

2023

UTILITY FUND YEAREND

2023 YEAREND
FINANCIAL
REPORTING -
UNAUDITED



City of
**Prince
Albert**



QUARTERLY FINANCIAL REPORTING – WATER AND SEWER UTILITY FUND

For Year Ending December 31, 2023 – UNAUDITED

2023 REVENUES

Utility Revenues are **under budget ending 2023 by \$79,946** mainly attributable to less water sold to Residential and Outside Users.

Utility Fund Revenues	2023 Budget	2023 Actual	Variance
User Charges and Fees	\$19,674,950	\$19,590,801	(\$84,149)
Interest and Penalties	\$140,300	\$119,855	(\$20,445)
Sundry	\$140,000	\$164,648	\$24,648
Total Revenue	\$19,955,250	\$19,875,304	(\$79,946)

User Charges and Fees

User Charges and Fees Revenue is under budgeted revenue in the amount of \$84,149 ending 2023. Sale of water sold is under budget for both In City Users and Outside Users. With the reduction of water sold, there is a corresponding reduction in sewer consumption as well.

The Water Crane generated additional revenue of \$42,070 along with Water and Sewer Fixed Meter Charges generated additional revenue of \$209,219.

The budgeted consumption of water sold to Prince Albert Rural Water has decreased as Muskoday has built their own Water Treatment Plant. This results in a reduction of 213 homes. In 2023, Prince Albert Rural Water extended water service to Little Red. There are 101 homes in the Little Red area. The impact is a reduction of 112 homes (213-101). As shown below, the revenue for Prince Albert Rural Water for water sold is below budget due to less water sold.

City Facilities – Sale of Water and Sewer

City Facilities consumption revenue is under budget by \$75,306. This is the entry that records the water used by City Facilities. The majority of the variance relates to the Waste Water Treatment Plant (WWTP) as both the water meters are failing and at the end of their useful life.

The meters cannot be replaced due to the current state of plumbing in the building and the potential for other major operating failures and maintenance costs that could occur if the City tried to replace the meters at this time.

Water and Sewer expenditures for Utilities is under budget by the amount of \$115,012, and the corresponding revenue is under budget by the amount of \$75,306. Administration amended the budget for City Facilities as part of the 2024 Budget process.

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User Charges and Fees	2023 Budget	2023 Actual	Variance
Sale of Water - In City Users	\$4,625,080	\$4,541,897	(\$83,183)
Water Crane	\$80,000	\$122,070	\$42,070
Sale of Water (Sask Pen, etc.)	\$302,670	\$293,950	(\$8,720)
Sale of Water (Trailer Courts, A&W)	\$80,950	\$69,903	(\$11,047)
Rural Water Consumption	\$556,500	\$431,683	(\$124,817)
Rural Water Fixed Charges	\$654,050	\$667,395	\$13,345
Water Fixed Charges	\$4,465,310	\$4,582,848	\$117,538
Reconnection Charges	\$25,000	\$41,000	\$16,000
CF - Sale of Water	\$245,190	\$208,023	(\$37,167)
CF - Water Capital Works (meters)	\$34,030	\$36,044	\$2,014
Sewer Consumption	\$4,372,470	\$4,313,343	(\$59,127)
Sewer Fixed Charges	\$4,005,100	\$4,096,781	\$91,681
Septic Dumping Fees	\$70,000	\$64,124	(\$5,876)
CF - Sewer Service Charges	\$127,480	\$89,341	(\$38,139)
CF- Sewer Capital Works	\$31,120	\$32,397	\$1,277
TOTAL REVENUE	\$19,674,950	\$19,590,801	(\$84,149)

Interest and Penalties

Interest and Penalties revenue are under budgeted revenue by the amount of \$20,445, as there has been a reduction in penalties being charged on accounts. With the change to monthly billing and more people signing up for MIPPS (monthly installment payment plan which allows utility customers to make monthly payments on their utility account as opposed to making quarterly payments), there are less penalties being charged. The 2024 Budget has been reduced accordingly.

Utility Fund Revenues	2023 Budget	2023 Actual	Variance
Interest and Penalties	\$140,300	\$119,855	(\$20,445)

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Sundry

Sundry revenue is from tag fees, bill reprint fees, frozen or burnt water meters, etc.

There is an additional \$24,648 generated in Sundry Revenue for 2023.

Utility Fund Revenues	2023 Budget	2023 Actual	Variance
Sundry	\$140,000	\$164,648	\$24,648

2023 EXPENDITURES

Utility Expenditures are under budget by the amount of \$1.484 million. The amount of \$350,000 was budgeted under Operating for Sewer Relining, however, has been charged as capital spending. **That reduces the savings to \$1,134,412.**

Utility Fund Expenditures	2023 Budget	2023 Actual	Variance
Salaries Wages and Benefits	\$6,307,990	\$5,845,850	(\$462,140)
Contracted and General Services	\$903,200	\$520,982	(\$382,218)
Utilities	\$1,267,680	\$1,175,047	(\$92,633)
Interest on Long Term Debt	\$1,060,440	\$1,042,730	(\$17,710)
Fleet Expenses	\$868,150	\$937,234	\$69,084
Maintenance Materials and Supplies	\$3,687,200	\$3,140,322	(\$546,878)
Insurance	\$55,550	\$57,760	\$2,210
Bad Debt Expense	\$75,000	\$20,873	(\$54,127)
Total Expenses	\$14,225,210	\$12,740,798	(\$1,484,412)

Salaries Wages and Benefits

Salaries Wages and Benefits are under budget as per several vacancies. Currently down two full time Relief Operators and the wage for the Assistant Environmental Manager. In review of the Water Treatment Plant and the Raw Water Pump House, there is roughly \$10,000 more in regular wages coded to the new RWPH due to the frequency for the cleaning of the new wells etc. This is offset by those wages not being coded to the WTP regular time.

The WWTP is down one Relief Operator position and the Assistant Environmental Manager position. However, there are wages for the contract operations of the WWTP Manager under contracted and general services.

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Salaries Wages and Benefits	2023 Budget	2023 Actual	Variance
Salaries Regular	\$1,148,120	\$855,092	(\$293,028)
Salaries Overtime	\$0	\$3,687	\$3,687
Statutory Pay	\$114,000	\$71,143	(\$42,857)
Salaries Casual Regular	\$67,690	\$0	(\$67,690)
Wages Regular	\$2,832,080	\$2,768,799	(\$63,281)
Wages Overtime	\$279,640	\$327,967	\$48,327
Payroll Benefits	\$1,390,480	\$1,343,182	(\$47,298)
Salary Allocations	\$475,980	\$475,980	\$0
Total Salaries Wages and Benefits	\$6,307,990	\$5,845,850	(\$462,140)

Contracted and General Services

The following large Contracted and General Services have been expensed in 2023:

- \$21,720 for watermain repairs. Contractors like Aqua Data Atlantic. Used for water service maintenance, repairs or leaks.
- \$9,143 for service connection maintenance (Borysiuk Contracting Ltd.).
- \$16,000 to AECOM Canada Ltd. for consulting services.
- \$94,705 for sewer service connections. Contractors like Roto Rooter utilized for photographing sewer mains in order to investigate.
- \$280,165 for Sewer Photography consulting (Acme Infrastructure Services Inc.).
- \$10,362 for equipment mechanical services (Impact Mechanical Service Ltd. and Overhead Door).
- \$73,194 to AECOM Canada Ltd. for WWTP Upgrade Consulting Services.

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Contracted and General Services are \$382,218 under budget as follows:

- Budget of \$350,000 for sewer relining was expensed as capital spending, as such, savings under Operating Budget.
- \$69,835 savings to budget for sewer photography consulting services.

Utilities

Utilities are **under budget by the amount of \$92,633** as follows.

Utilities	2023 Budget	2023 Actual	Variance
Water and Sewer	\$162,660	\$47,648	(\$115,012)
Heating Fuels	\$199,170	\$196,727	(\$2,443)
Electricity	\$905,850	\$930,673	\$24,823
Total Utilities	\$1,267,680	\$1,175,047	(\$92,633)

Electricity is over budget by \$24,823 related primarily to Raw Water Pumphouse.

Water and Sewer revenue and expenses for City Facilities are under budget. This is the entry that records the water used by City Facilities. The majority of the variance relates to the Waste Water Treatment Plant as both the water meters are failing and at the end of their useful life. The meters cannot be replaced due to the current state of plumbing in the building and the potential for other major operating failures and maintenance costs that could occur if the City tried to replace the meters at this time. Water and Sewer expenditure is under budget by the amount of \$115,012, and the corresponding revenue is under budgeted revenue by the amount of \$75,306.

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Interest on Long Term Debt

The Loan for the Upgrades at the Water Treatment Plant will conclude September 2024. On February 15, 2022, Council approved the Capital Financing for:

- Raw Water Pump House - \$12,803,000 to be payable over a period of 35 years
- Waste Water Treatment Plant Design - \$2,400,000 to be payable over a period of 35 years

Water Meter Replacement Project

Interest is being charged internally for the Water Meter Replacement Project. However, there is no interest charged internally for the overall deficit of the Water Utility Fund that is covered by the General Fund.

- Water Utility Fund: interest is shown as an expense in the Water Utility Fund
- General Fund: interest shows as revenue to the General Fund

The loan principal for the project comes from the Water Utility Improvement Fund Balance annually. This is shown in the budget document. The surplus from the Water Utility Fund operating budget covers the principal payment.

Interest for this internal loan is recorded at year end.

Interest on Long Term Debt	2023	2023
	Budget	Actual
Upgrades at the Water Treatment Plant	\$53,950	\$45,088
River Street Reservoir	\$202,520	\$197,943
2nd Avenue and Marquis Road Reservoir	\$189,500	\$185,224
Water Meter Replacement Project	\$96,590	\$96,953
Raw Water Pump House	\$436,130	\$436,129
Waste Water Treatment Plant Design	\$81,750	\$81,755
Total Interest on Long Term Debt	\$1,060,440	\$1,042,730

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Fleet Expenses

Fleet Expenses are over budget based on usage for the Waste Water Treatment Plant. This includes the work for trunk sewer maintenance, sewer jetting and sewer service connection work:

Fleet Expenses	2023 Budget	2023 Actual	Variance
Administration	\$27,000	\$28,080	\$1,080
Custom Work Order	\$0	\$9,100	\$9,100
Water Treatment Plant	\$394,090	\$407,465	\$13,375
Waste Water Treatment Plant	\$447,060	\$492,589	\$45,529
Total Fleet Expenses	\$868,150	\$937,234	\$69,084

Maintenance Materials and Supplies

Maintenance Materials and Supplies are **under budget by the amount of \$546,878** as follows:

- \$127,678 under budget for fan belts, pump parts, replacement fans, and backflow preventers annual certification parts for Waste Water Treatment Plant.
- \$148,931 under budget for electrical parts such as indicator light surge protection modules and sensors for Waste Water Treatment Plant Sewer Maintenance.
- \$321,939 under budget for chemicals at Water Treatment Plant. The water purification materials (potassium permanganate, coagulant, carbon, polymer, chlorine, sodium).

Bad Debt Expense

Bad Debt Expense is budgeted at \$75,000 for 2023. Bad debt expense relates to the water bills that have been deemed to be uncollectible due to becoming “inactive”. An account becomes inactive when an individual moves and they do not pay their final water bill. In these instances, the City would have received a deposit up front from that person which is applied to the final bill, however the deposit does not always cover their entire final bill. The bad debt account covers that deficiency.

Bad Debt Expenses ending 2023 is **under budget by the amount of \$54,127**.

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Interfund Transactions

Interfund Transfers	2023	2023
	Budget	Actual
Contribution to General Fund	\$614,000	\$614,000
Contribution to GF - City Facilities	\$266,930	\$341,213
Contribution to Airport Fund – City Facilities	\$5,830	\$0
Contribution to Sanitation Fund – City Facilities	\$2,000	\$0
Transfer from Sanitation Fund – City Facilities	(\$3,570)	\$0
Total Interfund Transfers	\$885,190	\$955,213

\$614,000 Contribution to General Fund - Prior to 2010, the franchise fee was based on five percent of the total revenues received in the Water Utility Fund. Since 2010, it was suggested that the amount of the transfer be changed to reflect the actual apportionment of costs for people who currently contribute to the operation of the Water Utility Fund but would otherwise not be charged to that Fund. In 2012 the total dollars being transferred to the General Fund was set at \$614,000. This amount has not changed since 2012 as it was determined to be sufficient.

\$341,213 Contribution to General Fund – City Facilities - The transfer is based City facilities water and sewer utility charges for 2023. Increased contribution based on increased usage.



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