

Single-tier waste plan?

By BRAD REAUME
Special to The Independent/Free Press

A consensus approach to single-tier waste management was presented to Halton Region's planning and public works committee at their May 25 meeting.

Halton's commissioner of public works Art Leitch, and commissioner of finance Joe Rinaldo spearheaded the report, which was put together after consultations with public works and financial directors of the four area municipalities.

"We're looking at disentangling services and streamlining local government. We see single-tier waste management as a way to generate savings and produce more accountability," Rinaldo told the committee.

A single-tier approach is expected to result in a minimum 10 per cent savings, according to Leitch. The \$340,000 of savings could be redirected into other programs or returned as a reduction in taxes, the committee heard.

An integrated approach would result in a single collection for both garbage and blue box services, it would eliminate duplication of regional and local service, and make it easier to reach the provincial standard of 50 per cent of material diverted from landfills, according to the report.

The plan calls for integration of present services on January 1, 1995 with no change in the current collection system, unless locally determined for a one year period.

In addition local costs will continue to determine charges, rather than creating a region-wide waste management levy.

However, service levels will be evaluated and a regional standard eventually applied. Local municipalities could increase that level by paying the associated costs, the report says.

As well, the region will investigate a user-pay system to foster individual accountability for waste volumes.

Committee members voiced several concerns on specifics of the plan but were in general agreement.

"It's critical that some specifics be spelled out before we go ahead with this," said Burlington councillor Bob Brechin. "We've had a lot of trouble with yard and leaf waste and could turn the whole region into a trash bin if we're not careful."

Halton Hills councillor Rick Bonnette said he was "not as enthusiastic" with the idea, and agreed with Brechin about addressing specifics in a future debate.

Regional staff tried to lessen councillor's concerns. Rinaldo downplayed reservations about the specifics of the plan, saying the year-long transition period would give council ample time to determine their direction. He also explained investigation into the user pay system did not commit Halton to it.

Rinaldo added that he considered the savings estimate of 10 per cent extremely conservative.

Bonnette voiced his concerns of possible layoffs for current Halton Hills employees.

"In his long term we don't know exactly what will happen," said Leitch to questions of future employment and plan specifics.

"Employees will have a one-year guarantee, which is better than any other municipal employee."

"We didn't lay off due to social contract cuts, I don't think we'll be forced to lay off because of this."

Milton mayor Gord Krantz raised the possibility of rural garbage collection, which Oakville currently provides, saying there's a "good chance" Milton will implement a similar program.

He was concerned with specifics surrounding rural collection.

"I wholeheartedly support this move," said regional chair Peter Pomeroy.

"This isn't for the faint of heart, there will be opposition. We can reduce costs without any magic at all. If we can't make local government \$3-4 million more efficient, then we shouldn't be here."

THE HALTON BOARD OF EDUCATION

1993 Financial Statements & Auditors' Report

BALANCE SHEET AS AT DECEMBER 31, 1993

	1993	1992
Assets		
Current Assets		
Cash	\$ 4,365,642	\$ —
Short-term investment	8,000,000	5,000,000
Accounts Receivable - Other	7,488,677	2,155,691
Prepaid expense	151,572	125,114
Total Current Assets	20,005,891	7,280,805
Due from Ministry of Education - OFA Loans	228,047	—
Capital Outlay to be recovered in future years	73,825,546	63,445,167
Other Assets - Deferred Charges (Note #6 & 7)	2,578,512	1,729,377
Total Assets	\$ 96,637,996	\$ 72,455,349
Liabilities		
Current Liabilities		
Bank and other short-term borrowing	\$ —	\$ 1,525,692
Accounts Payable & accrued liabilities		
Municipalities		
Over-requisition - elementary	4,494,069	2,548,009
Over-requisition - secondary	3,202,205	1,959,174
Other	9,113,044	4,545,652
Due to Trust Funds	2,812,668	2,582,017
Other current liabilities	671,052	522,109
Total Current Liabilities	20,293,038	13,682,653
Loans Payable to the Ontario Financing Authority	228,047	—
Net Long-Term Liabilities (Note #3)	72,672,942	56,957,032
Reserve for working funds - specific	447,444	686,100
Equity in reserve funds	1,506,263	859,187
Unexpended Capital Funds	1,490,262	270,377
Total Liabilities & Funds	\$ 96,637,996	\$ 72,455,349

REVENUE FUND STATEMENT OF OPERATIONS FOR THE YEAR ENDED - DECEMBER 31, 1993

	ELEMENTARY		SECONDARY	
	1993	1992	1993	1992
Expenditure				
Business Administration	\$ 1,337,587	\$ 1,198,951	\$ 1,338,362	\$ 1,198,951
General Administration	540,999	702,846	536,482	699,371
Computer Services	915,319	931,668	867,690	884,331
Instruction	121,274,251	121,234,402	101,243,573	102,222,324
Plant Operation	11,419,540	11,548,604	9,681,754	9,845,119
Plant Maintenance	3,031,453	3,269,340	2,244,586	2,644,477
Transportation	5,735,295	5,903,293	2,362,153	2,673,574
Tuition Fees	274,200	207,093	4,632,669	4,197,569
Capital Expenditures (non-allocable)	450,448	2,861,085	6,382,175	7,164,688
Debt Charges & Capital Loan Interest (Note #4)	6,082,045	5,964,438	4,229,309	3,854,775
Other Operating Expenditure	1,574,015	2,152,574	5,321,595	4,564,794
Non-Operating Expenditure - excluding transfers to reserves	1,484,492	1,062,373	1,222,159	874,930
Total Expenditure	\$154,119,644	\$157,036,667	\$140,062,507	\$140,824,903
Recovery of Expenditure				
Other School Boards - Tuition Fees & Miscellaneous	138,988	257,675	12,063,136	12,344,105
Government of Ontario	743,869	672,098	369,125	380,757
Social Contract Savings Reimbursement (1,032,204)	—	—	(881,079)	—
Government of Canada	43,700	40,652	1,954,449	541,411
Individual - Tuition Fees	65,243	57,867	782,800	912,191
Other Revenue, excluding transfers from reserves	1,059,996	1,049,742	1,275,748	1,105,602
Total Recovery of Expenditure	1,019,592	2,078,034	15,564,179	15,284,066
Net Expenditure	\$153,100,052	\$154,958,633	\$124,498,328	\$125,540,837
Financing of Net Expenditure				
Government of Ontario - General Legislative Grants	\$ 40,170,364	\$ 43,139,482	\$ 30,302,526	\$ 33,135,458
Local Taxation				
Previous year's over-requisition	2,548,009	1,121,813	1,959,174	3,172,101
Local taxation raised in the current year	114,977,934	112,320,261	95,698,889	90,460,918
(Increase) decrease in reserves	(102,186)	925,086	(260,056)	731,534
	117,423,757	114,367,160	97,398,007	94,364,553
To be applied to the following year's taxation				
Net over-requisition	(4,494,069)	(2,548,009)	(3,202,205)	(1,959,174)
Total financing of Net Expenditure	\$153,100,052	\$154,958,633	\$124,498,328	\$125,540,837

CAPITAL FUND STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1993

	1993	1992
CAPITAL EXPENDITURE		
Fixed Assets & Work in Progress		
Buildings, Furniture & Equipment	\$ 21,655,993	\$ 15,237,892
School Sites & Improvements to Sites	560,958	2,095,447
	22,216,951	17,333,339
Less Federal Sales Tax Refund	—	(5,351)
Total Capital Expenditure	\$ 22,216,951	\$ 17,327,988
CAPITAL FINANCING		
Unexpended Funds at Beginning of Year (Balance at beginning of year not permanently financed)		
- Elementary	\$ 270,377	\$ (1,451,425)
- Secondary	(6,488,135)	(2,069,263)
Long Term Liabilities Issued & Sold	19,954,281	2,593,500
Capital Expenditure from Revenue Fund	8,818,086	12,037,418
Balance at end of year not permanently financed (Unexpended Funds at end of year)		
- Elementary	1,152,604	(270,377)
- Secondary	(1,490,262)	6,488,135
Total Capital Financing	\$ 22,216,951	\$ 17,327,988

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1993

1. ACCOUNTING PRINCIPLES

The financial statements have been prepared by the Board using accounting principles that are prescribed by the Ministry of Education & Training and are considered appropriate for Ontario School Boards. These principles are in accordance with generally accepted accounting principles except as follows:

- Accrual Accounting** - Revenue and expenditure are accounted for on the accrual basis of accounting with the following exceptions:
 - No provision is made for interest on unmatured debenture debt from the date of payment to the year-end.
 - No provision is made to record the liability for retirement and/or sick leave benefits accruing over the working lives of employees.
- Capital Assets** - Capital assets are expensed unless they are to be financed by long-term debt. Principal and interest charges on net long-term liabilities are included as expenditures in the period due. Capital assets, including capital leases, described as capital outlay to be recovered in future years, are included on the balance sheet only to the extent of the balances of the related net long-term liabilities outstanding and of the related temporary financing at the year-end.
- Reserves and Reserve Funds** - Reserves and reserve funds represent funds appropriated for general and specific purposes and are charged or credited to Revenue Fund Operations in the year appropriated or drawn down. The amounts in Reserves and Reserve funds are approved by the Board and are within the limits defined in the Education Act.
- Under/Over Requisition of Taxes** - The difference between the net expenditures of any year and the amounts received to finance these expenditures is carried forward to the subsequent year to either increase or reduce the net revenue requirement from ratepayers.
- Deferred Charges** - Computers purchased for administrative purposes are stated at cost less amortization. Amortization is on a blended monthly basis over four to five years. The Workers' Compensation Board's special assessment for the Board to change from a Schedule 1 to Schedule 2 employer is stated at cost less amortization. Amortization is on a blended monthly basis over four years.

2. RETIREMENT GRATUITY PLANS

The Retirement Gratuity Plans established by the Board provide for the payment of a gratuity to employees who have a minimum of ten consecutive years service with the Board immediately prior to retirement on pension by reason of age or ill health. The amount of gratuity payment is determined by the employee's years of service, number of cumulative sick leave days and annual salary. The benefit payable to an employee is equal to the lesser of fifty per cent of his/her annual salary or a maximum amount as set forth in the terms and conditions of employment.

Retirement gratuities paid in respect of employees who retired in 1993 - \$2,109,067 (1992 - \$1,476,876).

The estimated unfunded liability of the plans at December 31, 1993 of \$6,250,000, is based on the liability which would occur if all employees who were entitled to a gratuity had retired at the end of 1993. Gratuities totalling \$42,048 were charged to a reserve fund and the balance was charged to current expenditures. The reserve fund balance at December 31, 1993 was nil (1992 - \$39,978).

3. NET LONG-TERM LIABILITIES

Of the net long-term liabilities outstanding of \$72,672,942, principal amounting to \$25,665,743 plus interest amounting to \$33,317,455 is payable over the next five years as follows:

	Principal	Interest	Total
1994	4,540,740	7,356,079	11,896,819
1995	4,785,810	7,036,676	11,822,486
1996	5,327,247	6,699,506	12,026,753
1997	5,511,467	6,381,860	11,893,327
1998	5,500,479	5,843,334	11,343,813

4. DEBT CHARGES AND CAPITAL LOAN INTEREST

The Revenue Fund expenditure for debt charges and capital loan interest includes principal and interest payments as follows:

	Elementary	Secondary
Principal payments on long-term liabilities including contributions to sinking funds	\$2,072,866	\$1,610,606
Interest payments on long-term liabilities	3,958,422	2,247,853
Interest payments on temporary financing of capital projects and debenture issuance costs	50,757	370,850
	<u>\$6,082,045</u>	<u>\$4,229,309</u>

5. PENSION PLAN COSTS

Certain non-teaching employees of the school board are eligible to be members of the Ontario Municipal Employees Retirement System which is a multi-employer final average pay contributory plan. Employer contributions made to the plan during the year by the Board amounted to \$1,576,666 (1992 - \$1,534,509). Those amounts have been included in expenditure reported in the Revenue Fund Statement of Operations.

Not shown in the financial statements of the Board are the employer's contributions to the Teachers' Pension Plan. The funding for such is provided directly by the Provincial Government.

6. WORKERS' COMPENSATION INSURANCE

During the year the Board resolved to become self-insured for future compensation expenditures payable to its employees under the Workers' Compensation Act. In accordance with the terms of that undertaking the Board incurred a special assessment in respect of prior claims at an estimated amount of \$1,939,947 which, as approved by the Ontario Municipal Board, is being amortized over the four year period 1993 to 1996.

7. DEFERRED CHARGES

Deferred charges, which are reported on the balance sheet as "Other Assets", comprise the unamortized portion of computer hardware and software for administrative purposes purchased after 1989 and the unamortized portion of the Workers' Compensation Board's special assessment referred to in Note 6. The cost of computer hardware and software purchased in 1993 was \$32,700 and amortization charged to the Revenue Fund for the year was \$546,661 (1992 - \$475,964). The cost of the Workers' Compensation Board's special assessment was \$1,939,947 and amortization charged to the Revenue Fund for the year was \$485,000. At the year-end, deferred charges comprise \$1,123,565 in respect of unamortized computer costs and \$1,454,947 in respect of the unamortized portion of the W.C.B. special assessment.

AUDITORS' REPORT

To the Trustees of The Halton Board of Education

We have audited the Balance Sheet of The Halton Board of Education as at December 31, 1993, the Revenue Fund Statement of Operations and the Capital Fund Statement of Operations for the year then ended. These financial statements are the responsibility of the school board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As explained in note 6, the Board is amortizing the Workers' Compensation Board special assessment over a four year period. Generally accepted accounting principles require that such expenditure be recorded in the year it is incurred. Had the expenditure been recorded entirely in 1993, net expenditure would have been increased and the over-requisition carried forward to 1994 would have been reduced by \$1,454,947.

In our opinion, except for the non-observance of generally accepted accounting principles and the effects thereof described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1993 and the results of its operations for the year then ended in accordance with the accounting principles described in note 1 to the financial statements.

Hamilton, Canada
March 16, 1994

MacGILLIVRAY PARTNERS
CHARTERED ACCOUNTANTS