

Statement of Operations

**City of Ottawa**  
**In-House Waste Collection**  
Year ended May 31, 2011

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of operations of the **City of Ottawa In-House Waste Collection** [a component of the City of Ottawa] for the year ended May 31, 2011 (“the schedule”). The statement of operations has been prepared by management based on the accounting policies described in Note 2.

### **Management's responsibility for the statement of operations**

Management is responsible for the preparation of this statement of operation in accordance with the accounting policies described in Note 2, and for such internal control as management determines is necessary to enable the preparation of the statement of operations that is free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on the statement of operations based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement of operations is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of operations. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of operations, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the statement of operations in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement of operations.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the statement of operations of the **City of Ottawa In-House Waste Collection** for the year ended May 31, 2011 is prepared, in all material respects, in accordance with the accounting policies which are described in Note 2.

### **Basis of accounting and restriction on distribution**

Without modifying our opinion, we draw attention to Note 2 to the statement of operations, which describes the basis of accounting. The statement of operations is prepared to assist the **City of Ottawa In-House Waste Collection** to meet the requirements of the Members of the Corporate Services and Economic Development Committee and Council. As a result, the statement of operations may not be suitable for another purpose. Our report is intended solely for the **City of Ottawa In-House Waste Collection** and the Members of the Corporate Services and Economic Development Committee and Council and should not be distributed to parties other than the **City of Ottawa In-House Waste Collection** and the Members of the Corporate Services and Economic Development Committee and Council.

Ottawa, Canada,  
January 16, 2012.

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants

## City of Ottawa In-House Waste Collection

### STATEMENT OF OPERATIONS

Year ended May 31

	2011	2010
	\$	\$
<b>Revenue</b>	<b>5,104,681</b>	4,084,684
<b>Expenditures [schedule]</b>		
<b>Labour costs</b>		
Salaries	1,428,868	1,138,147
Overtime	120,493	42,390
WSIB costs	108,848	40,454
Employer benefit contributions	346,898	290,156
	<b>2,005,107</b>	1,511,147
Subcontracted labour	267,686	233,194
	<b>2,272,793</b>	1,744,341
<b>Vehicle costs</b>		
Maintenance and repairs/tires	939,016	1,012,915
Fuel	442,328	381,621
Insurance/licensing	25,851	22,660
Depreciation	712,367	585,194
	<b>2,119,562</b>	2,002,390
<b>Materials and supplies</b>		
Personnel/safety supplies	16,286	21,203
Tools and parts	612	2,580
Office/administrative supplies	3,241	16,223
Training	20,000	20,000
Miscellaneous repairs/services	25,650	18,029
Communications	19,055	19,701
Conferences and receptions	1,060	1,567
	<b>85,904</b>	99,303
Professional services	13,500	12,500
Property lease	12,341	12,154
<b>Total expenditures</b>	<b>4,504,099</b>	3,870,688
<b>Surplus of revenue over expenditures</b>	<b>600,582</b>	213,996

See accompanying notes

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

[unaudited]

Year ended May 31

	2011				2010	
	Garbage	Recycling	Leaf and yard	Organics	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Labour costs</b>						
Salaries	585,150	474,884	21,254	347,579	<b>1,428,867</b>	1,138,147
Overtime	49,344	40,046	1,792	29,311	<b>120,493</b>	42,390
WSIB costs	44,576	36,176	1,619	26,478	<b>108,849</b>	40,454
Employer benefit contributions	142,062	115,292	5,160	84,385	<b>346,899</b>	290,156
	<u>821,132</u>	<u>666,398</u>	<u>29,825</u>	<u>487,753</u>	<u><b>2,005,108</b></u>	<u>1,511,147</u>
Subcontracted labour	235,343	1,077	5,761	25,505	<b>267,686</b>	233,194
	<u>1,056,475</u>	<u>667,475</u>	<u>35,586</u>	<u>513,258</u>	<u><b>2,272,794</b></u>	<u>1,744,341</u>
<b>Vehicle costs</b>						
Maintenance and repairs/tires	379,785	328,868	10,255	220,108	<b>939,016</b>	1,012,915
Fuel	175,369	153,196	6,472	107,291	<b>442,328</b>	381,621
Insurance/licensing	9,400	8,225	2,350	5,875	<b>25,850</b>	22,660
Depreciation	235,950	206,456	58,987	210,974	<b>712,367</b>	585,194
	<u>800,504</u>	<u>696,745</u>	<u>78,064</u>	<u>544,248</u>	<u><b>2,119,561</b></u>	<u>2,002,390</u>
<b>Materials and supplies</b>						
Personnel/safety supplies	6,654	5,345	269	4,018	<b>16,286</b>	21,203
Tools and parts	251	203	9	149	<b>612</b>	2,580
Office/administrative supplies	1,323	1,058	56	805	<b>3,242</b>	16,223
Training	7,926	6,911	315	4,848	<b>20,000</b>	20,000
Miscellaneous repairs/services	9,732	8,500	1,401	6,017	<b>25,650</b>	18,029
Communications	7,502	6,542	415	4,595	<b>19,054</b>	19,701
Conferences and receptions	434	352	16	258	<b>1,060</b>	1,567
	<u>33,822</u>	<u>28,911</u>	<u>2,481</u>	<u>20,690</u>	<u><b>85,904</b></u>	<u>99,303</u>
Professional services	4,909	4,295	1,227	3,068	<b>13,499</b>	12,500
Property lease	5,877	4,114	1,763	588	<b>12,342</b>	12,154
<b>Total expenditures</b>	<u>1,901,587</u>	<u>1,401,540</u>	<u>119,121</u>	<u>1,081,852</u>	<u><b>4,504,100</b></u>	<u>3,870,688</u>
<b>Statistical information</b>						
Actual tonnage in metric tonnes	21,004	7,815	805	7,813	<b>37,438</b>	37,485
<b>Actual cost per tonne</b>	<u>\$90</u>	<u>\$179</u>	<u>\$146</u>	<u>\$138</u>	<u><b>\$120</b></u>	<u>\$103</u>

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

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

Year ended May 31, 2011

#### **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 year ended May 31, 2011. 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

Year ended May 31, 2011

#### 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 2011, one new vehicle was 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