

Statement of Operations

**City of Ottawa**  
**In-House Waste Collection**  
For the twelve months ended May 31, 2010

## 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, 2010. 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, 2010 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,  
November 5, 2010.

*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

	2010	2009
	\$	\$
<b>Revenue</b>	<b>4,084,684</b>	3,650,083
<b>Expenditures [schedule]</b>		
<b>Labour costs</b>		
Salaries	1,138,147	1,160,335
Overtime	42,390	55,558
WSIB costs	40,454	2,322
Employer benefit contributions	290,156	271,830
	<b>1,511,147</b>	1,490,045
Subcontracted labour	233,194	225,459
	<b>1,744,341</b>	1,715,504
<b>Vehicle costs</b>		
Maintenance and repairs/tires	1,012,915	640,574
Fuel	381,621	430,964
Insurance/licensing	22,660	19,508
Depreciation	585,194	497,814
	<b>2,002,390</b>	1,588,860
<b>Materials and supplies</b>		
Personnel/safety supplies	21,203	22,599
Tools and parts	2,580	321
Office/administrative supplies	16,223	4,900
Training	20,000	20,000
Miscellaneous repairs/services	18,029	15,215
Communications	19,701	11,714
Conferences and receptions	1,567	1,336
	<b>99,303</b>	76,085
Professional services	12,500	11,940
Property lease	12,154	11,974
Interest on vehicle loan [note 3]	—	2,439
<b>Total expenditures</b>	<b>3,870,688</b>	3,406,802
<b>Surplus of revenue over expenditures</b>	<b>213,996</b>	243,281

See accompanying notes

## **City of Ottawa In-House Waste Collection**

### **NOTES TO STATEMENT OF OPERATIONS**

May 31, 2010

#### **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, 2010. The City of Ottawa In-House Waste Collection division was created through provincial legislation and is not liable for income taxes.

#### **2. SUMMARY OF 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, 2010

#### 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. In 2010, five new vehicles were purchased for operations. 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. The loan was closed out in fiscal 2009.

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

[unaudited]

For the twelve months ended May 31

	2010				2009	
	Garbage	Recycling	Leaf and yard	Organics	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Labour costs</b>						
Salaries	538,036	390,732	91,472	117,907	<b>1,138,147</b>	1,160,335
Overtime	20,039	14,553	3,407	4,391	<b>42,390</b>	55,558
WSIB costs	19,124	13,888	3,251	4,191	<b>40,454</b>	2,322
Employer benefit contributions	137,165	99,612	23,320	30,059	<b>290,156</b>	271,830
	<u>714,364</u>	<u>518,785</u>	<u>121,450</u>	<u>156,548</u>	<u><b>1,511,147</b></u>	<u>1,490,045</u>
Subcontracted labour	196,921	—	27,638	8,635	<b>233,194</b>	225,459
	<u>911,285</u>	<u>518,785</u>	<u>149,088</u>	<u>165,183</u>	<u><b>1,744,341</b></u>	<u>1,715,504</u>
<b>Vehicle costs</b>						
Maintenance and repairs/tires	490,745	347,966	80,447	93,757	<b>1,012,915</b>	640,574
Fuel	185,846	131,131	31,913	32,731	<b>381,621</b>	430,964
Insurance/licensing	8,240	7,210	2,060	5,150	<b>22,660</b>	19,508
Depreciation	234,266	204,982	58,566	87,380	<b>585,194</b>	497,814
	<u>919,097</u>	<u>691,289</u>	<u>172,986</u>	<u>219,018</u>	<u><b>2,002,390</b></u>	<u>1,588,860</u>
<b>Materials and supplies</b>						
Personnel/safety supplies	9,222	6,843	882	4,256	<b>21,203</b>	22,599
Tools and parts	1,220	886	207	267	<b>2,580</b>	321
Office/administrative supplies	7,622	5,544	1,255	1,802	<b>16,223</b>	4,900
Training	9,636	6,848	1,610	1,906	<b>20,000</b>	20,000
Miscellaneous repairs/services	8,562	6,147	1,463	1,857	<b>18,029</b>	15,215
Communications	8,865	6,548	1,606	2,682	<b>19,701</b>	11,714
Conferences and receptions	741	538	126	162	<b>1,567</b>	1,336
	<u>45,868</u>	<u>33,354</u>	<u>7,149</u>	<u>12,932</u>	<u><b>99,303</b></u>	<u>76,085</u>
Professional services	4,605	3,989	1,131	2,775	<b>12,500</b>	11,940
Property lease	5,788	4,051	1,736	579	<b>12,154</b>	11,974
Interest on vehicle loan [note 3]	—	—	—	—	—	2,439
<b>Total expenditures</b>	<u>1,886,643</u>	<u>1,251,468</u>	<u>332,090</u>	<u>400,487</u>	<u><b>3,870,688</b></u>	<u>3,406,802</u>
<b>Statistical information</b>						
Actual tonnage in metric tonnes	23,168	7,693	4,006	2,618	<b>37,485</b>	38,812
<b>Actual cost per tonne</b>	<u>81</u>	<u>163</u>	<u>83</u>	<u>153</u>	<u><b>103</b></u>	<u>88</u>

