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Revisions to Cost Accounting GuidelinesCost Accounting for Water and Sewage Services

The following guidelines are viewed as necessary in order to control the Water and Sewage Services Subsidy Program expenditures.

REVENUE

9190 OTHER REVENUE This account will be used to record extraordinary O and M funding when provided. Extraordinary funding will be credited as a revenue to water and sewer on the same basis as expenditures are being charged.

EXPENDITURES

9210 LABOUR ( TRUCKING ) Traditionally this has been used to cover all direct labour costs associated with drivers and helpers on the community water and sewage vehicles. The account will be modified and the following changes will be incorporated:

Communities will be allowed to charge labour costs to this cost centre based on only one operator per service vehicle. A community specific hourly rate for that operator will be determined in the following manner. The base hourly rate will be equivalent to what a GNWT employee doing the same job would receive which is \$16.26 per hour. This represents \$1,300.80 per pay period or \$33,935.00 per year. Added to this will be the standard accommodation allowance of \$450.00 per month or \$5,400.00 per year. Employer UIC and CPP will equal \$1,413.00 and employer pension and insurance costs will equal \$2,504.00.

The approximate base cost for one operator on a water or sewage truck is \$43,252.00. Added to this would be Settlement Allowance and Vacation Travel Assistance which is community specific.

The maximum allowable chargeover rate for garbage truck labour is 25% of 1 person year based on the garbage truck operator's wages only.

9214 WORKS Traditionally the percentage of the foreman's salary which has been allowed under this cost centre has been determined by negotiations between MACA and the individual communities and has ranged from as low as 15% to as high as 80%. To provide for a consistent percentage chargeover of the foreman's wages, the maximum allowable chargeover will be capped at 40%.

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9220 EQUIPMENT ( MOBILE)

1. Maintenance costs for full time water and sewage trucks are 100% recoverable.
2. The maximum allowable percentage chargeover for one support vehicle (such as the foreman's truck or the mechanics truck) will be 40% of the actual maintenance costs of that unit.
3. If a community provides a honey bag pickup, a maximum 25% of the garbage truck total O and M costs will be an allowable chargeover.

Fuel costs for water and sewage vehicles will either be on an actual consumption per vehicle basis or 40% of the total fuel charges in the Maintenance and Utilities Program. It should be noted that if a community charges 40% of the total fuel costs in the Maintenance and Utilities section it will not include fuel in calculating the 40% allowable for the support and garbage vehicles in operations and maintenance.

A maximum of 40% of the mechanic and assistant mechanic's cost for wages will be an allowable chargeover in a community which has not contracted it's municipal services. The use of actual time spent on water and sewage equipment is allowable, but must be supported by documented work orders.

Actual costs must be used for maintenance materials and supplies which apply to 100% dedicated water and sewage vehicles. A maximum of 25% is an allowable charge for the maintenance materials and supplies for the garbage truck.

Actual insurance and licence costs for the water and sewage trucks must be used. A maximum of 25% of the insurance and licence costs for the garbage truck is allowable.

9230 BUILDINGS Only parking and maintenance garages are eligible for operating cost chargeovers. The parking garage chargeovers will be based on the percentage of space utilized by the water and sewage vehicles. An example would be if the water truck is parked in a 3 bay garage and there are 3 vehicles in the building, 30% of the operating costs for that building are eligible charges to the water and sewage program. Forty (40) percent of the costs of operating the maintenance garage are eligible costs to the water and sewage program.

Insurance costs for parking and maintenance garages may be charged to the water and sewage program on a pro-rated basis. For a parking garage, the amount of insurance which is a legitimate cost to the water and sewage program will depend upon the number of water and sewage vehicles which use that building (if four vehicles use the building and two of them are water trucks, then 50% of the

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insurance costs of that building are chargeable to the water and sewage program), Forty percent (40%) of actual insurance costs for maintenance garages are eligible costs to the water and sewage program.

If a building is used 100% for water and sewage purposes, all operating costs for that building may be charged to the water and sewage program on an actual cost basis.

9240 MATERIALS AND SUPPLIES All cost must be actual costs for only building materials and supplies fully dedicated to the water and sewage program.

9260 ROAD MAINTENANCE AND SNOW CLEARING A standard factor of \$4.10 a meter per annum to maintain and clear water and sewage roads will be used.

The Transportation Services Program will have to be revised to reflect all costs associated with road maintenance and snow removal. The number of meters of water and sewage roads will be multiplied by the standard factor of \$4.10 a meter. The water and sewage Road Maintenance and Snow Clearing account will be debited by this amount and a credit for the same amount will be applied to the Transportation Services Program.

9270 ADMINISTRATION - DIRECT The labour costs for administration of the water and sewage program will be set at one person year at the rate established by the community, but excluding the Senior Administrator position.

Other administration wages and benefits is accounted for under the 15% allowable indirect charge. If the foreman's wages are charged to administration, they will be deducted before calculating the 15% chargeover.

Administration materials and supplies, such as meter tickets, which are fully dedicated to water and sewage are, 100% chargeable to the water and sewage program. Fully dedicated communications equipment such as water and sewage truck CB's, are 100% chargeable to the program. All associated freight costs of fully dedicated materials, supplies and equipment are also 100% chargeable to the program.

Staff training which relates 100% to the water and sewage program is an eligible direct administration cost. Similarly, 100% of all bad debts on the water and sewage accounts receivable.

9280 ADMINISTRATION - INDIRECT All indirect costs which are not directly attributable to the water and sewage program will be charged to indirect administration at 15% of the General Government Services account. This 15% indirect administration chargeover is intended to cover costs associated with audit fees, legal fees and association costs for union negotiations, computer software and hardware, SAO removal expenses and all other cost centres included

in the General Government Administration program. This 15% indirect administrative charge will be based on 15% of the Government Services account net of any allowable direct charges as detailed above.

9291 OPERATING AGREEMENT CONTRACT Correct procedures must be used if a community has an operating agreement with DPW which provides for maintenance of water and sewage infrastructure. DPW should provide the Hamlet with a yearly Operations and Maintenance Budget prior to each fiscal year. Any cost incurred by DPW which has not been identified or authorized by the Hamlet, should not be payed.