Q2 2026 Sewer Utility Fund Financial Report

REPORTING PERIOD: JANUARY 1ST – JUNE 30TH 2026
PREPARED FOR: MAYOR AND COUNCIL
PREPARED BY: FINANCE DEPARTMENT

ATTACHMENTS

- Q2 2026 Sewer Utility Fund Budget Variance Report
- Q2 2026 Sewer Utility Fund Balance Sheet
- Q2 2026 Sewer Utility Fund Reserve Summary

Executive Summary

Financial reports are prepared at the completion of each quarter to provide Council and Administration with insight into the Sewer Utilities financial position as the year progresses and to support informed decision-making. This report represents the second quarterly financial update for 2026.

Following the first six (6) months of the year, the Sewer Utilities' overall financial position remains stable and manageable, with results generally tracking as expected for this point in the fiscal year. Based on current forecasting, a modest year-end surplus of $2,174 is projected.

The cash balances of the Sewer Utility fund remain strong, and no cash flow concerns or immediate financial risks have been identified.

A key focus in 2026 is the completion of the wastewater lagoon curtain replacement, a critical infrastructure project required to maintain treatment effectiveness and regulatory performance. While fully funded through reserves, the project will significantly reduce reserve balances, underscoring the importance of deliberate reserve replenishment in future budgets to support long-term asset sustainability.

Administration will continue to closely monitor financial performance throughout the year and will report any material changes to Council through future quarterly updates

Overall Financial Position

After the first six (6) months of 2026, there is a projected surplus of $2,174 in the Sewer Utility Fund.

Category	Annual Budget ($)	Q2 Forecast ($)	Variance ($)	%
Revenues	755,374	767,124	+11,750	+1.6%
Expenses	755,374	764,950	+9,576	+1.3%
Projected Surplus	**0**	**2,174**	**2,174**	**+0.3%**

Revenue Analysis

Total Sewer Utility Fund revenues are forecasted to exceed the approved budget by $11,750. This is driven from increased sewer connections and the collection of an account that was not anticipated. The new development along Colonel Nase Boulavard is expected to increase revenue in 2026, 2027 and beyond.

Key Revenue Variances

- Sewerage Rates $8,250 above budget
- Interest on overdue accounts $3,500 above budget

Expense Analysis

Expenditures are forecasted to exceed budget by $9,576. The primary cost pressures occurring from required repairs to the trickling filter plant. Small savings are expected from NB power charges, all other expenses are in line with budget.

Key Expense Variances

- Treatment and Disposal $7,598 over budget
- Collection $5,000 over budget
- Lift Stations $2,667 under budget

Accounts Receivable Analysis

	Current	1-30 days	31-60 days	60+ days	Total
Amount Owing ($)	(3,952)	1,258	1,192	64,271	62,769

While most outstanding balances relate to 2026, there remain 11 accounts with balances related to 2025 user charges. These delinquent accounts have been served with final notices, if not paid by the end of September they will be disconnected.

Administration will continue to follow established collection procedures to ensure outstanding balances are addressed in a timely manner. This includes sending monthly statements, any 2026 related amounts outstanding at the of October will be referred to the Town's collection agency.

Risk Assessment and outlook

Based on Q2 results and current forecasting assumptions, the outlook for the Sewer Utility Fund in 2026 remains stable. The Utility is expected to maintain adequate operating cash balances, with sufficient capacity to absorb routine operational and maintenance pressures throughout the year.

Completion of the wastewater lagoon curtain replacement is a critical capital project required to maintain the operational effectiveness and regulatory performance of the treatment facility. This project is fully funded by the Sewer Utility capital reserves and is expected to utilize approximately 40% of the current reserve balance.

While reserve funding is sufficient to complete the project as approved, the resulting reduction in reserve capacity represents a moderate financial risk over the medium term. As a result, future operating and capital budgets will need to intentionally prioritize reserve replenishment to ensure adequate funding capacity for future infrastructure renewal and unplanned maintenance requirements.

Conclusion

Overall, the Sewer Utility Fund remains in a stable financial position following the second quarter of 2026. Operating results are tracking close to budget, a modest year-end surplus is projected, and operating cash balances are sufficient to meet current obligations.

Administration will continue to monitor operating performance, capital project delivery, and reserve balances throughout the year and will report any material changes through future quarterly financial updates.

Prepared by
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SEWER UTILITY BUDGET VARIANCE SU

SUMMARY

For Period Ending 30-Jun-2026

	YTD ACTUAL	ANNUAL BUDGET	ANNUAL FORECAST	VARIANCE
Sewer Operating fund				
REVENUE				
SEWERAGE RATES	(718,380)	(710,130)	(718,380)	(8,250)
INTEREST	(11,500)	(12,000)	(15,500)	(3,500)
SURPLUS FROM PREVIOUS YEARS	(33,244)	(33,244)	(33,244)	0
Total REVENUE	(763,124)	(755,374)	(767,124)	(11,750)
EXPENSES				
Administration	157,027	180,063	179,708	(355)
Collection	19,722	123,493	128,493	5,000
Lift Stations	46,937	142,751	140,084	(2,667)
Treatment and Disposal	32,846	106,665	114,263	7,598
Fiscal	111,308	202,401	202,401	0
Total EXPENSES	367,840	755,374	764,950	9,576
Total Sewer Operating fund	(395,284)	(0)	(2,174)	(2,174)

SRF BALANCE SHEET

For Period Ending 30-Jun-2026

	CURRENT YEAR
Sewer Operating fund	
ASSETS	
Cash	392,961
Accounts Receivable	63,602
Due from General Revenue Fund	50,075
Total ASSETS	506,639
LIABILITIES	
Accounts Payable	(4,986)
Total LIABILITIES	(4,986)
SURPLUS	
Surplus/Deficit - Prior Year	(106,369)
Surplus/Deficit - Current Year	(395,284)
Total SURPLUS	(501,653)
Total Sewer Operating fund	0