

# Water for all... for ALWAYS



*Frequently Asked Questions (FAQs)*

This new education program, launched in May 2008, strives to answer Frequently Asked Questions (FAQs) about the Town of Olds water and wastewater systems, water conservation, water use, water meters and billing, and other topics about water.

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## ***What's included in water & wastewater budgets?***

The Government of Alberta has mandated that municipalities MUST operate their utility systems on a full cost-recovery basis. It is not an option! Municipalities, including Olds, use Full Cost Accounting to capture all the costs (both cash and non-cash) relating to the provision of water services. Full cost accounting includes all operating and maintenance expenses, depreciation on assets, and provision (returns) for the replacement of capital assets used in providing water services. Accounting organizations around the world, including the Canadian Institute of Chartered Accountants, are establishing accounting standard changes that will REQUIRE municipal water system owners to report in their audited financial statements the impact of tangible capital assets. Capital assets are the pipes, buildings, structures and equipment that deliver water to your home or business in town. Since all of these things eventually wear out and need to be replaced, municipalities are required to build capital costs into their budgets.

## ***Quality does not come cheap!***

In the "good old days" you had to draw your water by yourself, with a bucket, from an untreated communal well, and haul it back to your house. Can you honestly see yourself doing this today? High quality drinking water depends on a good source, effective treatment, secure distribution, and continuous maintenance, monitoring and testing. All of these things cost money, so it is essential that municipalities are able to pay the costs of maintaining and sustaining their drinking water systems. Charges also need to cover major capital costs such as repair and replacement of aging pipes and the expansion and renewal of infrastructure. As an increasingly-precious commodity, water has a price. What a luxury we enjoy to be able to turn on a tap in our houses and get clean, safe water whenever we want!

## ***What do the operating & maintenance expenses of our water system include?***

Operation and maintenance include day-to-day expenses such as: salaries, wages, benefits, electricity, chemicals, rent, materials and supplies, and billing and administrative costs. Operations and maintenance expenses are broken down into five classifications for reporting purposes: source of supply, water treatment, distribution, customer accounts, administration. Working capital is the amount of liquid assets the water system uses for ongoing operations, and typically includes: cash, prepaid expenses, accounts receivable, inventory, and customer deposits.

For more information visit the **Olds Sustainable Living** page at [www.olds.ca](http://www.olds.ca)

*This information was also featured in the 17 June 2008 issue of the Olds Albertan*