)	(3,776)	(191)	(191)	(191)
Add: DC Proceeds	597	628	652	676	707	730	867	686	716	746
Change in Interfund Loan Receivable	-	(2,541)	(1,038)	(4,643)	(14,932)	-	-	(1,517)	24,671	-
<b>TOTAL CASH PROVIDED BY OPERATING CAPITAL TRANSACTIONS</b>	<b>\$ 10,514</b>	<b>\$ 7,952</b>	<b>\$ 9,596</b>	<b>\$ 6,120</b>	<b>\$ (4,041)</b>	<b>\$ 10,999</b>	<b>\$ 11,202</b>	<b>\$ 9,559</b>	<b>\$ 35,824</b>	<b>\$ 11,196</b>
Less: Cash used to Acquire TCA	(9,425)	(10,365)	(18,875)	(13,648)	(15,646)	(10,853)	(14,620)	(10,430)	(4,645)	(19,708)
<b>TOTAL CASH PROVIDED BY CAPITAL FINANCING TRANSACTIONS</b>	<b>(9,425)</b>	<b>(10,365)</b>	<b>(18,875)</b>	<b>(13,648)</b>	<b>(15,646)</b>	<b>(10,853)</b>	<b>(14,620)</b>	<b>(10,430)</b>	<b>(4,645)</b>	<b>(19,708)</b>
Proceeds from debt issues	-	2,700	-	-	-	-	-	-	-	-
Less: Debt repayment (principal only)	(766)	(854)	(883)	(915)	(948)	(983)	(1,016)	(1,053)	(940)	(760)
<b>TOTAL CASH PROVIDED BY FINANCING</b>	<b>\$ (766)</b>	<b>\$ 1,846</b>	<b>\$ (883)</b>	<b>\$ (915)</b>	<b>\$ (948)</b>	<b>\$ (983)</b>	<b>\$ (1,016)</b>	<b>\$ (1,053)</b>	<b>\$ (940)</b>	<b>\$ (760)</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>\$ 323</b>	<b>\$ (567)</b>	<b>\$ (10,162)</b>	<b>\$ (8,443)</b>	<b>\$ (20,635)</b>	<b>\$ (837)</b>	<b>\$ (4,434)</b>	<b>\$ (1,924)</b>	<b>\$ 30,239</b>	<b>\$ (9,272)</b>
<b>CASH AND CASH EQUIVALENTS</b>										
Beginning of Period	\$ 59,879	\$ 60,202	\$ 59,635	\$ 49,473	\$ 41,030	\$ 20,395	\$ 19,558	\$ 15,124	\$ 13,200	\$ 43,439
Increase/(Decrease)	323	(567)	(10,162)	(8,443)	(20,635)	(837)	(4,434)	(1,924)	30,239	(9,272)
End of Period	<b>\$ 60,202</b>	<b>\$ 59,635</b>	<b>\$ 49,473</b>	<b>\$ 41,030</b>	<b>\$ 20,395</b>	<b>\$ 19,558</b>	<b>\$ 15,124</b>	<b>\$ 13,200</b>	<b>\$ 43,439</b>	<b>\$ 34,167</b>

#### 4.4. Statement of Change in Net Financial Assets/Debt – Table 6

The Statement of Change in Net Financial Assets (or Net Debt) provides insight into whether the City's revenues are sufficient to cover both operating expenses and the cost of capital asset investments, including tangible capital assets (TCA). It also reconciles the difference between the annual surplus or deficit and the overall change in net financial assets or debt, offering a broader view of long-term financial sustainability.

In 2025, the City is projecting an annual surplus of \$6.5 million. When combined with non-cash amortization expenses of \$3.5 million, the total available funding for capital investment rises to \$10 million. With planned capital expenditures of \$9.4 million for the year, this results in a positive net change in financial assets of approximately \$600,000—signaling a healthy balance between revenue generation and infrastructure reinvestment.

Over the forecast period, net financial assets are expected to decline, reaching a projected \$19.7 million by 2034. While this represents a considerable decrease from the 2025 position, it reflects the City's approach to funding its extensive capital replacement requirements without issuing new debt, instead relying on existing cash flow and reserves.

The reduction in net financial assets should be considered as a sign of the City's commitment to proactively managing its infrastructure needs. Capital requirements over the next decade are significant, driven by the need to maintain aging assets and invest in essential upgrades. However, these demands are being met through planned use of reserve funds, careful rate-setting, and ongoing updates to long-term financial planning tools such as the 10-Year Capital Plan and the water rate model.

**Table 6**  
**City of Belleville**  
**Statement of Changes in Net Financial Assets (000's)**  
**Water Services**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Surplus/(Deficit)	\$ 6,544	\$ 6,340	\$ 6,188	\$ 6,017	\$ 5,939	\$ 5,787	\$ 9,175	\$ 5,426	\$ 5,310	\$ 5,119
Amortization of Tangible Capital Assets	3,489	3,716	3,985	4,261	4,494	4,720	4,936	5,155	5,318	5,522
Less: Acquisition of Tangible Capital Assets	(9,425)	(10,365)	(18,875)	(13,648)	(15,646)	(10,853)	(14,620)	(10,430)	(4,645)	(19,708)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>\$ 608</b>	<b>\$ (309)</b>	<b>\$ (8,702)</b>	<b>\$ (3,370)</b>	<b>\$ (5,213)</b>	<b>\$ (346)</b>	<b>\$ (509)</b>	<b>\$ 151</b>	<b>\$ 5,983</b>	<b>\$ (9,067)</b>
<b>NET FINANCIAL ASSETS</b>										
Beginning of the Period	\$ 40,497	\$ 41,105	\$ 40,796	\$ 32,094	\$ 28,724	\$ 23,511	\$ 23,165	\$ 22,656	\$ 22,807	\$ 28,790
Increase/Decrease	608	(309)	(8,702)	(3,370)	(5,213)	(346)	(509)	151	5,983	(9,067)
<b>END OF PERIOD</b>	<b>\$ 41,105</b>	<b>\$ 40,796</b>	<b>\$ 32,094</b>	<b>\$ 28,724</b>	<b>\$ 23,511</b>	<b>\$ 23,165</b>	<b>\$ 22,656</b>	<b>\$ 22,807</b>	<b>\$ 28,790</b>	<b>\$ 19,723</b>

#### **4.5. Summary of Tangible Capital Assets – Table 7**

The Summary of Tangible Capital Assets (TCA) provides an overview of projected asset acquisitions and amortization expenses related to the City’s water system over the forecast period. These projections are aligned with both the 2024 Asset Management Plan and the City’s 10-Year Capital Plan, ensuring consistency in long-term infrastructure planning.

Between 2025 and 2034, investments in tangible capital assets are expected to total approximately \$128.2 million—an increase of 66.6% over the period. At the same time, accumulated amortization is projected to rise by \$45.6 million, reflecting the ongoing use and depreciation of existing infrastructure.

It is important to note that amortization is based on the historical cost of assets, as required under Public Sector Accounting Standards (PSAS). While this provides a consistent accounting framework, it may not fully capture the true cost of infrastructure renewal. For this reason, the 2024 Asset Management Plan offers a more accurate representation of the City’s long-term reinvestment needs, as it considers the full lifecycle of assets and incorporates current replacement values.

DRAFT

**Table 7**  
**City of Belleville**  
**Summary of Tangible Capital Assets (TCA) Balances (000's)**  
**Water Services**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>TANGIBLE CAPITAL ASSETS</b>										
<b>Opening Tangible Capital Assets</b>	\$ 193,326	\$ 202,751	\$ 213,116	\$ 231,991	\$ 245,639	\$ 261,285	\$ 272,138	\$ 286,758	\$ 297,188	\$ 301,833
Plus: Acquisitions – Repair/Replacement	8,353	8,160	9,295	13,592	14,719	7,202	7,916	10,107	4,410	9,262
Plus: Acquisitions - Growth	1,072	2,205	9,580	56	927	3,651	6,704	323	235	10,446
<b>Closing Tangible Capital Assets</b>	<b>\$ 202,751</b>	<b>\$ 213,116</b>	<b>\$ 231,991</b>	<b>\$ 245,639</b>	<b>\$ 261,285</b>	<b>\$ 272,138</b>	<b>\$ 286,758</b>	<b>\$ 297,188</b>	<b>\$ 301,833</b>	<b>\$ 321,541</b>
<b>ACCUMULATED AMORTIZATION</b>										
<b>Opening Accumulated Amortization</b>	\$ 68,535	\$ 72,024	\$ 75,740	\$ 79,725	\$ 83,986	\$ 88,480	\$ 93,200	\$ 98,136	\$ 103,291	\$ 108,609
Plus: Amortization Expense	3,489	3,716	3,985	4,261	4,494	4,720	4,936	5,155	5,318	5,522
<b>Closing Accumulated Amortization</b>	<b>\$ 72,024</b>	<b>\$ 75,740</b>	<b>\$ 79,725</b>	<b>\$ 83,986</b>	<b>\$ 88,480</b>	<b>\$ 93,200</b>	<b>\$ 98,136</b>	<b>\$ 103,291</b>	<b>\$ 108,609</b>	<b>\$ 114,131</b>
<b>NET BOOK VALUE</b>	<b>\$ 130,727</b>	<b>\$ 137,376</b>	<b>\$ 152,266</b>	<b>\$ 161,653</b>	<b>\$ 172,805</b>	<b>\$ 178,938</b>	<b>\$ 188,622</b>	<b>\$ 193,897</b>	<b>\$ 193,224</b>	<b>\$ 207,410</b>

## **4.6. Notes and Assumptions**

Section 3(2) of O Reg. 453/07 states that the information is required only if the information is known to the owner at the time the financial plan is prepared. The assumptions used in preparing the financial plan are noted below.

### **4.6.1. Cash**

The beginning of period Cash and Cash equivalents contained in the Statement of Cash Flows are the total of the opening balance of its discretionary reserve fund (Water Service) and obligatory reserve fund (Development Charges). The opening balances were unaudited at the time the Financial Plan was prepared and may change.

### **4.6.2. Receivables and Payables**

Beyond the interfund borrowing discussed in this financial plan, receivables and payables were assumed to not be significant, and as such, were not incorporated.

### **4.6.3. Debt**

New debt included into the analysis totals \$2.7 million in 2026, at 4.55% over a 25-year term.

### **4.6.4. Deferred Revenue**

Deferred revenue refers to the balance of the development charge reserve fund. For financial reporting purposes, development charges are considered a liability until they are used to acquire or construct the infrastructure for which the funds were collected.

### **4.6.5. Tangible Capital Assets**

The following assumptions were made regarding tangible capital assets:

- Amortization of assets was calculated using a straight-line method, with amortization beginning in the year the asset was acquired or constructed;
- The useful life of each asset, as listed in the City's asset register, was considered in the amortization calculation;
- No asset write-offs are anticipated during the forecast period;
- No gains or losses are assumed on the disposal of assets, as it is expected that assets will be retired at the end of their useful lives, meaning their historical cost will equal accumulated amortization;
- Contributed assets, such as developer-donated infrastructure, are excluded from the forecast due to uncertainty around future contributions.

#### **4.6.6. Lead Pipes**

Ontario Regulation 453/07 mandates that municipalities include the cost of replacing lead pipes in their Financial Plan if they are part of the drinking water system. However, the City is not currently required to replace any lead pipes and does not anticipate the need to do so in the future. As a result, no provision for lead pipe replacement is necessary in this plan.

DRAFT

## 5. Appendices

### 5.1. Appendix A – Water Rates (2025)

WATER RATES – GENERAL SERVICES AND RESIDENTIAL		
MONTHLY WATER CONSUMPTION (PER CUBIC METRE M <sup>3</sup> )		
2025 Fee		
Metered		
First 455 cubic metres		\$2.02
Next 22,275 cubic metres		\$1.54
Over 22,730 cubic metres		\$0.92
Bulk		\$3.00
Monthly Fixed Charges		
Meter Size	Service	Fire Protection
5/8	\$26.85	\$6.39
3/4	\$26.85	\$6.39
1	\$29.54	\$8.47
1 ½	\$42.96	\$16.93
2	\$56.39	\$25.43
3	\$83.24	\$42.38
4	\$152.78	\$84.74
6	\$255.08	\$148.27
8	\$362.48	\$211.88
10	\$483.57	\$294.29
MONTHLY FLAT RATE WATER CHARGES (SERVICE NOT METERED)		
City of Belleville		\$48.60
Point Anne		\$123.91
QUARTERLY WATER BUILDING CHARGES		
Single to 5 Units		133.92
6 Units to 12 Units		264.38
13 Units to 26 Units		528.74
Over 26 Units		1,057.53

## 5.2. Appendix B – Other Water Charges (2025)

OTHER WATER CHARGES	
Collection Charge	\$25.00
Reconnection Charge – regular business hours	\$45.00
Seasonal Disconnection & Reconnection	\$90.00
Change of Occupancy/New Connection	\$30.00
Returned Payment	\$40.00
Late Payment Penalty/ Interest (Monthly)	1.25%
Duplicate Bill/Notice <i>(New)</i>	\$20.00
Account History/Statement of Account (per year) <i>(New)</i>	\$10.00
Refund/Overpayment Recovery <i>(New)</i>	\$35.00
Form 1 Water Approval	\$2,500.00
Form 1 Sanitary Approval	\$2,500.00
Form 1 Storm water Approval	\$2,500.00
Fire Hydrant Flow Test	\$200.00
Quench Buggy Rental (per day)	\$200.00
(per consecutive day after first day)	\$100.00
<i>Locate Services, Leak Detection &amp; Hydrant Maintenance</i>	
Belleville General Service, per hour	\$100.00
Outside Belleville per hour	\$200.00
<i>Service Tap (per service)</i>	
¾" and 1" Service	\$200.00
1 ½" and 2" Service	\$400.00
4", 6", 8" Service	\$800.00
Outside Belleville, applicable rates plus per hour travel rate	\$100.00
<i>Replace Damaged Meter</i>	
5/8" to 1"	\$300.00
Over 1"	Time and Materials
<i>Customer Deposits</i>	
Residential	\$260.00
General Service	based on estimated bill for 3 billing periods
Bulk Water Key Deposit	\$125.00

### 5.3. Appendix C – Definitions

**Asset Management Plan** is a strategic document that states how a group of assets are to be managed over a period. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions.

**Capital Budget** plans for the acquisition and replacement of Tangible Capital Assets, which can be summarized as significant expenditures to provide municipal services with a benefit beyond one year. In accordance with the City's Tangible Capital Asset Policy, the capital budget excludes repair and maintenance costs, which form part of the operating budget.

**Contributed Assets** are capital assets such as developer constructed services in new subdivisions (i.e. water, sewer, roads infrastructure) acquired without cash outlay and will be valued at fair market value when the asset is placed into productive use/service (i.e. upon initial acceptance).

**Development Charge** is a charge legislated under the Development Charges Act, 1997 that allows a municipality to impose a charge to fund capital projects or studies that are deemed necessary to service new growth under the notion that growth pays for growth. Charges must accompany a by-law and development charges study that forecasts growth and relevant growth-related projects.

**Operating Budget** encompasses the City's normal operating expenses and revenues associated with the day-to-day provision of services. Examples include salaries and benefits, materials, contracted work, and debt repayments.

**Reserve Fund** is a fund set aside for a specific purpose as required by legislation, by-law, or agreement and can be obligatory (externally restricted) or discretionary (internally restricted). Reserve funds are held in separately grouped bank accounts and receive an interest allocation. Reserve funds are administered and managed under the City's Reserve & Reserve Fund Policy.

**Tangible Capital Asset** (also known as infrastructure) is a non-financial asset having physical substance that is acquired, constructed, or developed and:

- Is held for use in the production or supply of goods and services;
- Has a useful life extending beyond the fiscal year;
- Is intended to be used on a continuing basis; and
- Is not intended for sale in the ordinary course of operations.

**User Rates** are fees charged for user-pay services, such as recreation programs/facilities, parking, water, and wastewater.

### 5.4. Appendix D - Summary of Tables

Table 1: Water Rate Model Fixed Charges ..... 5

Table 2: Water Rate Model Volumetric Charges..... 5

Table 3 City of Belleville Statement of Operations (000's) Water Services ..... 8

Table 4 City of Belleville Statement of Financial Position (000's) Water Services..... 10

Table 5 City of Belleville Statement of Cash Flow (000's) Water Services ..... 12

Table 6 City of Belleville Statement of Changes in Net Financial Assets (000's) Water Services..... 14

Table 7 City of Belleville Summary of Tangible Capital Assets (TCA) Balances (000's) Water Services ..... 16

DRAFT