

Statement of Operations

City of Ottawa

In-House Waste Collection

For the twelve months ended May 31, 2009

AUDITORS' REPORT

To the Members of the Corporate Services and Economic Development Committee and Council

At the request of the **City of Ottawa In-House Waste Collection** [a component of the City of Ottawa], we have audited the statement of operations for the twelve months ended May 31, 2009. This financial information is the responsibility of the management of City of Ottawa Solid Waste Services Branch. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, the statement of operations presents fairly, in all material respects, the revenue and expenditures of the **City of Ottawa In-House Waste Collection** for the twelve months ended May 31, 2009 in accordance with the significant accounting principles disclosed in note 2 to the statement of operations.

The statement of operations, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principles, is solely for the information and use of the Members of the Corporate Services and Economic Development Committee and Council. The statement of operations is not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Ottawa, Canada,
August 21, 2009.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

City of Ottawa In-House Waste Collection

STATEMENT OF OPERATIONS

For the twelve months ended May 31

	2009	2008
	\$	\$
Revenue	<u>3,650,083</u>	<u>3,588,516</u>
Expenditures [schedule 1]		
Labour costs		
Salaries	1,160,335	1,013,666
Overtime	55,558	65,408
WSIB costs	2,322	11,419
Employer benefit contributions	271,830	247,433
	<u>1,490,045</u>	<u>1,337,926</u>
Subcontracted labour	225,459	272,342
	<u>1,715,504</u>	<u>1,610,268</u>
Vehicle costs		
Maintenance and repairs/tires	640,574	458,344
Fuel	430,964	385,647
Insurance/licensing	19,508	20,036
Depreciation	497,814	515,608
	<u>1,588,860</u>	<u>1,379,635</u>
Materials and supplies		
Personnel/safety supplies	22,599	14,691
Tools and parts	321	97
Office/administrative supplies	4,900	2,689
Training	20,000	20,000
Miscellaneous repairs/services	15,215	3,743
Communications	11,714	13,111
Conferences and receptions	1,336	1,247
	<u>76,085</u>	<u>55,578</u>
Professional services	11,940	11,500
Property lease	11,974	11,801
Interest on vehicle loan [note 3]	2,439	7,656
Loss on disposal of vehicles [note 4]	—	13,231
Total expenditures	<u>3,406,802</u>	<u>3,089,669</u>
Surplus after disposal of vehicles	<u>243,281</u>	<u>498,847</u>

See accompanying notes

City of Ottawa In-House Waste Collection

NOTES TO STATEMENT OF OPERATIONS

May 31, 2009

1. DESCRIPTION OF ORGANIZATION

The City of Ottawa was sub-divided into a number of service zones to foster more competition during the 1999 collection tender call. This has continued in the new collection tender/contract which commenced in 2006. In June 2006, the five curb-side collection zones were slightly modified from the previous contract to account for population growth. Under the new contract, the City of Ottawa In-House Waste Collection division no longer services Zone C4, but was awarded the services for Zone C3. The statement of operations was prepared to report the operating results of the collection activities of Zone C3 for the twelve months ended May 31, 2009. The City of Ottawa In-House Waste Collection division was created through provincial legislation and is not liable for income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The statement of operations of the City of Ottawa In-House Waste Collection has been prepared by management in accordance with accounting policies which are summarized below. The statement of operations differs from Canadian generally accepted accounting principles because rental expense is recorded as an allocation of estimated occupancy costs for the City of Ottawa. In addition, Workplace Safety and Insurance Board [WSIB] and warranty expenses are recorded on a cash basis, and also represent allocated costs, as they include only expenses allocated to the City of Ottawa as a result of providing the contracted collection services for Zone C3.

Revenue and expenditures

Revenue has been calculated on an accrual basis based on the tonnage collected at the rates proposed and accepted in the bid process.

Expenditures are recorded on an accrual basis.

City of Ottawa In-House Waste Collection

NOTES TO STATEMENT OF OPERATIONS

May 31, 2009

Capital assets

Capital assets are recorded at cost, except for used vehicles, which are recorded at estimated market value at the time of commencement of the contract. Depreciation is recorded using the straight-line method over their estimated useful lives as follows:

Vehicles	7 years
Leasehold improvements	5 years

3. INTEREST ON VEHICLE LOAN

The interest on vehicle loan represents the cost of funds borrowed from the City of Ottawa to purchase the vehicles. The interest rate on the loan is 5% and the amortization period of the loan is consistent with the expected retention period of the vehicles.

4. LOSS ON DISPOSAL OF VEHICLES

During fiscal 2007, the City of Ottawa In-House Waste Collection division sold seven waste collection vehicles. The vehicles sold for a total loss of \$7,031, which has been presented as loss on disposal of vehicles in the statement of operations. Also included in loss on disposal of vehicles is a \$6,200 write-off of trucks retired to the City of Ottawa Fleet Division. There were no vehicle disposals in fiscal 2008.

SCHEDULE OF CITY OF OTTAWA IN-HOUSE WASTE COLLECTION COSTS BY WASTE STREAM

[unaudited]

For the twelve months ended May 31

	2009			2008	
	Garbage \$	Recycling \$	Leaf and yard \$	Totals \$	Totals \$
Labour costs					
Salaries	608,035	421,912	130,388	1,160,335	1,013,666
Overtime	29,113	20,201	6,244	55,558	65,408
WSIB costs	1,217	844	261	2,322	11,419
Employer benefit	142,443	98,841	30,546	271,830	247,433
	780,808	541,798	167,439	1,490,045	1,337,926
Subcontracted labour	198,977	—	26,482	225,459	272,342
	979,785	541,798	193,921	1,715,504	1,610,268
Vehicle costs					
Maintenance and repairs/tires	340,920	229,335	70,319	640,574	458,344
Fuel	227,617	152,013	51,334	430,964	385,647
Insurance/licensing	9,180	8,033	2,295	19,508	20,036
Depreciation [note 2]	234,266	204,982	58,566	497,814	515,608
	811,983	594,363	182,514	1,588,860	1,379,635
Materials and supplies					
Personnel/safety supplies	11,757	8,100	2,742	22,599	14,691
Tools and parts	168	117	36	321	97
Office/administrative supplies	2,557	1,766	577	4,900	2,689
Training	10,578	7,040	2,382	20,000	20,000
Miscellaneous repairs/services	7,160	6,265	1,790	15,215	3,743
Communications	5,512	4,823	1,379	11,714	13,111
Conferences and receptions	700	486	150	1,336	1,247
	38,432	28,597	9,056	76,085	55,578
Professional services	5,619	4,916	1,405	11,940	11,500
Property lease	5,702	3,991	2,281	11,974	11,801
Interest on vehicle loan [note 3]	1,148	1,004	287	2,439	7,656
Loss on disposal of vehicles [note 4]	—	—	—	—	13,231
Total expenditures	1,842,669	1,174,669	389,464	3,406,802	3,089,669
Statistical information					
Actual tonnage in metric tonnes	25,386	8,136	5,290	38,812	39,672
Actual cost per tonne	72.59	144.38	73.62	87.78	77.88