

**Township of Southgate
Administration Office**

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Staff Report FIN2021-040

Title of Report: FIN2021-040 Water and Wastewater Billings

Department: Finance

Council Date: December 15, 2021

Recommendation:

Be it resolved that Council receive Staff Report FIN2021-040 Water and Wastewater Billings as information.

Background:

On August 4, 2021, Council received BDO LLP 2020 Financial Statements presentation and final report as information. In the Internal Control Matters section it was noted that for parts of the year the water and wastewater rates used did not agree to the 2020 rates approved by Council. Customers received some bills that utilized the 2019 rates.

Staff Comments:

During the 2020 audit, staff estimated that the amount that was underbilled was \$8,923.22. 2020 commercial billings were issued using the 2019 volumetric charge for the entire year, and using the 2019 base rate charge for the first six months. 2020 residential billings were issued using the 2019 volumetric charge for 10 months. 2020 residential billings did use the correct 2020 base rate charge for the entire year.

In October 2021, staff issued an additional billings to commercial customers to correct for the 2020

Financial Implications:

2020 Water/Wastewater billings were estimated to be understated by \$8,923.22 (\$2,918.51 residential and \$6,004.71 commercial. The water volumetric charge was understated by \$0.01 per cubic meter, and the wastewater volumetric charge was understated by \$0.02 per cubic meter, and the base charge for commercial customers only was understated between \$4.34 and \$34.70 per month.

Staff has now issued invoices to 58 commercial customers for a total of \$7,875.39. In preparing the bills, it was discovered that the original estimate was understated by \$1,870.68 mainly due to the exclusion of one charge code that has 5 customers. The average amount of each special bill was:

	# of Customers		Average / customer
Under \$50	5	\$ 46.75	\$ 9.35
Between \$50 and \$100	38	\$ 2,490.09	\$ 65.53
Between \$100 and \$200	5	\$ 842.13	\$ 168.43
Between \$200 and \$500	5	\$ 1,645.83	\$ 329.17
Over \$500	5	\$ 2,850.59	\$ 570.12
	58	\$ 7,875.39	
2020 Year end estimate	58	\$ 6,004.71	
Amount estimate understated	-	\$ 1,870.68	

The residential customers were underbilled \$2,918.51, which is an average \$2.88 per customer. Staff have not issued a special billing to residential customers as the administrative cost and effort, along with the cost of postage and paper would offset the additional revenue.

	Connections	Underbilled	\$/Connection
Water	1048	\$ 1,008.31	\$ 0.96
Wastewater	997	\$ 1,910.20	\$ 1.92
		\$ 2,918.51	\$ 2.88

Communications & Community Action Plan Impact:

This report has been written and presented to Council in accordance with the Southgate Community Action Plan:

Mission Statement Pillars

- Trusted Government
- Economic Prosperity.

Themes:

- Municipal Services
- Public Communications

Core Values:

- Integrity
- Stewardship

Concluding Comments:

In 2020, some water and wastewater invoices were issued using 2019 rates rather than 2020 rates. 2020 Water/Wastewater billings were estimated to be understated by \$8,923.22 (\$2,918.51 residential and \$6,004.71 commercial. Special billings have now been issued to commercial customers for \$7,875.39. No special billing was issued to residential customers for the remaining \$2,918.51, which is approximately \$2.88 per customer, since the administrative cost and effort, along with the cost of postage and paper would offset the additional revenue.

Respectfully Submitted,

Dept. Head: **Original Signed By**
William Gott, CPA, CA, Treasurer

CAO Approval: **Original Signed By**
Dave Milliner, CAO

Attachment:
None