Q3 2026 Sewer Utility Fund Financial Report

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

ATTACHMENTS

- Q3 2026 Sewer Utility Fund Budget Variance Report
- Q3 2026 Sewer Utility Fund Balance Sheet
- Q3 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 third quarterly financial update for 2026.

Following the first nine months of the year, the Sewer Utility's overall financial position remains stable, with results generally tracking as expected for this point in the fiscal year. Based on current forecasts, a modest year-end surplus of $4,851 is projected.

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

The engineering modeling for the new lagoon curtain has been completed, while the installation of the new curtain has been deferred until spring of 2027.

A new panel has been purchased for lift station 8 and will be installed by the end of the year. Completion of this upgrade will improve communications and operations of the station.

Administration will continue to closely monitor financial performance throughout the remainder of the year and will report any material changes to Council.

Overall Financial Position

After the first nine (9) months of 2026, there is a projected surplus of $4,851 in the Sewer Utility Fund.

Category	Annual Budget ($)	Forecast ($)	Variance ($)	%
Revenues	755,374	780,693	+25,319	+3.4%
Expenses	755,374	775,842	+20,468	+2.7%
Projected Surplus	**0**	**4,851**	**4,851**	**+0.7%**

Revenue Analysis

Total Sewer Utility Fund revenues are forecast to exceed the approved budget by $25,319. This is primarily driven by increased sewer connections and the collection of an account that was not anticipated in the budget. New development along Colonel Nase Boulevard is expected to contribute additional revenue in 2026, 2027 and beyond.

Key Revenue Variances

- Sewerage Rates $18,390 above budget
- Interest on overdue accounts $6,820 above budget

Expense Analysis

Expenditures are forecast to exceed budget by $20,468, primarily due to the control panel upgrade at Lift Station 8 and required repairs to the trickling filter plant. Modest savings are expected in NB Power costs, while all other expenditures are generally tracking in line with budget.

Accounts Receivable Analysis

	Prepayments	1-30 days	31-60 days	60+ days	Total
Amount Owing ($)	(6,771)	772	735	38,821	33,557

Outstanding receivables primarily relate to 2026 sewer charges. Thirty-five accounts were referred to collections at the beginning of November, with payments already received on a number of these accounts. Where possible, Administration works with residents to establish reasonable payment arrangements before accounts are referred to collections.

Risk Assessment and outlook

Based on Q3 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 has been deferred to 2027. The project has been approved as part of the 2027 capital plan and will be funded from Sewer Utility reserves.

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 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 third 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 for the remainder of the year.

Prepared by
James Barrington, CPA, CMA
Chief Financial Officer

SEWER UTILITY BUDGET VARIANCE SU

SUMMARY

For Period Ending 30-Sep-2026

	YTD ACTUAL	ANNUAL BUDGET	ANNUAL FORECAST	VARIANCE
Sewer Operating fund				
REVENUE				
SEWERAGE RATES	(728,520)	(710,130)	(728,520)	(18,390)
INTEREST	(16,385)	(12,000)	(18,929)	(6,929)
SURPLUS FROM PREVIOUS YEARS	(33,244)	(33,244)	(33,244)	0
Total REVENUE	(778,149)	(755,374)	(780,693)	(25,319)
EXPENSES				
Administration	206,056	180,063	179,928	(136)
Collection	21,005	123,493	126,783	3,290
Lift Stations	68,964	142,751	138,376	(4,375)
Treatment and Disposal	44,803	106,665	116,224	9,559
Fiscal	153,134	202,401	214,531	12,129
Total EXPENSES	493,962	755,374	775,841	20,468
Total Sewer Operating fund	(284,187)	(0)	(4,852)	(4,851)

SRF BALANCE SHEET

For Period Ending 30-Sep-2026

	CURRENT YEAR
Sewer Operating fund	
ASSETS	
Cash	292,400
Accounts Receivable	34,391
Due from General Revenue Fund	68,664
Total ASSETS	395,455
LIABILITIES	
Accounts Payable	(4,899)
Total LIABILITIES	(4,899)
SURPLUS	
Surplus/Deficit - Prior Year	(106,369)
Surplus/Deficit - Current Year	(284,187)
Total SURPLUS	(390,556)
Total Sewer Operating fund	0

Summary of Sewer Utility Reserve Accounts - September 30 2026

	Capital Reserve	Operating Reserve
Opening Balance	323,915.00	62,425.34
Deposits	-	-
Withdrawals	-	-
Expenses	-	-
Interest	4,004.67	771.77
Closing Balance	$ 327,919.67	$ 63,197.11