

Schedule of Revenue and Expenditures

CITY OF OTTAWA

In-House Waste Collection – Zones 3 and 5

For the year ended May 31, 2024



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INDEPENDENT AUDITOR’S REPORT

To the Management of the City of Ottawa – In-House Waste Collection

Opinion

We have audited the accompanying schedules of revenue and expenditures for the City of Ottawa – In-House Waste Collection for the year ended May 31, 2024, which comprise:

- the schedule of revenue and expenditures – Zone 3
- the schedule of revenue and expenditures – Zone 5
- and notes and supplementary schedules, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the “Schedules”).

In our opinion, the accompanying Schedules referred to above are prepared, in all material respects, in accordance with the financial reporting framework described in Note 2 to the Schedules.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Schedules***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the Schedules in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2 to the Schedules, which describes the applicable financial reporting framework and the purpose of the Schedules.

As a result, the Schedules may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.



Other Matter – Comparative Information

The Schedules for the year ended May 31, 2023 were audited by another auditor who expressed an unmodified opinion on those Schedules on January 26, 2024.

Responsibilities of Management and Those Charged with Governance for the Schedules

Management is responsible for the preparation of the Schedules in accordance with the financial reporting framework described in Note 2 to the Schedules; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the Schedules in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a Schedules that is free from material misstatements, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatements when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Schedules.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatements of the Schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

October 28, 2024

CITY OF OTTAWA

In-House Waste Collection - Zone 3

Schedule of Revenue and Expenditures

For the year ended May 31, 2024, with comparative information for 2023

	Actual 2024	Actual 2023
Revenue	\$ 9,529,284	\$ 9,941,721
Expenditures (Schedules 1 and 2):		
Labour costs:		
Salaries	2,223,688	2,278,639
Overtime	547,021	549,905
WSIB costs	43,932	52,747
Employer benefit contributions	661,673	660,122
	<u>3,476,314</u>	<u>3,541,413</u>
Subcontracted labour	545,834	471,574
	<u>4,022,148</u>	<u>4,012,987</u>
Vehicle costs:		
Maintenance and repairs/tires	2,005,051	1,749,747
Fuel	976,679	802,810
Insurance/licensing	60,251	44,013
Depreciation	634,356	312,546
	<u>3,676,337</u>	<u>2,909,116</u>
Materials and supplies:		
Personnel/safety supplies	70,344	88,109
Tools and parts	38,431	13,967
Office/administrative supplies	11,655	13,873
Miscellaneous repairs/services	30,583	42,832
Communications	18,662	18,623
	<u>169,675</u>	<u>177,404</u>
Interest on vehicle loan	101,262	3,014
Property lease	35,800	35,800
Professional services	8,000	8,101
Total expenditures	<u>8,013,222</u>	<u>7,146,422</u>
Surplus of revenue over expenditures	\$ 1,516,062	\$ 2,795,299

See accompanying notes to Schedules of Revenue and Expenses.

CITY OF OTTAWA

In-House Waste Collection - Zone 5

Schedule of Revenue and Expenditures

For the year ended May 31, 2024, with comparative information for 2023

	Actual 2024	Actual 2023
Revenue	\$ 12,830,892	\$ 11,768,187
Expenditures (Schedules 3 and 4):		
Labour costs:		
Salaries	3,258,398	3,316,632
Overtime	933,194	799,829
WSIB costs	16,215	38,152
Employer benefit contributions	930,248	930,515
	<u>5,138,055</u>	<u>5,085,128</u>
Subcontracted labour	935,698	684,423
	<u>6,073,753</u>	<u>5,769,551</u>
Vehicle costs:		
Maintenance and repairs/tires	2,790,167	2,205,932
Fuel	1,081,661	1,084,922
Insurance/licensing	64,670	56,142
Depreciation	727,060	431,648
	<u>4,663,558</u>	<u>3,778,644</u>
Materials and supplies:		
Personnel/safety supplies	71,698	89,504
Tools and parts	51,954	41,503
Office/administrative supplies	20,022	14,410
Training	200	100
Miscellaneous repairs/services	57,497	299,053
Communications	20,016	19,202
	<u>221,387</u>	<u>463,772</u>
Interest on vehicle loan	80,935	12,057
Property lease	35,800	35,800
Total expenditures	<u>11,075,433</u>	<u>10,059,824</u>
Surplus of revenues over expenditures	\$ 1,755,459	\$ 1,708,363

See accompanying notes to Schedules of Revenue and Expenses.

CITY OF OTTAWA

In-House Waste Collection - Zones 3 and 5

Notes to Schedules of Revenue and Expenditures

For the year ended May 31, 2024

1. Description of organization:

The City of Ottawa (the "City") was subdivided into a number of service zones for the purpose of waste collection to foster more competition during the 1999 collection tender call. This continued to be in effect for the new collection tender/contract, which commenced in 2006. On October 29, 2012, the five curb-side collection zones were slightly modified from the previous contract to account for population growth. Under the new contract, signed on October 11, 2011, the City of Ottawa In-House Waste Collection division (the "Division") was awarded the services for Zones 3 and 5 for the period from October 29, 2012 to May 31, 2019 with the option to renew for one additional year, at the City's sole option, to May 31, 2020. Under an extension letter signed May 9, 2019, the contract was extended to the period from June 1, 2020 to June 4, 2023. Under another extension letter signed May 5, 2021, the contract was extended to the period from June 5, 2023 to June 8, 2025.

The statements of operations were prepared to report the operating results of the collection activities of Zones 3 and 5 for the year ended May 31, 2024. The Division was created through provincial legislation and is not liable for income taxes.

2. Financial reporting framework:

The Schedules are prepared in accordance with the recognition and measurement principles of Canadian Public Sector Accounting Standards as relevant for the preparation of the Schedules.

The purpose of these Schedules are for the City to meet its reporting obligations under the aforementioned contracts disclosed in note 1.

As a result, the Schedules may not be suitable for another purpose.

3. Summary of significant accounting policies:

The statements of operations of the Division for Zones 3 and 5 have been prepared by management in accordance with the significant accounting policies described below.

(a) Revenue and expenditures:

Revenue is based on the tender agreement for the Solid Waste and Curbside Collection and Services. The current contracts have been awarded with set prices for the three-year duration of the contracts.

Expenditures are recorded on an accrual basis when services are rendered or goods are received.

CITY OF OTTAWA

In-House Waste Collection - Zones 3 and 5

Notes to Schedules of Revenue and Expenditures (continued)

For the year ended May 31, 2024

3. Summary of significant accounting policies (continued):

(b) Management fee:

The annual management fee is determined by multiplying the purchase cost of the fleet by 2.5%, prorated for any acquisitions or disposals in the year. The fee is reduced by the estimated annual cost savings realized as a result of the implementation of in-house management of parts inventory by the City's Fleet Services Branch in 2017. The fee is recognized rateably at 1/12 per month.

(c) Vehicle costs:

Vehicle costs, including maintenance and repairs, fuel, insurance and licensing, and depreciation, are charged to the Division by the City's Fleet Services Branch, which follows a full-cost recovery allocation method, whereby all costs incurred by the Fleet Services Branch must be recovered from the departments and/or branches based on a per vehicle charge to those that are actually using the vehicles.

(d) Insurance:

The Risk Management Division of the City is responsible for insuring the City's vehicles, and the Division pays a premium for the insurance policy. The policy covers liability insurance, but does not cover collisions, resulting in a lower overall premium. The cost of the premium relating to municipal fleet vehicles is paid for by the Fleet Services Branch. A charge-back is applied to each vehicle in the Division fleet to recover this cost. Each vehicle is assigned an equal share of the overall premium. Costs associated with actual claims are not included as part of the total expenses associated with this Division unless they pertain to the current period and are estimable.

(e) Licensing:

Vehicles with licence plates owned by the City are required to pay an annual fee to maintain the licence. The annual license fee paid to the Ministry of Transportation of Ontario is charged to each vehicle and allocated to the Division on a monthly basis.

(f) Maintenance, repairs and tires:

These costs include parts, labour and commercial charges.

Parts and labour charges are incurred when a vehicle is repaired by internal City staff at one of the City-owned maintenance garages. Parts are charged back to the City at cost. Labour was charged to the Division at a rate of \$126 per hour for the calendar year 2024, which is calculated as budgeted expenditures (i.e., salaries, shop supplies, etc.) for the Municipal Fleet Maintenance Cost Centres divided by the estimated billable hours of the mechanics for the period.

CITY OF OTTAWA

In-House Waste Collection - Zones 3 and 5

Notes to Schedules of Revenue and Expenditures (continued)

For the year ended May 31, 2024

3. Summary of significant accounting policies (continued):

(f) Maintenance, repairs and tires (continued):

Commercial charges [i.e., parts and labour] are incurred when the vehicle is repaired at an external garage. The Fleet Services Branch pays the supplier invoice and then charges the actual cost to the vehicle. Open work orders and commercial invoices are accrued each month and recorded as an expenditure in the period the service is rendered or goods are received.

(g) Fuel:

Fuel is obtained at City sites and charged back at cost with no mark-up. Fuel costs include fuel hedging costs, which are allocated based on the fuel prices during the period when the fuel is consumed.

(h) Interest on vehicles:

Interest on vehicles is based on actual costs related to purchasing the vehicles and applying a rate of 4.26%, which is provided by the City's Treasury Division and is based on the cost of funds for a seven-year bond issue.

(i) Depreciation:

Capital assets are recorded by the City at cost, except for used vehicles, which are recorded at estimated market value at the time of commencement of the contract. These capital assets are not included in this statement of operations. The depreciation related to these capital assets is recorded as an expenditure in the statement of operations of the Division using the straight-line method over the term of the contract or the asset's useful life as follows:

Asset	Rate
Vehicles	79 – 120 months

(j) Property lease:

A lease expenditure is recorded as an allocation of estimated occupancy cost for the City.

CITY OF OTTAWA

In-House Waste Collection - Zone 3

Schedule of Expenditures by Waste Stream (continued)

Schedule 1

For the year ended May 31, 2024, with comparative information for 2023

	Actual 2024			
	Garbage	Recycling	Organics	Total
Labour costs:				
Salaries	\$ 966,820	\$ 628,434	\$ 628,434	\$ 2,223,688
Overtime	237,835	154,593	154,593	547,021
WSIB costs	19,100	12,416	12,416	43,932
Employer benefit contributions	287,685	186,994	186,994	661,673
	<u>1,511,440</u>	<u>982,437</u>	<u>982,437</u>	<u>3,476,314</u>
Subcontracted labour	237,320	154,257	154,257	545,834
	<u>1,748,760</u>	<u>1,136,694</u>	<u>1,136,694</u>	<u>4,022,148</u>
Vehicle costs:				
Maintenance and repairs/tires	871,761	566,645	566,645	2,005,051
Fuel	424,643	276,018	276,018	976,679
Insurance/licensing	26,195	17,028	17,028	60,251
Depreciation	275,808	179,274	179,274	634,356
	<u>1,598,407</u>	<u>1,038,965</u>	<u>1,038,965</u>	<u>3,676,337</u>
Materials and supplies:				
Personnel/safety supplies	30,584	19,880	19,880	70,344
Tools and parts	16,709	10,861	10,861	38,431
Office/administrative supplies	5,067	3,294	3,294	11,655
Miscellaneous repairs/services	13,297	8,643	8,643	30,583
Communications	8,114	5,274	5,274	18,662
	<u>73,771</u>	<u>47,952</u>	<u>47,952</u>	<u>169,675</u>
Interest on vehicle loan	44,028	28,617	28,617	101,262
Property lease	15,566	10,117	10,117	35,800
Professional services	3,478	2,261	2,261	8,000
Total expenditures	<u>\$ 3,484,010</u>	<u>\$ 2,264,606</u>	<u>\$ 2,264,606</u>	<u>\$ 8,013,222</u>
Statistical information (unaudited):				
Actual tonnage in metric tonnes	16,715	8,707	14,023	39,445
Actual cost per tonne	\$208.44	\$260.09	\$161.49	\$203.15

CITY OF OTTAWA

In-House Waste Collection - Zone 3

Schedule of Expenditures by Waste Stream (continued)

Schedule 2

For the year ended May 31, 2024, with comparative information for 2023

	Actual 2023			
	Garbage	Recycling	Organics	Total
Labour costs:				
Salaries	\$ 959,427	\$ 659,606	\$ 659,606	\$ 2,278,639
Overtime	231,539	159,183	159,183	549,905
WSIB costs	22,209	15,269	15,269	52,747
Employer benefit contributions	277,946	191,088	191,088	660,122
	1,491,121	1,025,146	1,025,146	3,541,413
Subcontracted labour	198,558	136,508	136,508	471,574
	1,689,679	1,161,654	1,161,654	4,012,987
Vehicle costs:				
Maintenance and repairs/tires	601,691	574,028	574,028	1,749,747
Fuel	346,724	228,043	228,043	802,810
Insurance/licensing	20,559	11,727	11,727	44,013
Depreciation	312,546	—	—	312,546
	1,281,520	813,798	813,798	2,909,116
Materials and supplies:				
Personnel/safety supplies	37,099	25,505	25,505	88,109
Tools and parts	5,881	4,043	4,043	13,967
Office/administrative supplies	5,841	4,016	4,016	13,873
Miscellaneous repairs/services	5,728	3,938	33,166	42,832
Communications	7,841	5,391	5,391	18,623
	62,390	42,893	72,121	177,404
Interest on vehicle loan	3,014	—	—	3,014
Property lease	15,074	10,363	10,363	35,800
Professional services	3,411	2,345	2,345	8,101
Total expenditures	\$ 3,055,088	\$ 2,031,053	\$ 2,060,281	\$ 7,146,422
Statistical information (unaudited):				
Actual tonnage in metric tonnes	16,654	7,792	12,799	37,245
Actual cost per tonne	\$183.44	\$260.66	\$160.97	\$191.88

CITY OF OTTAWA

In-House Waste Collection - Zone 5

Schedule of Expenditures by Waste Stream

Schedule 3

For the year ended May 31, 2024, with comparative information for 2023

	Actual 2024			
	Garbage	Recycling	Organics	Total
Labour costs:				
Salaries	\$ 1,737,812	\$ 760,293	\$ 760,293	\$ 3,258,398
Overtime	497,704	217,745	217,745	933,194
WSIB costs	8,647	3,784	3,784	16,215
Employer benefit contributions	496,132	217,058	217,058	930,248
	<u>2,740,295</u>	<u>1,198,880</u>	<u>1,198,880</u>	<u>5,138,055</u>
Subcontracted labour	499,038	218,330	218,330	935,698
	<u>3,239,333</u>	<u>1,417,210</u>	<u>1,417,210</u>	<u>6,073,753</u>
Vehicle costs:				
Maintenance and repairs/tires	1,488,089	651,039	651,039	2,790,167
Fuel	576,885	252,388	252,388	1,081,661
Insurance/licensing	34,490	15,090	15,090	64,670
Depreciation	387,766	169,647	169,647	727,060
	<u>2,487,230</u>	<u>1,088,164</u>	<u>1,088,164</u>	<u>4,663,558</u>
Materials and supplies:				
Personnel/safety supplies	38,238	16,730	16,730	71,698
Tools and parts	27,708	12,123	12,123	51,954
Office/administrative supplies	10,678	4,672	4,672	20,022
Training	106	47	47	200
Miscellaneous repairs/services	30,665	13,416	13,416	57,497
Communications	10,676	4,670	4,670	20,016
	<u>118,071</u>	<u>51,658</u>	<u>51,658</u>	<u>221,387</u>
Interest on vehicle loan	43,165	18,885	18,885	80,935
Property lease	19,094	8,353	8,353	35,800
Total expenditures	<u>\$ 5,906,893</u>	<u>\$ 2,584,270</u>	<u>\$ 2,584,270</u>	<u>\$ 11,075,433</u>
Statistical information (unaudited):				
Actual tonnage in metric tonnes	26,002	9,398	20,461	55,861
Actual cost per tonne	\$227.17	\$274.98	\$126.30	\$198.27

CITY OF OTTAWA

In-House Waste Collection - Zone 5

Schedule of Expenditures by Waste Stream (continued)

Schedule 4

For the year ended May 31, 2024, with comparative information for 2023

	Actual 2023			
	Garbage	Recycling	Organics	Total
Labour costs:				
Salaries	\$ 1,520,122	\$ 898,255	\$ 898,255	\$ 3,316,632
Overtime	366,589	216,620	216,620	799,829
WSIB costs	17,486	10,333	10,333	38,152
Employer benefit contributions	426,487	252,014	252,014	930,515
	2,330,684	1,377,222	1,377,222	5,085,128
Subcontracted labour	313,693	185,365	185,365	684,423
	2,644,377	1,562,587	1,562,587	5,769,551
Vehicle costs:				
Maintenance and repairs/tires	806,436	699,748	699,748	2,205,932
Fuel	542,974	270,974	270,974	1,084,922
Insurance/licensing	28,600	13,771	13,771	56,142
Depreciation	431,648	—	—	431,648
	1,809,658	984,493	984,493	3,778,644
Materials and supplies:				
Personnel/safety supplies	41,022	24,241	24,241	89,504
Tools and parts	19,023	11,240	11,240	41,503
Office/administrative supplies	6,604	3,903	3,903	14,410
Training	46	27	27	100
Miscellaneous repairs/services	261,747	18,653	18,653	299,053
Communications	8,800	5,201	5,201	19,202
	337,242	63,265	63,265	463,772
Interest on vehicle loan	5,527	3,265	3,265	12,057
Property lease	16,408	9,696	9,696	35,800
Total expenditures	\$ 4,813,212	\$ 2,623,306	\$ 2,623,306	\$ 10,059,824
Statistical information (unaudited):				
Actual tonnage in metric tonnes	27,027	11,426	19,588	58,041
Actual cost per tonne	\$178.09	\$229.59	\$133.92	\$173.32