

3—WATER WORKS ACCOUNTS

The revised accounting methods now pertaining to this utility also receive general commendation from the auditors—especially those of the Collection Department.

The Balance Sheet of this department is summarized hereunder:

WATER WORKS BALANCE SHEET

31st March, 1917

Capital Funds Section

Assets:		
Properties, Plant, etc.	\$6,667,763.06	
LESS Sinking Fund Reserve (Depreciation)	1,363,138.97	
Receivable from City General	\$5,304,624.09	
	357,293.53	
		<u>\$5,661,917.62</u>
(See City General Balance Sheet—Capital Section)		
Liabilities:		
Bonded Indebtedness	\$6,990,768.54	
LESS Sinking Fund	1,393,896.62	
Payables	\$5,596,871.92	
	65,045.70	
		<u>\$5,661,917.62</u>

Revenue Funds Section

Assets:		
Cash	\$ 120,410.55	
Receivable (less Reserve for loss thereon)	60,769.68	
Inventories and unearned Insurance Premiums	66,155.18	
		<u>\$ 247,335.41</u>
Liabilities:		
Payables	\$ 76,078.73	
Interest and Sinking Fund, accrued but not due	169,962.51	
		<u>246,041.24</u>
Apparent Surplus		<u>\$1,294.17</u>

Although the Balance Sheet shows a final credit Balance on Revenue Account of \$1,294.17 the auditors claim that this only becomes possible of statement by reason of ignoring the liability to Water Consumers in respect of water consumption billed in advance. That is, by reason of billing quarterly in advance, the accounts Receivable are overstated (as at a given date). The auditors estimate approximately \$39,000—at 31st March, 1917—as being credited to Revenue, covering future consumption. The report states that, without intricate exact calculation in the Collection Department, reliable approximations could easily be arrived at and that the accounts of this Utility should so provide for this liability.

Details of the Operating Account of this department are as follows:

WATER WORKS OPERATING ACCOUNT

	Amount	Percentage
Total Operating Revenue	\$686,507.78	100.00%
Total Operating Expense (Including provision for depreciation)	389,608.83	56.75%
Net Operating Revenue	\$296,898.95	43.25%
Fixed Charges (Including Sinking Fund in excess of Depreciation)	202,306.93	29.47%
Surplus for year	<u>\$ 94,592.02</u>	<u>13.78%</u>

In considering the Water Works account, it must be remembered that charges in advance amounting to \$39,000 are included herein, against which may be offset a similar credit taken on the 31st March, 1916, amounting to \$37,500, leaving a balance of \$1,500 to be deducted from the stated surplus for the year's operations, resulting in a net surplus for the year of \$93,092 as contrasted with an operating surplus in the previous twelvemonth of \$17,563—a very satisfactory increase, as the auditors state.

An instance of the lack of co-ordination in the Municipal Accounts, frequently commented on in the Report, is cited in the fact that the fiscal period of this utility ends on 31st March, whereas other civic departments terminate their fiscal periods on 30th April. This, the report states, should be remedied.