

**The Corporation of the Town of Fort Erie  
Water and Wastewater Systems Financial Plan (2025 – 2030)  
Principles of Financial Sustainability**

The Ministry of the Environment 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 and Wastewater Services are provided below:

Principle 1	Ongoing public engagement and transparency can build support for, and confidence in, Financial Plans and the system(s) 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 and wastewater 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.

# The Corporation of the Town of Fort Erie Water and Wastewater Systems Financial Plan (2025 – 2030) Introduction

As part of the Water System Licensing requirement, Ontario municipalities must prepare and comply with a Drinking Water Quality Management System Operational Plan and meet the Financial Plans Regulations as set out in O. Reg. 453/07.

The regulation requires that the financial plan:

- Be approved by a Council resolution that indicates that the drinking water system is financially viable.
- The financial plans must apply to a period of at least six years.
- The financial plans must include the following:
  - Details of the proposed or projected financial position of the drinking-water system,
  - Details of the proposed or projected financial operations of the drinking-water system,
  - Details of the drinking-water system's proposed or projected gross cash receipts and gross cash payments, and
  - Details of the extent to which the information described relates directly to the replacement of lead service pipes.

The tables included in the plan have been prepared in accordance with the requirements of the regulation. They are based on a projection of cost and investment necessary for the delivery of safe drinking water and sustainability of the system.

The long-term financial plan is based on policies and procedures in effect as of the date of the plan and incorporated in the 2025 Budget and Five-Year Forecast as approved by Council in the 2025 Budget. It will be updated and re-evaluated on an ongoing basis.

The financial plan incorporates the following as an indication of financial viability:

## **1. Infrastructure renewal and replacement**

- The ongoing capital reserve strategy makes significant progress to full cost recovery of the system by providing sustained funding for operating expenditures for repair and maintenance and capital expenditure for renewal and replacement.
  - The current Asset Management Plan (AMP) values asset inventory replacement costs at \$371.3 million for water and \$392.3 million for wastewater and to achieve the current Levels of Service the long-term annual funding contributions at \$2.20 million for water only. The targeted annual investment contribution is \$2.78 million for water by 2030 and \$2.25 million for wastewater by 2030.
  - Operating budget allocation to infrastructure reserves
    - From \$2.6 million to \$2.78 million annual contribution to reserves for water by 2030, including the Dedicated Water Meter Replacement Reserve and expected inflationary increases.

# The Corporation of the Town of Fort Erie Water and Wastewater Systems Financial Plan (2025 – 2030) Introduction

- From \$2.1 million to \$2.25 million annual contribution to reserves for wastewater by 2030, excluding expected inflationary increases.
- Required six-year forecast investment of
  - \$20.1 million for water is the actual forecast with 5% relating to growth projects.
  - \$56.5 million for wastewater is the actual forecast with 71% relating to growth projects.

## 2. The plan reflects infrastructure expansion

- The Town approved the Development Charges By-laws on March 4, 2024 for growth related projects based on the 2023 Development Charges Study prepared in accordance with the *Development Charges Act*.
- The Town is undertaking 26 capital projects, representing a \$41 million investment in the expansion of its water and wastewater infrastructure network to support growth. The largest of these projects is the Arcadia Street Sewage Pumping Station and Forcemain, with an estimated cost of \$19M, scheduled to begin in 2029.

## 3. Rate Stabilization Reserves

- Rate stabilization reserves are funded annually and used to minimize financial vulnerability to economic and weather-related events.
  - Water and wastewater allocations for the life of the plan are between 0.58% to 1.47% of billings.
  - The water and wastewater rate stabilization reserve are scheduled to be used in 2025 to 2030 to reduce rates due to healthy reserve balances.

## 4. Retail rate stability

- The plan has stability and predictability with the following rate increases:
  - The overall combined rate decreases for the life of the plan are between 7.41% to 5.27%.

## 5. Liquidity

- The Water system maintains a surplus of financial assets over financial liabilities for the forecast period except for wastewater in 2030 when debenture is issued for Arcadia Street Sewage Pumping Station and Forcemain.
  - Revenues cover the operating expenses plus amortization.
  - Reserve balances as a percentage of net fixed assets are decreasing to permit for investment in infrastructure renewal.

# The Corporation of the Town of Fort Erie Water and Wastewater Systems Financial Plan (2025 – 2030) Introduction

## 6. Debt Strategy

- 2025 capital budget and forecast debenture financing has been reserved for growth capital expenditures only, except where it may be necessary to leverage grants from other levels of government. The principle of reserving debt financing for growth projects is that future growth will assist in generating the revenue flow to support the annual repayment charges.
  - Debt as a percentage of net tangible capital assets is low and declining except in year 2030 which increases from 1% to 20% relating to debt issued for Arcadia Street Sewage Pumping Station and Forcemain. The MOE guide “Toward Financial Sustainable Drinking Water and Wastewater Systems” recommends that this indicator not exceed 50%-60%. The Town’s high is 0.22% for Water and 20% for Wastewater.

## 7. Non-Revenue Water Strategy

The financial plan incorporates the following activities based on industry best practices as to address the non-revenue water (NRW) loss and extraneous sewage flow:

- Undertaking an annual AWWA Water Audit to determine NRW volumes and cost.
- Town-wide sewer condition assessment and flow monitoring studies as part of the AMP that identify and focus capital and maintenance efforts on areas of high inflow and infiltration (I/I) and pre and post-construction flow monitoring of projects to determine savings.
- Undertaking area-wide leak detection studies that identify individual leaks in the system that would otherwise go undetected.
- Smart hydrants which aid in early leak detection.
- Replacement of water meters to enable more accurate billings.
- A valve turning exercise program that aids in reducing water loss during watermain breaks.
- Replacing watermains based on a predictive model of breaks, rather than simply a ‘cast-iron’ watermain replacement program.
- Increasing tracking accuracy of water used for fire department purposes.
- Flow monitoring of new subdivision sanitary sewers to determine work quality and ensure that new infrastructure is not contributing to the I/I issue.
- Sewer and maintenance hole relining, rather than replacement, to reduce I/I at a reduced capital cost in relation to replacement.

**The Corporation of the Town of Fort Erie**  
**Water Systems Financial Plan (2025 - 2030)**  
**[In Accordance with *Safe Drinking Water, 2002* - O Reg. 453/07]**

**Table 1: Details of Proposed or Projected Financial Position**

<b>Sub Description</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>A.</b> Total Financial Assets (Current Assets)	8,542,264	8,399,636	7,667,096	7,607,402	7,925,585	8,722,716
<b>B.</b> Total Liabilities	1,080,069	1,265,184	1,649,687	2,089,456	2,542,782	2,632,252
<b>C.</b> Net Financial Assets/(Debt)	7,462,195	7,134,452	6,017,409	5,517,946	5,382,803	6,090,464
<b>D.</b> Non Financial Assets (Tangible Capital Assets)	43,409,204	46,370,604	49,179,504	51,370,824	53,242,924	54,716,724
<b>E.</b> Tangible Capital Assets Changes	3,176,650	4,082,800	3,930,300	3,312,720	2,993,500	2,595,200

**The Corporation of the Town of Fort Erie**  
**Water Systems Financial Plan (2025 - 2030)**  
**[In Accordance with *Safe Drinking Water, 2002* - O Reg. 453/07]**

**Table 2: Details of Proposed or Projected Financial Operations**

Sub Description	2025	2026	2027	2028	2029	2030
<b>A. Revenues</b>						
<b>Operating</b>						
Water Billings	10,535,005	11,189,733	11,744,105	12,342,019	13,039,775	13,428,769
Local Improvement Charges	22,397	22,397	-	-	-	-
Grants	-	-	-	-	-	-
Interest & Penalties	24,000	24,000	24,000	24,000	24,000	24,000
User Fees	96,200	96,200	96,200	96,200	96,200	95,700
Benefiting property owners and developers	20,224	19,606	18,999	18,410	167,804	17,203
<b>Total Operating</b>	10,697,826	11,351,936	11,883,304	12,480,629	13,327,779	13,565,672
Grants, benefiting property owners and developers	-	941,800	-	-	45,100	471,800
<b>Total Capital Revenue</b>	-	941,800	-	-	45,100	471,800
<b>TOTAL REVENUE</b>	10,697,826	12,293,736	11,883,304	12,480,629	13,372,879	14,037,472
<b>B. Expenses</b>						
Regional Treatment Costs	4,664,218	5,095,192	5,546,626	6,038,057	6,573,029	7,155,399
Wages & Benefits	1,801,655	1,855,707	1,911,376	1,968,720	2,027,778	2,088,614
Materials & Services	460,200	438,200	414,200	422,200	635,200	298,200
Debt Interest Charges	4,830	3,356	2,749	2,160	1,554	953
Fleet Related Charges	293,010	298,932	304,963	311,031	315,322	214,454
Program Support Charges	786,512	847,292	890,133	925,204	961,639	976,991
Amortization	1,121,400	1,121,400	1,121,400	1,121,400	1,121,400	1,121,400
<b>TOTAL EXPENSES</b>	9,131,825	9,660,079	10,191,447	10,788,772	11,635,922	11,856,011
<b>C. Annual Surpluses or (Deficit)</b>	1,566,001	2,633,657	1,691,857	1,691,857	1,736,957	2,181,461
<b>D. Accumulated Surplus or (Deficit)</b>	50,871,399	53,505,056	55,196,913	56,888,770	58,625,727	60,807,188

**The Corporation of the Town of Fort Erie  
Water Systems Financial Plan (2025 - 2030)  
[In Accordance with *Safe Drinking Water, 2002* - O Reg. 453/07]**

**Table 3: Details of Proposed or Projected Gross Cash Receipts/(Gross Cash Payments)**

Sub Description	2025	2026	2027	2028	2029	2030
<b>A.</b> Operating Transactions	2,916,526	3,875,476	3,145,471	3,195,354	3,241,667	3,360,489
<b>B.</b> Capital Transactions	(3,176,650)	(4,082,800)	(3,930,300)	(3,312,720)	(2,993,500)	(2,595,200)
<b>C.</b> Investing Transactions	-	-	-	-	-	-
<b>D.</b> Financing Transactions	(78,470)	(16,250)	(16,250)	(16,250)	(16,250)	(16,250)
<b>E.</b> Change in Cash and Cash Equivalents	(338,594)	(223,574)	(801,079)	(133,616)	231,917	749,039
<b>F.</b> Cash and Cash Equivalents: Beginning of the year	7,578,384	7,239,790	7,016,216	6,215,137	6,081,521	6,313,439
Cash and Cash Equivalents: End of the year	7,239,790	7,016,216	6,215,137	6,081,521	6,313,439	7,062,477

**Table 4: Lead Water Service Replacement**

Sub Description	2025	2026	2027	2028	2029	2030
<b>A</b> Through various historical water / wastewater capital works initiatives - all known areas of lead service piping within the municipal right of way have been replaced. As such, there is no outstanding inventory of lead service connections requiring the implementation of an annual capital works program to finance replacements. In the event we become aware of a lead service that has not been addressed in previous works - The service is immediately scheduled for renewal under the annual operating budget umbrella.						

**The Corporation of the Town of Fort Erie  
Water Systems Financial Plan (2025 - 2030)  
Notes to the Financial Plan**

**Table 1: Details of Proposed or Projected Financial Position**

<b>Item</b>	<b>Description</b>	<b>Comments/Assumptions</b>
A	Financial Assets	<p><b>Cash:</b> The 2024 unaudited closing water reserve funds balance was used as the 2025 opening cash balance.</p> <p>Year end balances from Table 3 (Line F)</p> <p><b>Accounts Receivable:</b> The 2024 ending receivable balance is the average of the year end balances for 2022 and 2023. As Water and Wastewater receivables are recorded in the same general ledger account the 2024 balance was split based on the proportionate share of the 2024 Water and Wastewater billings. Water represents 42% and Wastewater represents 58%.</p> <p>The accounts receivable balances for 2025-2030 increase is consistent with the increase in billings for each of those years.</p>
B	Liabilities	<p><b>Debentures:</b> The Town's effective net debenture rates vary from 3.7% to 4.15%.</p> <p>Debenture issued in 2011 for the Thompson Road project is funded with a transfer to the Operating Budget from the Development Charges Reserves Water category.</p> <p>No new water debentures are forecast for the 2025-2030 period.</p> <p><b>Deferred Revenue:</b> The 2024 unaudited closing Development Charges Reserve balance segregated for water projects was used for the 2025 opening balance.</p>
C	Net Financial Assets/(Debt)	The difference between financial assets (A) and the liabilities (B).
D	Non Financial Assets	<p><b>Tangible Capital Assets:</b> The 2024 unaudited closing tangible capital asset and accumulated amortization balance was used as the 2025 opening balance.</p>
E	Tangible Assets Changes	For simplicity it was assumed that the approved capital program for each of the years 2025-2030 is the value of



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Notes to the Financial Plan**

		the additions for the year and that no asset disposals would occur. It is likely that any disposals will be of assets that are fully amortized thus having a zero net book value and would not misstate the total net book value reported in the financial plan.
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**Table 2: Details of Proposed or Projected Financial Operations**

<b>Item</b>	<b>Description</b>	<b>Comment/Assumptions</b>
A	Total Revenue	<p><b>Water Billings:</b> Billing revenue is the total of water consumption billed at a rate per cubic metre in addition to a fixed base rate that varies with the size of the meter.</p> <p>Due to the trend in increasing consumption, the Town's rates are based on the average consumption for the three preceding years. The increase in consumption of 0.75% was used in the calculation of the 2025 rates. The 2025 estimated average household annual consumption of 192 cubic metres per year has been used for the forecast period.</p> <p>The five year projected rate structure increases the base charges from \$28.51 in 2025 to \$36.11 in 2030 and increases to the volumetric rate from \$1.870/m<sup>3</sup> to \$2.351/m<sup>3</sup> in addition to revenue from customer growth. The rate forecasts see the base charge as a percentage of the monthly charge reduced to 48% by 2029.</p> <p>Total billings are forecast to increase by 6.21% for 2026, 4.95% for 2027, 5.09% for 2028, 5.65% for 2029 and 2.98% for 2030.</p> <p><b>Other Revenue:</b> Revenue from local improvements, interest and penalties, user fees, grants and benefiting property owners and developers.</p> <p><b>Total Capital Revenue:</b> This represents the Ontario Community Infrastructure Fund (OCIF) and Development Charges (DC) Reserve components segregated for water projects for the 2025 to 2030 Financial Plan.</p>
B	Total Expenses	<p><b>Regional Treatment costs:</b> Regional treatment costs for the forecast period are</p>

**The Corporation of the Town of Fort Erie  
Water Systems Financial Plan (2025 - 2030)  
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		<p>assumed to increase by 9.24% in 2026 and 8.26% annually thereafter. These increases account for investments related to the People Strategy, inflation on contracted services and supplies, and annual capital contribution increases of 7.22%, as outlined in the Region's 2021 Asset Management Plan. This projection aligns with the 2025 approved budget increase and is based on the Region of Niagara's forecasts.</p> <p>The Region currently recovers 25% of total water costs through a fixed charge based on the Town's previous three-year average cost of water consumed. The balance of 75% is based on a rate per cubic metre applied to the Town's actual water consumption for the year.</p> <p><b>Wages and Benefits:</b> Costs have been forecast to increase using estimates for 2026 to 2030 as the Collective Bargaining Agreement expired in December 2024.</p> <p><b>Material and Services:</b> Costs for hydrant repairs and maintenance, backflow prevention, watermain repair and maintenance, watermain locates, equipment repair and preventative maintenance, staff training and master plan updates have been projected based on staffs estimates of actual expenses for each of the forecast years. Budgets fluctuate by year and have a general decrease of approximately 7% per year over the forecast.</p> <p><b>Interdepartmental Transfers (Fleet Charges and Program Support):</b> These include allocations of utility support finance costs, administrative support and fleet operating costs. Utility financial services costs are shared equally between water and wastewater operations. Administrative support costs are such as accounting, insurance, information technology, records management and facilities are allocated to the Town departments using the Financial Information Return recommended practice of apportioning based on the departments relative share of total expenditures. The water budget has been allocated approximately 9.21% of these costs based on the 2023 Financial Information Return expenditures. Fleet costs</p>
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**The Corporation of the Town of Fort Erie  
Water Systems Financial Plan (2025 - 2030)  
Notes to the Financial Plan**

		<p>are allocated based on historical actual costs for operating and maintenance of vehicles dedicated to the delivery of water services.</p> <p><b>Amortization:</b> Amortization is calculated on a straight-line basis over the estimated useful life of the assets. Amortization is based on six months for the year of acquisition regardless of the month purchased and annually thereafter until the asset is fully depreciated, disposed of or replaced. Assets under construction are not amortized until the asset is available for productive use. Amortization is included for assets existing at the time of Budget approval, and excludes asset additions over the life of the Plan which would have varying useful lives, etc.</p>
C	Annual Surplus/(Deficit)	<p>Total Revenues (A) less Total Expenses (B)</p> <p>The surplus has been calculated using the accrual basis of accounting which utilized the surplus for amortization, principal payments due on debenture debt and allocations to infrastructure replacement and rate stabilization reserve funds.</p>
D	Accumulated Surplus/(Deficit)	<p>Annual Surplus is added annually to the accumulated surplus. The 2025 surplus includes the 2024 unaudited operational results.</p>

**Table 3: Details of Proposed or Projected Gross Cash Receipts/(Gross Cash Payments)**

Item	Description	Comments/Assumptions
A	Operating Transactions	Includes planned annual surplus, amortization expense and changes in working capital.
B	Capital Transactions	Includes planned capital asset acquisitions as per the 2025-2035 approved Capital Plan.
C	Investing Transactions	n/a
D	Financial Transactions	Includes repayment of long term debt.
E	Changes in Cash and Cash Equivalents	Calculated based on the planned operating, capital and financial transactions. (A+B+D)
F	Cash equivalents at the beginning of the	Annual Cash and Cash Equivalent Balance as added to the accumulated surplus at the beginning of the year.

**The Corporation of the Town of Fort Erie  
Water Systems Financial Plan (2025 - 2030)  
Notes to the Financial Plan**

	year Cash Equivalents at the end of the year	The beginning cash and cash equivalents balance for 2025 uses the 2024 ending unaudited water reserve funds balance.
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**General Comments:**

The Town's financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Water operations have been separately disclosed in the segmented information, but separate financial statements are not prepared for Water services. The assets and liabilities of the Water services are consolidated with the Consolidated Statement of Financial Position.

The Water services are self-sustaining and the total net expenditures for operating and capital expenditures are recovered through the water service rates.

An audit of the Town of Fort Erie financial statements has not yet been completed for the 2024 year end.

**The Corporation of the Town of Fort Erie**  
**WasteWater Systems Financial Plan (2025 - 2030)**  
**[In Accordance with *Safe Drinking Water, 2002* - O Reg. 453/07]**

**Table 1: Details of Proposed or Projected Financial Position**

<b>Sub Description</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>A.</b> Total Financial Assets (Current Assets)	10,656,633	10,121,911	7,621,220	9,050,859	10,226,937	9,102,959
<b>B.</b> Total Liabilities	4,484,672	4,825,929	3,792,737	3,980,105	4,926,962	22,729,763
<b>C.</b> Net Financial Assets/(Debt)	6,171,961	5,295,982	3,828,483	5,070,754	5,299,975	(13,626,804)
<b>D.</b> Non Financial Assets (Tangible Capital Assets)	50,110,378	54,397,978	66,697,788	70,678,838	75,010,738	96,905,038
<b>E.</b> Tangible Capital Assets Changes	5,721,050	5,085,300	13,097,510	4,778,750	5,129,600	22,692,000

**The Corporation of the Town of Fort Erie**  
**WasteWater Systems Financial Plan (2025 - 2030)**  
[In Accordance with *Safe Drinking Water, 2002* - O Reg. 453/07]

**Table 2: Details of Proposed or Projected Financial Operations**

Sub Description	2025	2026	2027	2028	2029	2030
<b>A. Revenues</b>						
<b>Operating</b>						
Wastewater Billings	14,986,681	16,222,228	17,346,622	18,585,339	19,982,709	21,333,865
Local Improvement Charges	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Interest & Penalties	30,000	30,000	30,000	30,000	30,000	30,000
User Fees	30,000	30,000	30,000	30,000	30,000	30,000
Benefiting property owners and developers	244,295	237,517	230,857	224,157	404,831	210,657
<b>Total Operating</b>	15,290,976	16,519,745	17,637,479	18,869,496	20,447,540	21,604,522
Grants, benefiting property owners and developers	1,668,200	1,115,600	9,286,290	3,677,300	3,015,100	1,421,500
<b>Total Capital Revenue</b>	1,668,200	1,115,600	9,286,290	3,677,300	3,015,100	1,421,500
<b>TOTAL REVENUE</b>	16,959,176	17,635,345	26,923,769	22,546,796	23,462,640	23,026,022
<b>B. Expenses</b>						
Regional Treatment Costs	10,392,662	11,472,995	13,314,812	14,503,364	15,797,222	17,205,716
Wages & Benefits	782,141	805,607	829,774	854,665	880,310	906,721
Materials & Services	681,170	457,170	438,170	439,170	680,170	449,170
Debt Interest Charges	48,545	41,767	35,107	28,407	21,581	14,907
Fleet Related Charges	112,969	115,387	117,854	120,341	122,089	80,856
Program Support Charges	496,768	533,098	558,041	579,828	602,447	603,431
Amortization	797,700	797,700	797,700	797,700	797,700	797,700
<b>TOTAL EXPENSES</b>	13,311,955	14,223,724	16,091,458	17,323,475	18,901,519	20,058,501
<b>C. Annual Surpluses or (Deficit)</b>	3,647,221	3,411,621	10,832,311	5,223,321	4,561,121	2,967,521
<b>D. Accumulated Surplus or (Deficit)</b>	56,282,340	59,693,961	70,526,272	75,749,593	80,310,714	83,278,235

**The Corporation of the Town of Fort Erie**  
**WasteWater Systems Financial Plan (2025 - 2030)**  
**[In Accordance with *Safe Drinking Water, 2002* - O Reg. 453/07]**

**Table 3: Details of Proposed or Projected Gross Cash Receipts/(Gross Cash Payments)**

<b>Sub Description</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>A.</b> Operating Transactions	3,905,723	4,593,620	10,653,599	6,251,039	6,328,719	2,354,075
<b>B.</b> Capital Transactions	(5,721,050)	(5,085,300)	(13,097,510)	(4,778,750)	(5,129,600)	(22,692,000)
<b>C.</b> Investing Transactions	-	-	-	-	-	-
<b>D.</b> Financing Transactions	(195,750)	(195,750)	(195,750)	(195,750)	(195,750)	19,046,950
<b>E.</b> Change in Cash and Cash Equivalents	(2,011,077)	(687,430)	(2,639,661)	1,276,539	1,003,369	(1,290,975)
<b>F.</b> Cash and Cash Equivalents: Beginning of the year	10,815,420	8,804,343	8,116,912	5,477,251	6,753,790	7,757,159
Cash and Cash Equivalents: End of the year	8,804,343	8,116,912	5,477,251	6,753,790	7,757,159	6,466,184

**The Corporation of the Town of Fort Erie  
Wastewater Systems Financial Plan (2025 – 2030)  
Notes to the Financial Plan**

**Table 1: Details of Proposed or Projected Financial Position**

<b>Item</b>	<b>Description</b>	<b>Comments/Assumptions</b>
A	Financial Assets	<p><b>Cash:</b> The 2024 unaudited closing wastewater reserve funds balance was used as the 2025 opening cash balance.</p> <p>Year end balances from Table 3 (Line F)</p> <p><b>Accounts Receivable:</b> The 2024 ending receivable balance is the average of the year end balances for 2022 and 2023. As Water and Wastewater receivables are recorded in the same general ledger account the 2024 balance was split based on the proportionate share of the 2024 Water and Wastewater billings. Water represents 42% and Wastewater represents 58%.</p> <p>The accounts receivable balances for 2025-2030 increase is consistent with the increase in billings for each of those years.</p>
B	Liabilities	<p><b>Debentures:</b> The Town's effective net debenture rates vary from 3.31% to 3.70%</p> <p>Debenture issued in 2011/2012 for Garrison Road is funded with a transfer to the Operating Budget from the Development Charges Reserves for Wastewater to the extent available.</p> <p>Debenture is forecasted in 2030 for Arcadia St Sewage Pumping Station and Forcemain - BP6b FEIBD for \$19,242,700 for a 15 year term at 4.39% with payments starting in 2031.</p> <p><b>Deferred Revenue:</b> The 2024 unaudited closing Development Charges (DC) Reserve balance segregated for wastewater projects was used for the 2025 opening balance.</p> <p><b>Due to other Development Charges Storm category:</b> The <i>Development Charges Act</i> permits intra-fund borrowing between categories. From 2027 to 2029, the DC Wastewater category will have a deficit balance and</p>



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		will borrow from the DC Storm Services category. The DC Wastewater Services component will repay the DC Storm Services component as funds become available.
C	Net Financial Assets/(Debt)	The difference between financial assets (A) and the liabilities (B).
D	Non Financial Assets	<b>Tangible Capital Assets:</b> The 2024 unaudited closing tangible capital asset and accumulated amortization balance was used as the 2025 opening balance.
E	Tangible Assets Changes	For simplicity it was assumed that the approved capital program for each of the years 2025-2030 is the value of the additions for the year and that no asset disposals would occur. It is likely that any disposals will be of assets that are fully amortized thus having a zero net book value and would not misstate the total net book value reported in the financial plan.

**Table 2: Details of Proposed or Projected Financial Operations**

<b>Item</b>	<b>Description</b>	<b>Comment/Assumptions</b>
A	Total Revenue	<p><b>Wastewater Billings:</b> Billing revenue is the total of a variable wastewater rate per cubic metre of water consumption in addition to a fixed base rate that varies with the size of the meter.</p> <p>Due to the trend in increasing consumption the Town's rates are based on the average consumption for the three preceding years. The increase in consumption of 2% was used in the calculation of the 2025 rates. The 2025 estimated average household annual consumption of 192 cubic metres per year has been used for the forecast period.</p> <p>Total billings are forecast to increase by 8.24% for 2026, 6.93% for 2027, 7.14% for 2028, 7.52% for 2029 and 6.76% for 2030.</p> <p><b>Other Revenue:</b> Revenue from local improvements, interest and penalties, user fees, grants and benefiting property owners and developers.</p>

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		<p><b>Total Capital Revenues:</b> This represents the Ontario Community Infrastructure Fund (OCIF) and Development Charges Reserve segregated for wastewater projects for the 2025 to 2030 Financial Plan.</p>
B	Total Expenses	<p><b>Regional Treatment costs:</b> Regional treatment costs for the forecast period are assumed to increase by 9.24% in 2026 and 8.26% annually thereafter. These increases account for investments related to the People Strategy, inflation on contracted services and supplies, and annual capital contribution increases of 7.22%, as outlined in the Region’s 2021 Asset Management Plan. This projection aligns with the 2025 approved budget increase and is based on the Region of Niagara’s forecasts.</p> <p>The Region currently recovers 100% of total wastewater previous costs through a fixed charge based on the Town’s proportionate share of the three year’s average wastewater volumes.</p> <p>Since 2013, the Region reconciles the lower tier municipalities estimated share to the actual share for the year and charges or credits municipalities two years later. The Town has estimated that a credit of \$788,000 will be received in 2025. The Town expects a credit in 2026 of approximately \$1 million. Credits are allocated to the rate stabilization reserve.</p> <p><b>Wages and Benefits:</b> Costs have been forecast to increase using estimates for 2026 to 2030 as the Collective Bargaining Agreement expired in December 2024.</p> <p><b>Material and Services:</b> Costs for extraneous flow reduction program, flow monitoring and analysis, sewer inspection, repair and preventative maintenance, manhole repair and maintenance and master plan updates have been projected based on staff estimates of actual expenses for each of the forecast years. Budgets fluctuate by year and have a general decrease of approximately 1% per year over the forecast.</p>

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		<p><b>Interdepartmental Transfers (Fleet Charges and Program support):</b> These include allocations of utility support finance costs, administrative support and fleet operating costs. Utility financial services costs are shared equally between water and wastewater operations. Administrative support costs such as accounting, insurance, information technology, record management and facilities are allocated to Town departments using the Financial Information Return recommended practice of apportioning based on the departments relative share of total expenditures. The wastewater budget has been allocated approximately 4.42% of these costs are based on the 2023 Financial Information Return expenditures. Fleet costs are allocated based on historical actual costs for operating and maintenance of vehicles dedicated to the delivery of wastewater services.</p> <p><b>Amortization:</b> Amortization is calculated on a straight line basis over the estimated useful life of the assets. Amortization is based on six months for the year of acquisition regardless of the month purchased and annually thereafter until the asset is fully depreciated, disposed of or replaced. Assets under construction are not amortized until the asset is available for productive use. Amortization is included for assets existing at the time of Budget approval, and excludes asset additions over the life of the Plan which would have varying useful lives, etc.</p>
C	Annual Surplus/(Deficit)	<p>Total Revenues (A) less Total Expenses (B)</p> <p>The surplus has been calculated using the accrual basis of accounting which utilized the surplus for amortization, principal payments due on debenture debt and allocations to infrastructure replacement and rate stabilization reserve funds.</p>
D	Accumulated Surplus/(Deficit)	<p>Annual Surplus is added annually to the accumulated surplus. The 2025 surplus includes the 2024 unaudited operational results.</p>

**Table 3: Details of Proposed or Projected Gross Cash Receipts/(Gross Cash Payments)**

<b>Item</b>	<b>Description</b>	<b>Comments/Assumptions</b>
<b>A</b>	Operating	Includes planned annual surplus, amortization expense

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	Transactions	and changes in working capital.
<b>B</b>	Capital Transactions	Includes planned capital asset acquisitions as per the 2025-2035 approved Capital Plan.
<b>C</b>	Investing Transactions	N/a
<b>D</b>	Financial Transactions	Includes repayment of long term debt.
<b>E</b>	Changes in Cash and Cash Equivalents	Calculated based on the planned operating, capital and financial transactions. (A+B+D)
<b>F</b>	Cash equivalents at the beginning of the year Cash Equivalents at the end of the year	Annual Cash and Cash Equivalent Balance as added to the accumulated surplus at the beginning of the year. The beginning cash and cash equivalents balance for 2025 uses the 2024 ending unaudited wastewater reserve funds balance.

**General Comments:**

The Town's financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Wastewater operations have been separately disclosed in the segmented information, but separate financial statements are not prepared for Wastewater services. The assets and liabilities of the Wastewater services are consolidated with the Consolidated Statement of Financial Position.

The Wastewater services are self-sustaining and the total net expenditures for operating and capital expenditures are recovered through the wastewater service rates.

An audit of the Town of Fort Erie financial statements has not yet been completed for the 2024 year end.