



TOWN OF FORT FRANCES
ADMINISTRATION & FINANCE DIVISION
TREASURY REPORT 2013/105

TO: Mayor Avis & Members of Council
FROM: Laurie Witherspoon, Treasurer
DATE: November 5, 2013
SUBJECT: Water & Sewer Reserve Funds

BACKGROUND

At prior budget meetings, there have been discussions with regard to combining or evening out the Waterworks Project Reserve Funds and Sanitary Sewer Reserve Funds to provide efficiency of financial resources for both the water and sewer capital projects.

Although the Town has chosen to keep separate reserve funds, being the Waterworks Projects Reserve Fund and the Sanitary Sewer Reserve Funds, they are discretionary reserves funds that are ultimately savings accounts for future projects. Combining of the reserve funds would merely be a change in the allocation of surplus in accordance with PSAB. Council, by resolution, has the ability to approve the reallocation or to change to use of discretionary reserve funds with 75% of council in favour of the reallocation or change.

The implementation of water meter replacement fees was established in Schedule "D" of By-Law No. 45/12 being the user fees for 2013. These fees are collected from water customers specifically for future meter replacements, requiring to be designated as such and held in a reserve fund. The Water Fund budget indicates an expected collection of \$19,533 for 2013, of which will be transferred to Reserve Funds at year-end. A Water Meter Replacement Reserve Fund will be created for those funds collected before our December 31, 2013 year-end.

RECOMMENDATION

The Administration & Finance Executive Committee recommends that a new Waterworks & Sanitary Sewer Projects Reserve Fund as of January 1, 2014; that the Waterworks Projects Reserve Fund and the Sanitary Sewer Reserve Funds balances as at December 31, 2013 be transferred to the new Waterworks & Sanitary Sewer Projects Reserve Fund as of January 1, 2014; and that the Waterworks Projects Reserve Fund and the Sanitary Sewer Reserve Fund be deemed closed immediately following the completion of transactions.

Council Approval of this Report Will Agree to the Administration & Finance Executive Committee recommendations as follows:

1. That a new Waterworks & Sanitary Sewer Projects Reserve Fund be created as of January 1, 2014;
2. That the Waterworks Projects Reserve Fund balance and the Sanitary Sewer Reserve Fund balance as at December 31, 2013 be transferred to the new Waterworks & Sanitary Sewer Projects Reserve Fund as of January 1, 2014; and
3. That the Waterworks Projects Reserve Fund and the Sanitary Sewer Reserve Fund be closed immediately following the completion of transactions listed in 1. and 2. above.



"Evans, Jon"
<JEvans@bdo.ca>
02/01/2011 09:52 AM

To ""lwitherspoon@fort-frances.com""
<lwitherspoon@fort-frances.com>
"dbrown@fort-frances.com" <dbrown@fort-frances.com>,
cc "mmcaig@fort-frances.com" <mmcaig@fort-frances.com>,
"Savage, Jeff W." <jwsavage@bdo.ca>
bcc
Subject RE: Water & Sewer Reserve Funds

Laurie,

See my comments below, feel free to call me if you would like to discuss further.

Jon

Jon Evans, CA
Partner
BDO Canada LLP
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From: lwitherspoon@fort-frances.com [mailto:lwitherspoon@fort-frances.com]
Sent: Thursday, January 27, 2011 9:34 AM
To: Evans, Jon
Cc: dbrown@fort-frances.com; mmcaig@fort-frances.com
Subject: Water & Sewer Reserve Funds

Good Morning Jon

A couple of questions came up at our last budget meeting with regard to separate Water & Sanitary Sewer Operating Funds and Reserve Funds.

Peter Myllymaa, Senior Advisor for Municipal Affairs and Housing checked with their staff and is the opinion of the following:

1) Water & Sewer utilities were not required to be separate with separate operating funds, however for easier tracking for rate setting municipalities chose to set them up separately (he checked TBay - they have Water and Sewer separate as well). **OKAY, I BELIEVE MOST HAVE CHOSEN TO KEEP SEPARATE FUNDS**

2) The Sanitary sewer rate is based on water consumption and is therefore an estimate OKAY

3) That the Water & Sanitary Sewer Reserve Funds are obligatory because they are rate supported but could be combined. I DON'T THINK THAT THE WATER AND SEWER RATES ARE OBLIGATORY, I COULD SEE THIS IF YOU SPECIFICALLY LEVIED A CAPITAL OR RESERVE CHARGE ON THE WATER AND SEWER BILLS. BUT IN YOUR CASE YOU HAVE A WATER AND SEWER RATE, OF WHICH COUNCIL HAS DECIDED TO ALLOCATE A PORTION OF THE REVENUE COLLECTED TO RESERVE FUNDS, I BELIEVE THIS IS A DISCRETIONARY RESERVE FUND AND THIS IS CONSISTENT TO HOW IT HAS ALWAYS BEEN TREATED AND REPORTED IN THE FIR. AS FAR AS COMBINING THEM IS CONCERNED SEE MY COMMENTS BELOW.

4) That the repair and/or maintenance of water or sanitary sewer could bear the road costs involved in the repair. SEEMS REASONABLE FROM AN AUDITORS PERSPECTIVE, ULTIMATELY DISCRETIONARY RESERVE FUNDS ARE JUST SAVINGS ACCOUNTS THE TOWNSHIP USES FOR FUTURE PROJECTS. I BELIEVE THE MUNICIPAL ACT SAYS THAT DISCRETIONARY RESERVES CAN HAVE A CHANGE IN USE IF 75% OF THE COUNCIL AGREES TO THIS CHANGE BY WAY OF A BY-LAW/RESOLUTION, SO EVEN IF THE ROAD COST DIDN'T QUALIFY (WHICH IT MAY), YOU STILL HAVE THE ABILITY TO CHANGE THE USE OF THE RESERVE TO PAY FOR THE ROAD. SO IT IS 6 OF ONE AND HALF A DOZEN OF THE OTHER.

Do you see any problems with evening out the two reserve funds as the Water Reserve Fund is approx. \$4 M and the Sanitary Sewer Reserve is approx. \$1M? NO, AS ABOVE I THINK AS LONG AS IT IS COUNCIL APPROVED WITH GREATER THAN 75% APPROVAL, THEN YOU COULD MAKE THE ALLCOATION. OF COURSE IN THE NEW TCA PCAB WORLD THIS IS JUST A CHANGE IN THE ALLOCATION OF SURPLUS, HOWEVER I THINK IN ACCORDANCE WITH THE MUNICIPAL ACT YOU STILL REQUIRE FORMAL DOCUMENTATION (BY-LAW/RESOLUTION) TO APPROVE THE CHANGE. I WOULD AS AN AUDITOR AT YEAR END EXPECT TO SEE THIS DOCUMENTATION TO SUPPORT THAT CHANGE. I would appreciate any comments that you may have.

Thanks

Laurie A. Witherspoon, CMO
Treasurer
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NOV. 1, 2013
8:43 am

TOWN OF FORT FRANCES
TRIAL BALANCE
JANUARY, 2013 TO DECEMBER, 2013

PAGE: 1
LAURIE WITHERSPOON

G/L ACCOUNT	OPENING BALANCE		TRANSACTION		CLOSING BALANCE	
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
R-160-0809-0000 HANDI-TRANSIT MTO GAS TAX		8,586.85	0.02	167.22		8,754.05
R-160-0812-0000 DAYCARE/TOY LIBRARY DONATIONS		2,463.90	0.00	47.98		2,511.88
R-160-0816-0000 WATERWORKS PROJECTS		4,848,561.25	0.00	94,412.67		4,942,973.92
R-160-0823-0000 PARKS & CEMETERIES PROJECTS		42,648.38	0.08	830.54		43,478.84
R-160-0827-0000 PUBLIC LIBRARY & TECHNOLOGY		264,711.47	0.48	5,155.02		269,866.01
R-160-0832-0000 SISTER KENNEDY CENTRE PROJECTS		19,602.35	0.03	381.73		19,984.05
R-160-0851-0000 POST LANDFILL CLOSURE		248,022.47	0.45	4,830.02		252,852.04
R-160-0859-0000 SANITARY SEWER PROJECTS		1,335,143.24	28.43	26,026.75		1,361,141.56
R-160-0871-0000 TOWNSHEND THEATRE		77,447.05	0.14	1,508.22		78,955.13
R-160-0874-0000 CORPORATE VEHICLES/EQUIPMENT		1,389,135.67	2.56	27,052.23		1,416,185.34
R-160-0875-0000 CORPORATE BUILDING		393,968.63	0.73	7,672.21		401,640.11
R-160-0876-0000 CORP. PROJECTS RESERVE FUND		1,175,379.10	125,002.16	22,040.40		1,072,417.34
R-160-0877-0000 CORPORATE CONTINGENCY		576,807.16	575,001.06	7,326.98		9,133.08
R-160-0878-0000 FEDERAL GAS TAX RESERVE		132,445.69	0.24	252,827.21		385,272.66
R-161-0828-0000 LIBRARY BUILDING		14,707.17	0.00	0.00		14,707.17
R RESERVE FUND	0.00	10,529,630.38	700,036.38	450,279.18	0.00	10,279,873.18
GRAND TOTALS:	0.00	10,529,630.38	700,036.38	450,279.18	0.00	10,279,873.18

0 - *

4,942,973.92 +

1,361,141.56 +

4th Qtr Ind 40,000.00 +

6,344,115.48 +

2013
Capital Budget 862,881.00 -
5,481,234.48 +

Estimated balance
as at Dec 31/13.

2013 CAPITAL BUDGET

	RESERVE FUND	TOTAL BUDGET	FEDERAL GRANTS	PROVINCIAL GRANTS	CONTRIBUTION FROM OTHERS	FEDERAL GAS TAX RESERVE	RESERVE FUNDS	WATER & SEWER RESERVE FUNDS	FUNDED BY WATER & SEWER RATES	Long-Term Debt Financing
ENVIRONMENT <i>Sanitary Sewer - Collection System</i> Tools & Equipment Refurbishing Sanitary Manholes Phase 2 Tender No. 12-OF-01 2nd St from Central Ave to Mowat Ave & Mowat Ave from 2nd St to 3rd St. Williams Ave from 5th St to 3rd St (190 meters) Residential Development of old Huffman School Property Year 3 of 3 Phase design for Infrastructure Renewal Project	FGT	10,000							10,000	0
	SS	50,000							50,000	0
	SS	578,156		212,000		110,084		255,697	256,072	0
		343,954						139,405	88,257	0
		139,405							37,500	0
		37,500								0
		1,159,015	0	212,000	0	110,084	0	395,102	441,829	0
	SS	150,520							150,520	0
		130,457						130,457		0
		280,977	0	0	0	0	0	130,457	150,520	0
Sewage Treatment Plant Misc Capital Upgrades Honeywell Improvements	FGT	97,935							97,935	0
		23,000							23,000	0
		489,080		212,000		110,084			166,996	0
		384,171							384,171	0
	W	192,514						192,514		0
		37,500							37,500	0
		10,000							10,000	0
		1,234,200	0	212,000	0	110,084	0	192,514	719,602	0
		40,000							40,000	0
		27,000							27,000	0
Water Distribution System Replacing Main Line Water Valves/Hydrants Leak Detection Equipment Phase 2 Tender No. 12-OF-01 2nd St from Central Ave to Mowat Ave & Mowat Ave from 2nd St to 3rd St. Williams Ave from 5th St to 3rd St (190 meters) Residential Development of old Huffman School Property Year 3 of 3 Phase design for Infrastructure Renewal Project General Misc Tools/Equipment	W	212,366						144,808	67,558	0
		130,000							130,000	0
		409,366	0	0	0	0	0	144,808	264,558	0
		3,083,558	0	424,000	0	220,168	0	862,881	1,576,509	0
	W									0
										0
										0
										0
										0
										0
Water Treatment Plant Misc Small Capital Equipment Replace In-Plant Water Lines Honeywell Improvements Backup Generator	W									0
										0
										0
										0
										0
										0
										0
										0
										0
										0
TOTAL ENVIRONMENT										

TOWN OF FORT FRANCES
SCHEDULE OF FEES
SCHEDULE "D"

4.3 Sewer & Water Installation - Effective January 1, 2013 - plus Applicable Taxes

4.3.1	Installation and Termination - Per Trench	
4.3.1.1	If water and sewer are in separate trenches or same trenches	Cost Plus + 10% + Road Restoration
4.3.2	Terminations of Services	
4.3.2.1	Inspecting the termination prior to backfilling	42.04
4.3.3	Reconnection of Services	
4.3.3.1	Inspecting the reconnection prior to backfilling	42.04
4.3.3.2	Regular request to turn water on or off (maintenance)	42.04
4.3.3.3	Non-Maintenance Shut off for delinquent accounts - no HST	119.11
4.3.3.4	Non-Maintenance Turn on for delinquent accounts - no HST	119.11
4.3.4	Sale and Installation of Water Meters	
4.3.4.1	Any Size Meter	Cost Plus + 10%
4.3.5	Testing Backflow Devices	

5.0 Water & Sewer User Rates - Effective January 1, 2013

5.1 Water User Rates - Monthly

5.1.1	Flat Residential including Churches & Places of Worship (un-metered)	37.43	
5.1.2	Metered Non-Residential (4 accounts)	2.57	cu meter
5.1.3	Metered - Couchiching First Nations	2.57	cu meter
5.1.4	Flat Industry/Commercial/Institutional (ICI) (un-metered) and/or Minimum Bill for metered ICI accounts	47.19	
5.1.4.1	13 cu. meters included in the minimum monthly bill for ICI		
5.1.5	Metered - Industry/Commercial	1.31	cu meter
5.1.6	Metered - Institutional	1.44	cu meter
5.1.7	Private (Re: Dedicated) Hydrants	49.46	per unit
5.1.8	Private Sprinkler System	15.51	per system
5.1.9	Sale of Water from Fire Hydrant	24.26	cu meter
5.1.10	Water Meter Replacement		
5.1.10.1	¾ inch or 20 mm diameter water meter	3.00	per meter
5.1.10.2	1 inch or 25.4 mm diameter water meter	3.25	per meter
5.1.10.3	1.5 inch or 38.1 mm diameter water meter	5.00	per meter
5.1.10.4	2 inch or 50.8 mm diameter water meter	15.00	per meter
5.1.10.5	3 inch or 76.2 mm diameter water meter	17.00	per meter
5.1.10.6	4 inch or 101.6 mm diameter water meter	22.50	per meter
5.1.10.7	6 inch or 152.4 mm diameter water meter	42.00	per meter
5.1.10.8	10 inch or 254 mm diameter water meter	70.00	per meter

5.2 Sewer User Rates - Monthly

5.2.1	Flat Residential including Churches & Places of Worship (un-metered)	33.03	
5.2.2	Flat Industry/Commercial/Institutional (ICI) (un-metered) and/or Minimum Bill for metered ICI accounts	41.34	
5.2.2.1	13 cu. meters included in the minimum monthly bill for ICI		
5.2.3	Metered Non-Resident (4 accounts)	2.27	cu meter
5.2.4	Metered - Couchiching First Nations	2.27	cu meter
5.2.5	Metered - Industry/Commercial	1.15	cu meter
5.2.6	Metered - Institutional	1.26	cu meter