

East Hants Water Utility

Financial Estimates
2022/2023 to 2024/2025

February 23, 2022



EAST HANTS
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East Hants Water Utility

	2021/2022		2022/2023	2023/2024	2024/2025
	Budget	Projection	Budget	Budget	Budget
OPERATING REVENUE					
Metered sales	\$ 2,153,000	\$ 2,133,000	\$ 2,178,100	\$ 2,229,700	\$ 2,263,800
Public fire protection	547,285	555,183	549,995	566,446	622,749
Bulk water station	81,000	98,000	98,000	98,000	98,000
Miscellaneous income	19,375	20,625	19,575	18,275	18,275
TOTAL OPERATING REVENUE	\$ 2,800,660	\$ 2,806,808	\$ 2,845,670	\$ 2,912,421	\$ 3,002,824
OPERATING EXPENDITURES					
Source of supply	\$ 18,400	\$ 18,400	\$ 48,450	\$ 35,650	\$ 35,650
Power and pumping	292,879	292,037	343,115	333,637	340,290
Water treatment	628,845	528,845	644,305	557,040	570,551
Transmission and distribution	685,514	688,014	804,921	810,317	830,330
Administration and general	335,327	333,669	337,775	341,381	349,370
Depreciation	470,701	456,294	485,146	541,347	530,584
TOTAL OPERATING EXPENDITURES	\$ 2,431,666	\$ 2,317,259	\$ 2,663,712	\$ 2,619,371	\$ 2,656,775
NET OPERATING REVENUE (EXPENDITURE)	\$ 368,994	\$ 489,549	\$ 181,958	\$ 293,050	\$ 346,049
NON-OPERATING REVENUE					
Interest	\$ 6,560	\$ 6,560	\$ 6,560	\$ 6,560	\$ 6,560
Obligatory reserves - water infrastructure	100,000	-	100,000	-	-
Transfer from accumulated surplus*	225,000	225,000	-	-	-
	\$ 331,560	\$ 231,560	\$ 106,560	\$ 6,560	\$ 6,560
NON-OPERATING EXPENDITURES					
Bank and finance charges	\$ 4,702	\$ 3,927	\$ 4,733	\$ 6,212	\$ 6,289
Interest	138,709	138,694	71,822	49,693	45,201
Principal	507,726	507,726	255,035	334,128	279,235
Capital expenditure out of operations	32,750	32,750	32,750	34,400	35,260
	\$ 683,887	\$ 683,097	\$ 364,340	\$ 424,433	\$ 365,986
NON-OPERATING EXPENDITURES	\$ (352,327)	\$ (451,537)	\$ (257,780)	\$ (417,873)	\$ (359,426)
NET REVENUE (EXPENDITURES)	\$ 16,667	\$ 38,012	\$ (75,822)	\$ (124,823)	\$ (13,377)
SURPLUS, BEGINNING OF YEAR	1,719,425	1,719,425	1,532,437	1,456,615	1,331,792
Transfer from accumulated surplus*	(225,000)	(225,000)	-	-	-
SURPLUS, END OF YEAR	\$ 1,511,092	\$ 1,532,437	\$ 1,456,615	\$ 1,331,792	\$ 1,318,415

*As per Council motion C20(40) and NSUARB approval M09942

Notes

The East Hants Water Utility budget is presented in the required reporting format by the Nova Scotia Utility and Review Board (NSUARB).

Revenue Assumptions

The revenues reflected in this budget are based on the water rates which were approved by the NSUARB July 1, 2017 as part of a three-year rate review process covering the fiscal years 2017/2018 through 2019/2020. The revenue budgets for 2022/2023 to 2024/2025 have been increased to reflect a conservative increase in the number of water accounts, using the same base and consumption rates approved for April 1st, 2019 and onwards.

Expense Assumptions

2022/2023

The staffing costs for the Utility consist of allocations from the Infrastructure & Operations and Finance departments, plus full-time positions working exclusively in the Water Utility. The overall budget to budget variances in salaries and benefits has increased as a result of a full complement of staff, including one additional Water Operator and market adjustments for existing employees.

Changes in non-compensation expenses are detailed in the following variance table. The increase in expenses is primarily related to equipment replacement and repairs due to aging infrastructure as well as an increase for quality control monitoring.

2023/2024 and 2024/2025

Budgets for the years 2023/2024 and 2024/2025 are based upon conservative extrapolations of expenses budgeted in 2022/2023 (less \$100,000 one-time expense for the Water Service Capacity Study). Significant assumptions include the following:

- 3% annual increase in salaries & benefits based on estimated growth in labour market demand for similar positions including any applicable pay scale step increases for current staff;
- 2% increase in the cost of services acquired, all systems (allocation of shared water & wastewater services), and all other operating expenses excluding custodial and insurance expenses. These rates of increase are consistent with inflation expectations;
- 4% increase in custodial and insurance expenses. These rates of increase are consistent with prior years' results.
- Amortization expense is based on existing assets and Capital Budget planned additions.



Variance from Budget 2021/2022 to Budget 2022/2023

Description	Amount
(INCREASES) / DECREASES IN REVENUES	
Increase in metered sales from additional meters	(\$25,100)
Increase in bulk water based on 2021/2022 projections	(\$17,000)
Increase in Public Fire Protection as per NSUARB Rules and Regulations	(\$2,178)
Increase in administration fees & interest income	(\$200)
Sub-Total Revenue Variances	(\$44,478)
INCREASES / (DECREASES) IN EXPENDITURES	
Net increase in Source and Supply Costs due to:	
Increase in contracts for drone services	\$12,000
Increase in contracts - \$4.5K signage, \$5K decommissioning well	\$9,500
Increase in equipment & supplies (blue green algae equip & test strips)	\$7,000
Increase in publications, mileage, & other	\$1,550
Net increase in Power and Pumping Costs due to:	
Increase primarily for signage & replacement of hydrant markers	\$31,734
Increase in plant & equipment maintenance, primarily replacement of valves, pumps, etc.	\$18,502
Net increase in Water Treatment Costs due to:	
Net Increase in Salaries & Benefits (1 new WU operator)	\$31,121
Salaries & Benefits (Market Adj. 2021/2022)	\$5,013
Net increase in various operating costs (primarily insurance \$929)	\$1,326
Net decrease new contract lab testing \$16K & contracts	(\$22,000)
Net increase in Transmission & Distribution Costs due to:	
Net Increase in Salaries & Benefits (1 new WU operator)	\$76,238
Salaries & Benefits (Market Adj. 2021/2022)	\$5,054
Net increase in other operating costs (primarily allsystems reallocation)	\$13,883
Net increase primarily leak inspection and repairs	\$11,500
Net increase in equipment for cameras at the Enfield Bulk Water Station	\$6,600
Net increase in plant insurance	\$3,889
Increase in computer support for an additional Winfluid license	\$1,543
Increase in vehicle costs - tires, oil, & insurance	\$700
Net increase in Administration & General Expenses due to:	
Net Decrease in Salaries & Benefits (Special Assignment Engineer)	(\$17,178)
Salaries & Benefits (Market Adj. 2021/2022)	\$1,303
Increase in Admin & Computer Support Fees, & other operating expenses	\$18,323
Increase in depreciation expense primarily from capital purchases 2021/2022	\$14,445
Decrease in debt servicing costs	(\$94,547)
Sub-Total Expenditures Variances	\$137,499
NET IMPACT ON WATER UTILITY	\$93,021