

**CITY OF KITCHENER
SANITARY SEWER UTILITY
STATEMENT OF REVENUE AND EXPENSES AND STABILIZATION RESERVE FUND**

for the twelve months ended December 31, 2022

(with comparative figures for the twelve months ended December 31, 2021)

	2022			Note	2021
	ACTUAL	BUDGET	VARIANCE*		ACTUAL
<u>REVENUE AND EXPENSES</u>					
Sewer Surcharge Revenue	65,295,514	60,765,000	4,530,514	1	61,800,728
Cost of Sewage Processing	30,606,958	33,521,000	2,914,042	2	31,168,293
Gross Profit	34,688,556	27,244,000	7,444,556		30,632,435
Gross Profit Percentage	53%	45%			50%
<u>MISCELLANEOUS REVENUE</u>					
Other Revenue	1,440,090	1,165,056	275,034	3	868,167
	1,440,090	1,165,056	275,034		868,167
<u>EXPENSES</u>					
Administration	2,578,417	2,556,078	(22,339)		2,472,977
Sanitary Sewer Maintenance	5,373,217	5,561,872	188,655	4	4,277,951
Sewage Rebates	887,163	851,000	(36,163)		632,475
Transfer to Capital Fund	19,505,012	19,503,000	(2,012)		18,576,760
	28,343,809	28,471,950	128,141		25,960,163
Net Revenue (Expense)	7,784,837	(62,894)	7,847,731		5,540,439
<u>STABILIZATION RESERVE FUND</u>					
Opening Balance	9,270,109	9,270,109	-		9,348,702
Add: Net Revenue (Expense)	7,784,837	(62,894)	7,847,731		5,540,439
Add: Interest Revenue (Expense)	194,053	95,527	98,526		98,548
Less: Transfer to Capital Reserve	(7,454,672)	(187,992)	(7,266,680)	5	(5,717,580)
Closing Balance	9,794,327	9,114,750	679,577		9,270,109

VARIANCE EXPLANATION:

* Numbers in brackets are unfavourable variances

- 1 Sewer surcharge revenue was higher than budget due to increased water volumes, consistent with the water utility
- 2 Cost of sewage processing was lower than budget, due to a drier spring/summer than anticipated.
- 3 Other revenue was higher than budget due to higher than anticipated cross border billing volumes
- 4 Sanitary sewer maintenance costs were lower than budget due to savings in main and lateral repairs.
- 5 Stabilization reserve is at maximum, so excess is transferred to the capital reserve in accordance with policy.