SOUTHWEST NEW BRUNSWICK SERVICE COMMISSION

2016 ANNUAL REPORT

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"The Southwest New Brunswick Service Commission is dedicated to providing effective and efficient services to our Region."

www.snbsc.ca

Joint Message from the Chair and the Executive Director:

April 27, 2017

Dear Southwest New Brunswick Service Commission Stakeholders;

On behalf of the Board of Directors and the staff of the commission, we are pleased to provide the public with our comments regarding this Commission's fiscal year of 2016. In particular, we would like to highlight a few items that don't show up in the Annual Report but were significant.

This past year was a municipal election year, and our region saw a number of changes in mayorships which in turn changed the representation at our Board table and delayed the election of our Board executive officers until July of 2016. It also necessitated the refilling of committees. As a result of this, the Board elected a new Chair, Joyce Wright, while it retained its past Vice-chair, Garry Christie, and its past Executive-Officer-at-Large, Terry James, in those roles. Winston Gamblin was also elected as the Board's new Parliamentarian as a direct result of the changes in the mayors sitting at the Board table.

The Board has become a much more united and invigorated body over the past fiscal year, and has become more focused on the mandated work it has been assigned. While there weren't any home runs, there were a number of base hits which we would like to highlight.

One of the major pieces of work that the Board took on in 2016, through an Ad Hoc committee, was an updating and revision of its procedural bylaws. While to many this may seem a small and mundane matter, in actual fact it was no minor endeavor, involving many hours of work by the committee members. It was seen as imperative to ensure that there was little room for ambiguity in interpretation of such a critical governance document. That lengthy and time consuming work was completed and the Board embraced the changes wholeheartedly.

Another important piece of work done by the Board was to prepare and deliver a written series of recommendations to the new Minister of Environment and Local Government, Serge Rousselle. The Minister met with all twelve regional service commissions for this purpose, as there have been legitimate criticisms of the commissions and their ability to do the job that they were envisioned to do. This Board worked hard to answer in great detail the five questions the minister provided and for which he was looking for feedback. We are also pleased to report to you that this Board did not hold back in addressing the real issues that hobble the commissions across this province. The frankness of our approach was well received by the Minister and his entourage. The process and results of the Minister's initiative have taken some twists and turns since that day, but our understanding is that the combined input of all of the service commissions, and the resulting recommendations coming from the consultant that they hired, will be released to the public at any time. We remain hopeful that the Minister and the Gallant Government will take reform and restructuring of the service

commission model very seriously and thereby enable the service commissions to reach the potential envisioned by their creators.

The Board also supported a couple of smaller initiatives that the public may have noticed. First, it provided the financial means for our EMO Committee to create and distribute an Emergency Preparedness flyer to all households across our region. In fact, there was a copy of it in each of these Annual Reports that were distributed at the AGM. Given that this region seems to get an inordinate amount of severe weather events, we are hopeful that this simple project has helped our population be better prepared for the power outages and other difficulties that invariably happen here.

Another initiative, this time by our Community Policing Committee, was also financially supported by this Board. A speed sign was purchased and will be used across our region in places where speeding vehicles are a problem. For those of you not familiar with these type of signs, they sit at the side of the road, and flash up onto a screen the speed you are going as you pass it, letting you know if and when you are going over the speed limit of that location. This tool was strongly recommended after much work by the CPC, and we as a Board were pleased to help ensure that public safety is taken seriously within our region.

Other work by the Board did not always yield such good news. Work by our committees put the spotlight on our recycling program in 2016. Concerns about revenues not meeting expenses for the program were raised, and work is ongoing to find a solution to that problem.

Similarly, this region is ground zero for a rabies outbreak within this province. As a result of an excellent presentation from the Department of Agriculture on this issue, the Board is pursuing the government to ensure that the current eradication program continues to be funded and carried out. That strategic program has shown itself to be effective in controlling the problem thus far, and so it continues to be needed until the health threat of rabies is eliminated.

In closing, I would like to thank all our Board members and our Committee members, especially those committee members who are not Board members, for their hard work over the past year. We as a Board depend heavily on the work of our many committees to help this commission move forward as best we can. That is a difficult job at the best of times, but without strong committees we would not be able to do our work properly.

We extend our thanks to the staff of the commission for their work as well. Their contribution is often behind the scenes, but it is critical to the success of this commission.

Lastly, we wish to thank the public for its understanding and patience as this Commission's Board has transitioned into what you see before you today. We want all to know that this Board and this Commission are doing their level best to do our jobs well and show value to the public. We are working very hard to fulfill the duties that are

set out for the Commissions, and strive to do them with excellence and genuine cooperation. We do so always with respect for our tax-paying citizens who are at the heart of everything we do. After all, each of us at the Board table are citizens of this region, and are therefore affected by every decision we make as a Board.

However, the public should also be fully aware that much of the responsibility for lack of progress, or delays in progress, on any number of fronts, both by this commission and others across the province, is directly related to the lack of empowerment of the commissions by the Province. Until that situation changes significantly, the public should not expect dramatic change and the associated cost savings that were promised and expected when the Regional Service Commission model was implemented in New Brunswick.

Sincerely,

Joyce Wright
Chair, Board of Directors

Frank Tenhave
Executive Director

Values and Priorities:

As outlined in last year's Annual Report, this regional service commission continues to operate under the guiding principles outlined in the 2013 document; *"Report to the Southwest New Brunswick Service Commission: Priority Setting Workshop Outcome and Findings – Part I and II"*, which was unanimously endorsed by the Board of the day.

It is worth noting that priority items established back in 2013 continue to have currency even today. For example such items as tourism and economic development continue to bubble up from time to time despite the commissions not having assumed any mandate in those areas. There has been a great deal of effort put into the creation of a rural bus service for this region – without success thus far. This effort included a major educational and lobbying effort with elected MLAs and MPs. Even land-use planning has received attention in that the commission employed a part-time planner during 2016 as a means to begin work in this important area. As always, prudent management of the taxpayer's money remains a priority with this commission to the point that tax increases are approached as a last resort in all our deliberations.

The Key Values of the commission as identified in that document are;

Honest, trustworthy;

Accountable, responsible, open, transparent;

Integrity;

Risk-taking, innovative, visionary;

Making a difference; Leadership

Similarly, the priorities identified in that document continued to form part of the focus of the commission's work. Those Priorities are;

1) Maintain an affordable, balanced budget

2) Review and determine asset amalgamation and other cost-sharing opportunities within Emergency Services (Police, Fire and Emergency, such as off-road rescue)

3) Increase regional lobbying efforts and work toward improved rapport with the Region's MPs and MLAs.

4) Seek ways to expand existing partnerships to improve the region's Tourism marketing

5) Continue discussions focused on - regional transportation, economic development and land-use planning

Governance:

As prescribed by a formula in the legislation that created the Regional Service Commissions, the Southwest New Brunswick Service Commission has a 17 member Board of Directors which cumulatively speaks for the entire region and all its residents. Irrespective of the location they come from, Board members are duty bound to come to the Board table to work in the best interest of the region as a whole.

2016 Board Members:

Carla Brown, LSD Advisory Committee Chair for St. David

Dennis Green, Mayor of the Village of Grand Manan

Ken Stannix, Mayor of the Village of McAdam

James Tubbs, LSD Advisory Committee Chair for Dumbarton

Garry Christie, LSD Advisory Committee Chair for St. Patrick

Allen MacEachern, Mayor of the Town of St. Stephen

David Szemerda, LSD Advisory Committee Chair for Pennfield

Crystal Cook, Mayor of the Town of St. George

Doug Naish, Mayor of the Town of St. Andrews

Stephen Smart, Mayor of the Rural Community of Campobello Island

Heather Hatt, LSD Advisory Committee Chair for Fundy Bay

Terry James, Mayor of the Village of Blacks Harbour

Joyce Wright, LSD Advisory Committee Chair for Dennis Weston

Wade Greenlaw, LSD Advisory Committee Chair for Dufferin

Winston Gamblin, Mayor of the Village of Harvey

Dennis Blair, LSD Advisory Committee Chair for McAdam

Annette Townes, LSD Advisory Committee Chair for St. James

In order to ensure that all jurisdictions can have consistent representation at Board meetings, the provincial government has stipulated that all Deputy Mayors can act as an Alternate for their mayor at meetings of the Board. They were;

2016 Municipal Alternates:

David Mahar, Deputy Mayor of Blacks Harbour

Robert Moses, Deputy Mayor of Grand Manan

Taylor Gallant, Deputy Mayor of McAdam

Faith Avery, Deputy Mayor of St. George

Richard Corey, Deputy Mayor of Harvey

Edie Bishop, Deputy Mayor of St. Andrews

Jason Carr, Deputy Mayor of St. Stephen

Kevin Sawtelle, Deputy Mayor of Rural Community of Campobello Island

Two additional LSD Advisory Committee Chairs were designated to act as Alternates for any LSD member on the Board that is not able to attend. They were;

2016 LSD Alternates:

Doug Rowlands, LSD Advisory Committee Chair for Lepreau

Kathy Curtis, LSD Advisory Committee Chair for St. James

Committees:

The Commission is required to form Standing Committees and may have a variety of other Optional Committees as it deems necessary. All of these committees are growing in importance in getting the commission's business completed in a timely fashion. The following are the 2016 list committees for this commission;

- Finance and Audit Committee
- Human Resource Committee
- Community Policing Committee
- Planning Management Committee
- Technical Advisory Committee
- Executive Committee
- EMO Planning Partnership Committee
- Ad Hoc Procedural Bylaws Review Committee

These committees meet as often as the business they are tasked with requires, with some meeting monthly or more frequently while others meet only two or three times during the year. All committees have the mandate to make recommendations to the Board but it is only the full Board that has the power to approve and enact the recommended actions coming from committees.

The One Exception: The Planning Review and Adjustment Committee (PRAC)

Unlike all the other committees that are under the normal control of the Board, this Board has only administrative responsibility for this committee. It operates under its own set of Procedural Bylaws as prescribed by the Province. The administrative responsibility of the commission is to;

1) ensure that this committee is in place, it has its positions filled, and it is carrying out its duties

2) perform the accounting and financial management required for such a committee to operate

3) be the mechanism through which the PRAC can adjust its bylaws in order to better fulfil its mandate

This is a totally independent committee that is tasked with providing arm's length review and decision-making on land-use planning issues within our region, with this commission having no influence on those decisions. Currently our PRAC provides such services to only the unincorporated areas (both LSD and unorganized) within our region.

Mandate and Progress:

The Regional Service Commission structure was put in place with a clearly defined mandate set out by the Provincial Government, specifically the Department of Environment and Local Government. Similar to last year, again it should be noted that, beyond the pre-existing planning and solid waste services that were absorbed into the new commission structures, the commissions have no authority from the Province enabling them to force any fundamental changes or "additional" services within their regions. Currently any such initiatives require the "voluntary" participation and approval of the Board. The following, taken directly from documentation prepared by the Department of Environment and Local Government, describes what the commissions are responsible for delivering followed by a commentary regarding where this commission is relative to it:

Regional Planning

The Regional Service Commissions are responsible for the development of a Regional Plan, the aim of which is better-coordinated and managed development and land use within each of the 12 regions.

- Similar to the report made last year, the Southwest New Brunswick Service Commission continues to consider the creation of a regional plan to be a critically important component for enabling this commission to be much more effective.
- However, for a third year this item, which was formerly a priority with the Province when the commissions were set up, remains in limbo. Without any clear direction from the Province, nothing further can be done on this mandated service. This impacts the ability of the commission to make progress on a number of other fronts.

Local Planning in Local Service Districts

The Regional Service Commissions provide land use planning services to all Local Service Districts.

- The Southwest New Brunswick Service Commission continues to provide building inspection and development services to our unincorporated areas only.
- In addition this commission hired a part-time planner during 2016. The planner began work on such things as assembling information about the existing rural plans across our region, determining commonalities and so on. In addition

preliminary work related to climate change and mitigation was begun. All of this work is of value irrespective of the future of regional planning.

Solid Waste Management

The Regional Service Commissions provide solid waste disposal services to the Municipalities, Rural Communities and Local Service Districts within their respective regions, a role previously performed by the Solid Waste Commissions.

- The Southwest New Brunswick Service Commission continues to provide solid waste services to our region via the Hemlock Knoll landfill. This facility also provides services to customers in the Saint John River Valley (RSC12) as well as to customers in Maine. Tonnage from these customers located outside of our region plays a critical role in maintaining the current cost structure for operating this capital intensive business.
- Opportunities to expand this outside business resulted in a modest increase in tonnage during 2016 from both the US and the River Valley areas. The situation in Maine (Bangor) remains cloudy with the two competing solid waste proposals battling over sole jurisdiction. This may result in our landfill remaining a viable option and thus our tonnage from eastern Maine could continue to increase.
- As indicated last year, the current funding model for the Hemlock Knoll landfill is under stress. This is primarily due to the successful recycling initiatives that have diverted ever increasing amounts of waste out of the landfills and to the general decline in waste volume, which is a reflection of the economy at this time. This has resulted in declining tipping fees coming in to pay the costs of this capital-intensive solid waste disposal service while increasing the costs of the recycling service. This issue was under active discussion by the Board during 2016 but much more work is needed before any decision can be made.

Regional Policing Collaboration

The Regional Service Commissions serve as a forum through which the effectiveness and efficiency of policing services is reviewed and evaluated on a regional basis.

- The Southwest New Brunswick Service Commission has had a Community Policing Committee in place very early in its existence. It is modelled after a structure that was in place in the greater Fredericton area for many years prior to the creation of the RSC s. This committee has been very effective in identifying issues of concern within the region and providing input to the region's police force (RCMP) regarding these concerns.

- At the recommendation of this committee and with the approval of the commission Board, a speed sign (a sign with a radar system embedded in it) was purchased by the commission for the use of the CPC. This item is expected to be of great value in encouraging the public to obey the posted speed limits and lower the potential for accidents and related threats to public safety.

Regional Emergency Measures Planning

The Regional Service Commissions serve as the vehicle through which Municipalities, Rural Communities and Local Service Districts can plan, coordinate and pool resources on a regional basis in order to enable effective responses to emergencies.

-The Southwest New Brunswick Service Commission has an active EMO Planning Partnership Committee which continues to expand its area of work in response to both public and committee member ongoing concerns, especially in the area of communications and public education.

- Late in 2016, through funding that was approved by the commission's Board, it designed and produced an Emergency Preparedness flyer. These flyers were distributed to every household within the footprint of this commission. The flyer was designed to be kept close at hand as it provides both useful telephone numbers needed during emergencies and a guide to ensure that residents have the needed provisions on hand to help them cope with an emergency. The value of this to the public is considered to be very significant as this region is particularly hard hit by weather related power outages and so on. (A flyer is included as an insert in this Annual Report).

Regional Sport, Recreational, and Cultural Infrastructure Planning and Cost-Sharing

The Regional Service Commissions are responsible for facilitating the planning and cost sharing of major sport, recreational and cultural facilities within each of their respective regions.

- The Southwest New Brunswick Service Commission has briefly looked at this service but given the differing opinions at the Board table, it has not yet reached any agreement on what, if any, role it will play in this service at this time. This issue may come back to the Board table in the near future for further discussion.

- This current situation illustrates the voluntary nature of commissions and if the Board chooses not to pursue this portion of its mandate at this time that is its prerogative. However, based on information Board members have relayed, it is expected that this issue will return to the Board table in 2017.

Additional Services

The Regional Service Commissions can also provide other services as supported by their member communities on either a regional (all commission members) or sub-regional basis (one or more interested members, depending on the service).

- As indicated last year, the Southwest New Brunswick Service Commission continues to work closely with its affiliated Transportation Committee and has been a partner in investigating the demand and feasibility of a rural bus service that would initially serve the coastal area (along Route 1) and connect to Saint John.

- This transportation initiative which resulted in the formation of Southwest New Brunswick Transit Authority and this entity has been the one leading the effort to establish a rural service here. Much work was done but in summary it is dependant on funding from the two levels of government. The province has made a funding commitment (without a hard and fast number) while the Federal government is waiting a change in funding guidelines to be revealed within the Federal budget. Given this, the project was put in neutral as it awaits the outcome of the Federal budget.

- No other collaborative projects were pursued in 2016.

Service Arrangements

As reported last year, the Southwest New Brunswick Service Commission continued to explore potential cost savings opportunities and agreements with our communities for cost sharing on services and infrastructure.

- As villages and towns become even more financially challenged, their cost reduction needs become more pressing. The commission may be able to provide some lower cost services to them than they can provide themselves. Some examples might include; accounting services, payroll services, legal services, and so on.

- However, it should be noted that these possibilities have been explored more than once by this commission. There is difficulty in finding a critical base of demand for such services (i.e. revenue stream) upon which to justify the hiring of additional staff to meet limited specific needs. This has been a barrier to progress on that front thus far in this commission's history.

- Similarly, there have been preliminary discussions with other commissions about possible shared services as a means to provide a service to our region at a lower cost than could be provided by this commission alone. Those discussions are ongoing and it is hoped that such an opportunity might be identified soon.

Collaboration on Regional Issues

One of the most important roles of the Southwest New Brunswick Service Commission is to collaborate on regional issues and service decisions. During 2016 the commission pursued the issue of rising policing costs. Unfortunately an expected presentation on this issue by the Department of Public Safety to our Board did not happen but is expected in early 2017.

2016 Meeting Attendance:

Community	Representative	Attendance
Town of St. Andrews	Doug Naish	6 of 12
	Edie Bishop	0 of 12
	Stan Choptiany	5 of 12
	Catherine Akagi	1 of 12
Town of St. George	Crystal Cook	4 of 12
	Faith Avery	0 of 12
	Sharon Tucker	5 of 12
	Derek Hatt	0 of 12
Town of St. Stephen	Allan MacEachern	7 of 12
	Jason Carr	0 of 12
	John Quatermain	0 of 12
Village of Blacks Harbour	Terry James	11 of 12
	David Mahar	0 of 12
	Natalie Harris	0 of 12
Village of Grand Manan	Dennis Greene	1 of 12
	Robert Moses	3 of 12
Village of Harvey	Winston Gamblin	11 of 12
	Richard Corey	0 of 12
	Ronald Goodine	0 of 12
Village of McAdam	Kenneth Stannix	6 of 12
	Taylor Gallant	0 of 12
	Frank Carroll	6 of 12
	Greg Swim	0 of 12
Campobello Island Rural Community	Stephen Smart	0 of 12
	Kevin Sawtelle	0 of 12
Local Service Districts	Annette Townes	12 of 12
	Carla Brown	12 of 12
	David Szemerda	10 of 12
	Dennis Blair	11 of 12
	Douglas Rowland	3 of 12
	Garry Christie	11 of 12
	Heather Hatt	9 of 12
	James Tubbs	11 of 12
	Joyce Wright	12 of 12
	Kathy Curtis	0 of 12
	Wade Greenlaw	10 of 12

2016 Board Member and Alternates Expenses:

Board Members	Representing	Per diems paid 2016	Expenses paid for 2016	Total per diems & expenses for 2016
Allen MacEachern	Town of St. Stephen	$900.00	$295.20	$1,195.20
Annette Townes	Local Service District	$1,725.00	$464.84	$2,189.84
Carla Brown	Local Service District	$1,550.00	$887.24	$2,437.24
Crystal Cook	Town of St. George	$400.00	$213.20	$613.20
David Szemerda	Local Service District	$675.00	$492.00	$1,167.00
Dennis Blair	Local Service District	$1,875.00	$1,240.32	$3,115.32
Doug Naish	Town of St. Andrews	$700.00	$287.00	$987.00
Frank Carroll	Village of McAdam	$850.00	$1,513.31	$2,363.31
Garry Christie	Local Service District	$1,600.00	$1,162.68	$2,762.68
Heather Hatt	Local Service District	$1,000.00	$824.04	$1,824.04
James Tubbs	Local Service District	$1,300.00	$432.60	$1,732.60
Joyce Wright	Local Service District	$1,825.00	$570.63	$2,395.63
Kenneth Stannix	Village of McAdam	$850.00	$209.10	$1,059.10
Sharon Tucker	Town of St. George	$500.00	$541.78	$1,041.78
Stan Choptiany	Town of St. Andrews	$600.00	$414.45	$1,014.45
Terry James	Village of Blacks Harbour	$1,650.00	$1,795.10	$3,445.10
Wade Greenlaw	Local Service District	$1,775.00	$751.20	$2,526.20
Winston Gamblin	Village of Harvey	$1,350.00	$709.60	$2,059.60

Alternates:

Douglas Rowlands	Local Service District	$550.00	$375.97	$925.97
Catherine Akagi	Town of St. Andrews	$100.00	$41.41	$141.41
David Mahar	Village of Blacks Harbour	$100.00	$127.10	$227.10
Robert Moses	Village of Grand Manan	$200.00	$170.80	$370.80

INDEPENDENT AUDITOR'S REPORT

To Members of Southwest New Brunswick Service Commission

Report on the Financial Statements

I have audited the accompanying financial statements of Southwest New Brunswick Service Commission, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of operations, consolidated statement of remeasurement gains and losses, consolidated statement of changes in net assets and consolidated statement of cash flows for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for the Public Sector, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the consolidated financial position of Southwest New Brunswick Service Commission as at December 31, 2016 and its changes in net assets, consolidated statement of operations, consolidated statement of remeasurement gains and losses, consolidated statement of changes in net assets and its consolidated statement of cash flows for the year then ended in accordance with Canadian Accounting Standards for the Public Sector.



Chartered Professional Accountant

Gagetown, New Brunswick
April 12,2017

Southwest New Brunswick Service Commission
Financial Statements
Year Ended December 31, 2016

Southwest New Brunswick Service Commission

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Year Ended December 31, 2016

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Southwest New Brunswick Service Commission
Consolidated Statement of Operations
Year Ended December 31, 2016

	2016		2015
	(Unaudited) Budget (Note 19)	Actual	Actual
Revenue			
Member charges	$ 1,276,024	$ 1,342,242	$ 1,285,457
Sales of services	2,115,400	2,707,139	2,387,696
Government transfers	22,000	21,782	14,607
Other revenues	6,700	6,720	6,720
Interest	45,000	61,254	68,708
Gain on sale of investments	-	84,451	45,761
Gain on disposal of tangible capital assets	-	-	95,786
	3,465,124	4,223,588	3,904,735
Expenditures			
Cooperative and regional planning services	99,123	84,088	81,480
Local planning services	413,710	377,266	344,428
Solid waste services	3,998,987	3,845,949	3,716,908
Loss on disposal of tangible capital assets		-	-
Loss on sale of investments		-	-
	4,511,820	4,307,303	4,142,816
Annual operating deficit	$ (1,046,696)	(83,715)	(238,081)
Accumulated operating surplus			
Beginning of year		12,157,580	12,395,661
End of year		$ 12,073,865	$ 12,157,580

See accompanying notes to the consolidated financial statements

Southwest New Brunswick Service Commission
Consolidated Statement of Remeasurement Gains and Losses
Year Ended December 31, 2016

	2016	2015
Unrealized gains (losses) attributable to:		
Foreign exchange	$ 1,553	$ 6,594
Portfolio investments	107,232	(35,649)
Amounts reclassified to the statement of operations		
Realized foreign exchange losses (gains)	(6,594)	(6,449)
Realized losses (gains) on portfolio investments	(84,451)	(45,761)
Net remeasurement gains (losses) for the year	17,740	(81,265)
Accumulated remeasurement gains (losses)		
Beginning of year	114,143	195,408
End of year	$ 131,883	$ 114,143

See accompanying notes to the consolidated financial statements

Southwest New Brunswick Service Commission
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
Financial assets		
Cash (Note 3)	$ 2,875,888	$ 3,025,304
Receivables		
General (Note 4)	371,697	426,793
Due from federal government and its agencies (Note 5)	36,608	19,004
Due from Province of New Brunswick (Note 6)	207,035	63,282
Portfolio investments (Note 7)	1,734,169	1,486,141
	5,225,397	5,020,524
Liabilities		
Accounts payable and accrued liabilities	242,437	249,978
Due to federal government and its agencies	18,639	25,390
Due to Province of New Brunswick	194,734	176,597
Closure and post-closure liability (Note 8)	1,725,234	1,562,318
	2,181,044	2,014,283
NET ASSETS	3,044,353	3,006,241
Non-Financial Assets		
Tangible capital assets (Note 15)	30,533,957	29,450,253
Accumulated amortization (Note 15)	(21,408,153)	(20,242,142)
	9,125,804	9,208,111
Inventory of supplies	15,435	17,055
Prepaid expenses	20,156	40,316
	9,161,395	9,265,482
ACCUMULATED SURPLUS	$ 12,205,748	$ 12,271,723
Accumulated surplus is comprised of:		
Accumulated operating surplus (Page 2)	$ 12,073,865	$ 12,157,580
Accumulated remeasurement gains (Page 3)	131,883	114,143
	$ 12,205,748	$ 12,271,723

See accompanying notes to the consolidated financial statements

On behalf of the Commission

Approved by:

Commissioner _____

Commissioner _____

Southwest New Brunswick Service Commission
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2016

	2016	2015
Annual operating deficit	$ (83,715)	$ (238,081)
Add (deduct) :		
Acquisition of tangible capital assets	(1,083,704)	(748,462)
Proceeds on disposal of tangible capital assets	-	95,786
Amortization of tangible capital assets	1,166,011	1,091,202
(Gain) loss on sale of tangible capital assets	-	(95,786)
Consumption of inventories	1,620	4420
Use of prepaid assets	20,160	12,034
	20,372	121,113
Net remeasurement gains (losses)	17,740	(81,265)
Increase (decrease) in net assets	38,112	39,848
Net Assets		
Beginning of the year	3,006,241	2,966,393
End of the year	$ 3,044,353	$ 3,006,241

Southwest New Brunswick Service Commission
Consolidated Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
Increase (decrease) in cash and cash equivalents		
Operating transactions		
Annual operating deficit	$ (83,715)	$ (238,081)
Loss (gain) on disposal of tangible capital assets	-	(95,786)
Loss (gain) on sale of investments	(84,451)	(45,761)
Amortization of tangible capital assets	1,166,011	1,091,202
Receivable - General	50,055	(22,549)
Receivable - Federal Government and its agencies	(17,604)	193,273
Receivable - Province of New Brunswick	(143,753)	(7,199)
Accounts payable and accrued liabilities	(7,541)	49,501
Due to federal government and its agencies	(6,751)	(4,877)
Due to Province of New Brunswick	18,137	14,735
Closure and post-closure liability	162,916	149,011
Change in inventory/prepaid expenses	21,780	16,454
	1,075,084	1,099,923
Capital transactions		
Acquisition of tangible capital assets	(1,083,704)	(748,462)
Proceeds on sale of tangible capital assets	-	95,786
	(1,083,704)	(652,676)
Investing transactions		
Proceeds on sale of investments	881,782	408,274
Purchase of investments	(1,022,578)	(477,559)
	(140,796)	(69,285)
Net (decrease) increase in cash and cash equivalents	(149,416)	377,962
Cash and cash equivalents		
Beginning of year	3,025,304	2,647,342
End of year	$ 2,875,888	$ 3,025,304

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2016

1. Purpose of the Organization

The Southwest New Brunswick Service Commission was established under the Regional Service Delivery Act and New Brunswick Regulation 2012-91 including limits of its regional boundaries .
Section 38 of the Regional Service Delivery Act came into force on January 1, 2013 which dissolved the former Southwest Solid Waste Commission and by Ministerial Order under section 41 transferred all assets, liabilities, rights, obligations, powers and responsibilities of the former regional solid waste commission to the regional service commission.
Section 45 of the Regional Service Delivery Act came into force on January 1,2013 which dissolved the former District Planning Commissions established under the Community Planning Act and by Ministerial Order under section 48 transferred all assets, liabilities, rights, obligations, powers and responsibilities of the former rural district planning commission to the regional service commission.
The business and affairs of the Commission is directed and controlled by a board of directors in accordance with Regional Service Delivery Act. The Board is comprised of (a) the mayors of each municicality or rural community and (b) where a member of the Commission is a local service district; at large representative chosen by and in accordance with New Brunswick Regulation 2012-109.

The Commission's mandate is as follows:

(a) To provide solid waste disposal services to municipalities and local service districts.
(b) To develop regional planning strategies that foster sustainable development practices, encourage a coordinated development between communities that influence and guide the placement of important infrastructure while serving as a tool for better protection, management and harmonization of urban and rural landscapes and resources.
(c) To provide land use planning services to all local service districts and any municipality that wants to receive the service.
(d) The Commission will be a source for communities to plan, coordinate and pool resources on a regional basis to enable a more effective response to emergencies.

2. Summary of significant accounting policies

The consolidated financial statements of the Commission are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of Public Sector Accounting (PSA) financial statements is on the financial position of the Commission and the changes thereto. The consolidated Statement of Financial Position includes all of the assets and liabilities of the Commission.

No other entities have been included in these consolidated financial statements.

Significant aspects of the accounting policies adopted by the Commission are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Commission and which are owned or controlled by the Commission.

Interdepartmental and organizational transactions and balances are eliminated.

2. Summary of significant accounting policies (continued)

Budget

The budget figures contained in these financial statements were approved by the Commission on February 2, 2016.

Revenue recognition

(a) Solid waste tipping fees are recorded when waste is delivered to the landfill facility and collection is reasonably assured.
(b) Sales of recyclable materials are recorded when shipped from the recycling facility and collection is reasonably assured
(c) Cooperative and regional planning service member charges are recorded when services are provided and collection is reasonably assured.
(d) Local planning service member charges are recorded when services are provided and collection is reasonably assured.
(e) Investment and other income are recorded on the accrual basis.

Expenditure recognition

Expenditures are recorded on the accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Solid waste landfill closure and post-closure liability

The Commission follows the CPA Canada PSA 3270 standards to account for and report the liability for closure and post-closure care of a solid waste landfill site. Closure activities include final cover and vegetation, drainage control features, and facilities for leachate monitoring, water quality monitoring and monitoring / recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste including acquisition of additional land for buffer zones, treatment and monitoring of leachate, monitoring ground and surface water, gas monitoring and recovery, and on-going maintenance of control systems, drainage systems and final cover.

The liability is recognized as the landfill site's capacity is used. Usage is measured on a volumetric basis.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from those estimates.

2. Summary of significant accounting policies (continued)

Financial instruments

The Commission follows the provisions of CPA Canada PS 3450 standards.

Measurement of financial instruments

The commission initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The commission subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and pooled investment funds that are quoted in an active market, which are measured at fair value. Changes in fair value of portfolio investments are recognized in remeasurement gains and losses.

Financial assets measured at amortized cost include cash, guaranteed investment certificates, trade receivables, accrued investment income, due from the federal goverment and its agencies and due from the Province of New Brunswick.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The commission recognizes its transaction costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Foreign currency tranlation

The Commission follows the provisions of CPA Canada PS 2601 standards.

Each asset, liability and amount reported in the statement of operations arising from a foreign currency transaction is translated into Canadian dollars at the exchange rate in effect at the transaction date.

At each financial statement date, the following balances denominated in a foreign currency are remeasured to reflect the exchange rate in effect at that date.

(a) Monetary assets and monetary liabilities

(b) Non-monetary items included in the fair value category of financial instruments

Exchange gains or losses arising prior to settlement are recognized in the statement of remeasurement gains and losses. In the period of settlement, the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses and an exchange gain or loss measured in relation to the exchange rate at the date of initial recognition is recognized in the statement of operations.

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, short term deposits with original maturities of three months or less and bank overdrafts.

	2016	2015
Cash on hand and balances with banks	$ 2,875,888	$ 3,025,304

Tangible capital assets

The Commission follows the provisions of CPA Canada PSA 3150 standards: Tangible Capital Assets. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated or contributed tangible capital assets are recorded at their fair market value at the date of construction or contribution. Amortization shall begin in July of the year in which the costs were incurred. No amortization is recorded in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

Asset type	Estimated useful life
Buildings	40 years
Roads and utility supply	20 years
Landfill site	25 years
Gas collection system	15 years
Containment cells	4-5 years
Vehicles	6 years
Heavy equipment	6 - 15 years
Equipment	7 years

Contributed goods and services

With the exception of tangible capital assets which are recognized at their fair market value, the value of contributed goods and services are not recognized in the financial statements.

Inventory of supplies

Inventory is valued at the lower of cost and net replacement cost with cost being determined on the average cost basis.

Post-employment benefits and compensated absences

The Commission does not have any employee future benefit plans or obligations.

2. Summary of significant accounting policies (continued)

Segmented information

The Commission provides waste disposal, local planning and cooperative and regional planning services for the geographic area of Region 10. For management reporting purposes, the Commission's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Services are provided by departments as follows:

Solid waste services

This department provides solid waste disposal services to the Municipalities, Rural Communities and Local Service Districts. This includes the operation of various recycling programs, the handling of hazardous waste and public education programs.

Local planning services

This department provides land use planning services to all local service districts and any municipality that does not currently have the service. This service includes the development of rural plans, the administration and enforcement of the plans, the issuance of building permits, conducting building inspections, and the approval of subdivisions, etc. The Commission encourages local service districts to develop common integrated plans, where possible and appropriate.

Cooperative and regional planning services

Regional Planning

The Regional Service Commission is responsible for the development of a Regional Plan, the aim of which would be to better coordinate and manage development and land use within the region. More specifically, the Regional Plan will focus on strategies that focus sustainable development practices, that encourage coordinated development between communities, that influence and guide the location of significant infrastructure (e.g., major roadways, facilities, trails), and that enhance coordination of commercial/industrial development. The Regional Plan will also serve as an important tool in better managing, protecting and harmonizing urban and rural landscapes and resources.

Regional Policing Collaboration

The Regional Service Commission will serve as a forum through which the effectiveness and efficiency of policing services is reviewed and evaluated on a regional basis. In addition, the Commission will identify issues of common concern within the region and provide direction on priorities for policing services. In addition, the Regional Service Commission will identify ways in which police forces within a region can work together to share costs, reduce duplication and generally build stronger linkages with one another

Regional Emergency Measures Planning

The Regional Service Commission will serve as the vehicle through which Municipalities, Rural Communities and Local Service Districts will plan, coordinate and pool resources on a regional basis in order to enable more effective responses to emergency situations. This will involve working closely with the New Brunswick Emergency Measures Organization (NB EMO) to develop regional emergency protocols (specifying mutual assistance agreements between communities), providing assistance in developing and maintaining local emergency measures plans, and facilitating training initiatives for regional and inter-regional emergency responses.

Regional Sport, Recreational, and Cultural Infrastructure Planning and Cost-Sharing

The Regional Service Commission is responsible for facilitating the planning and cost-sharing of major sport, recreational and cultural facilities within the region.

The Commission is the entity through which Municipalities, Rural Communities and Local Service Districts come together to identify and reach consensus on the need, the scope and the financing required for such new facilities (could include the expansion/renovation of existing facilities). Such agreements could be developed by the Commission on a fully regional or on a sub-regional basis and would cover both initial capital and ongoing operational costs. In order to secure provincial funding, the project proponents will be required to obtain support from those communities expected to benefit from the facilities.

The commission is required to meet any provincial or other established standards associated with the services

3. Cash

	2016	2015
Restricted - Capital Reserve Fund	$ 2,322,712	$ 2,474,666
Restricted - Operating Reserve Fund	150,217	130,211
Restricted - Closure and Post-closure liability	53,310	109,664
Unrestricted	349,649	310,763
	$ 2,875,888	$ 3,025,304

4. Receivables

	2016	2015
Trade	$ 362,180	$ 410,904
Accrued investment income	9,517	15,889
	$ 371,697	$ 426,793

5. Due from federal government and its agencies

	2016	2015
Canada Revenue Agency (HST refund)	$ 36,608	$ 19,004

6. Due from Province of New Brunswick

	2016	2015
Province of New Brunswick - solid waste tipping fees	$ 194,512	$ 51,049
Environmental Trust Fund	12,523	12,233
	$ 207,035	$ 63,282

7. Portfolio investments

	2016	2015
Restricted - Closure and Post-closure liability	$ 1,734,169	$ 1,486,141

These investments are comprised as follows:

	2016		2015	
	Book Value	Fair Value	Book Value	Fair Value
Guaranteed investment certificates	$ 516,455	$ 516,455	$ 410,217	$ 410,217
Canadian common shares	431,265	513,150	311,588	336,664
Foreign shares	36,656	41,524	83,807	92,399
Pooled investment funds	619,462	663,040	572,981	646,861
	$ 1,603,838	$ 1,734,169	$ 1,378,593	$ 1,486,141

Fair values have been determined based on quoted market rates provided by the investment management firm.

Guaranteed investment certificates issued by banks and trust companies bear interest at rates ranging from 1.81% to 2.75% with maturity dates ranging from 2017 to 2021.

The Commission has pooled investment funds representing both domestic and foreign content.

8. Solid waste landfill closure and post-closure liability

Paragraphs 19(12) and 19(13) of the Regional Service Delivery Act require the Commission to provide for the future costs of closing the landfill site and monitoring the site for a period of time after closing. The final year of operation is estimated to be 2047 with closure and post-closure activities occurring over a thirty year period from 2048 until 2077.

The liability is recognized as the landfill site's capacity is used. Usage is measured on a volumetric basis. Based on 31 years of remaining landfill life and average annual volume of 63,400 cubic meters, the remaining capacity of the site is estimated to be 1,965,400 cubic meters.

An engineering study was completed in 2013 and calculated that the footprint of the landfill site would be 18.5 hectares at the end of the landfill's useful life. A previous engineering study in 2002 had estimated a larger footprint. This footprint reduction resulted in a significant reduction in estimated future closure and post-closure costs.

No costing study has ever been prepared to estimate the future annual closure and post-closure costs. In 2002, the New Brunswick Department of Environment and Local Government had provided a flat rate estimate of $ 18,750 per hectare which has been adjusted for a 2% rate of inflation. In 2010, the Commission installed a gas collection and monitoring system as part of the future closure process. Incurring these costs prior to the actual closure date is expected to reduce the liability for future closure and post-closure costs.

The estimated future cash flows associated with closure and post-closure activities were discounted at a rate of 4.5% resulting in a total estimated net present value expenditure of $ 4,551,912

The solid waste landfill closure and post-closure liability has been calculated as follows:

	2016	2015
Total discounted future cash flows associated with closure and post-closure activities	$ 4,551,912	$ 4,355,897
Multiplied by cumulative capacity used (cubic meters)	1,199,562	1,134,613
Divided by total estimated capacity (cubic meters)	3,164,962	3,163,413
	1,725,234	1,562,318
Less; expenditures previously recognized	1,562,318	1,413,307
Increase to recognized liability	$ 162,916	$ 149,011

The Commission has designated specific investments and accrued investment income to settle closure and post-closure care liabilities as follows:

	2016	2015
Cash held in investment accounts	$ 53,310	$ 109,664
Guaranteed investment certificates	516,455	410,217
Canadian common shares	513,150	336,664
Foreign securities	41,524	92,399
Pooled investment funds	663,040	646,862
Accrued investment income	8,064	14,419
	$ 1,795,543	$ 1,610,225

Guaranteed investment certificates issued by banks and trust companies bear interest at rates ranging from 1.81% to 2.75% with maturity dates ranging from 2016 to 2021.

9. Measurement uncertainty

The Commission estimated the future costs of closing the landfill site and monitoring the site for a period of thirty years after closing based on assumptions about future events. The landfill closure and post-closure liability recorded in the financial statements will require adjustment if the following significant assumptions change:

(1) A costing study determines future annual closure and post-closure cost estimates differ.

(2) The estimated 2% rate of inflation or 4.5% discount rate differs.

(3) The total capacity of the landfill has been determined based on 31 years of remaining landfill life and average annual volume of 63,400 cubic meters. Due to the large potential landfill area available for cell construction, the site has the potential for higher total capacity should annual volume increase significantly or the operating period be extended. Due to reduced regional population and rising environmental awareness, there is a risk of reduced waste volumes affecting future operations.

(4) The final year of operation is estimated to be 2047 with closure and post-closure activities occurring from 2048 until 2077. The landfill site has the potential to operate for a longer time period.

(5) Construction of future containment cells abutting the existing cells may provide additional waste capacity from the v-area between the cells and additional stacking while maintaining minimum slope requirements

10. Contingencies

In the normal course of operations, the Commission becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2016 cannot be predicted with certainty, it is the opinion of management that resolution of these matters will not have a material adverse effect as the Commission maintains insurance coverage in amounts considered appropriate.

11. Short-term borrowings compliance

Interim capital borrowing

The Commission has no outstanding ministerial authority for short-term capital borrowings.

Operating borrowing

As prescribed in the Regional Service Delivery Act Regulation 2012-109, borrowing for operating expenses is limited to 5% of the Commission's operating budget for that service and borrowing for operating expenses of a solid waste management service is limited to 25% of the operating budget for that service.

In 2016, the Commission has complied with these restrictions.

Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the next year unless the borrowing is for a capital project. Interfund borrowing is in compliance with the requirements.

12. Surplus / deficit reconciliation

	2016	2015
Net financial assets	$ 3,044,353	$ 3,006,241
Adjustments:		
Unrealized loss (gain) on portfolio investments	(130,330)	(107,549)
Inventory of supplies	15,435	17,055
Prepaid expenses	20,156	40,316
Current net assets	$ 2,949,614	$ 2,956,063
Composition of current net assets		
2014 Solid Waste Fund Surplus		$ 170,921
2014 Cooperative & Regional Planning Fund Surplus		8,204
2014 Local Planning Fund Surplus		53,444
2015 Solid Waste Fund Surplus	$ 80,203	80,203
2015 Cooperative & Regional Planning Fund Surplus	18,569	18,569
2015 Local Planning Fund Surplus	18,375	18,375
2016 Solid Waste Fund Surplus	326,444	
2016 Cooperative & Regional Planning Fund Surplus	14,622	
2016 Local Planning Fund Surplus	17,018	
Reserve Fund balances	2,474,383	2,606,347
	$ 2,949,614	$ 2,956,063

13. Financial instruments

The Commission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about risk exposure and concentration of risks at December 31, 2016

Credit risk

Credit risk arises from the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligations. The Commission is exposed to credit risk from customers. In order to reduce its risk, the Commission reviews new customers' credit history before extending credit, conducts regular reviews of its existing customers' credit performance and reviews overdue invoices with customers. The Canadian government sector accounted for 100% of member charge revenue and 22.1% of sale of services revenue. In addition, 62.7% of Canadian source industrial, commercial, institutional, construction and demolition tipping fees are generated from three major customers. Sales to the U.S. government sector accounted for 19.9% of foreign source tipping fee revenue with the remaining foreign source tipping fee revenue generated by commercial waste businesses. Cover material revenue is generated from one U.S. customer. The remaining sales are represented by a significant number of diverse customers.

Aging of overdue trade receivables (not impaired)	Overdue by 1 month	Overdue by 2 months	Overdue by Over 2 months
Canadian customers			
Government	$ 64,477	$ 98,411	$ -
Non-government	39,507	9,882	14,779
Foreign customers			
Government	617	1,891	-
Non-government	6,926	8,131	6,557
	111,527	118,315	21,336
Aging of overdue trade receivables (impaired)			
Canadian customers			
Non-government	$ -	$ -	$ 712

Impairment is determined based on aging, collection history and customer communications.

13. Financial instruments (concinued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Commission has portfolio investments, held as common shares and pooled investment funds, totalling $ 1,217,714 representing both domestic and foreign sources. These investments are held to fund the closure and post-closure liability over a 30 year period beginning in 2048 and are subject to fluctuations in stock market prices whether caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Commission has a formally documented investment policy which is reviewed annually. The fund manager must maintain reasonable sector and securities diversification within the investment portfolioThe asset classes and upper/lower portfolio percentage limits are as follows:

	Lower limit	Upper limit
Equities		
Canadian equities	35%	50%
U.S. equities	0%	10%
Other foreign equities	0%	10%
Fixed income		
Canadian bonds	20%	30%
Global/foreign bonds	0%	5%
GIC's (5 year laddering)	30%	40%

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash balances earn interest at floating interest rates and guaranteed investment certificates earn interest at fixed rates ranging from 1.81% to 2.75% with maturities from 2017 to 2021. Due to the low interest rates earned on cash balances, management believes that interest rate risk is low.

Currency risk

Currency risk arises from the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Commission denominates credit sales to customers from the United States in U.S. dollars and has portfolio investments which have foreign investment content. At yearend, accounts receivable from foreign customers totalled $ 92,894 U.S. and the portfolio investments denominated in U.S dollars totalled $ 41,524 U.S..

The commission is exposed to currency risk from Canadian supplier purchases of goods sourced from foreign manufacturers. Annual purchases of foreign manufactured products (mainly tangible capital assets) range from $ 300,00-600,000.

The commission does not hedge its foreign currency risk but the cash inflows from foreign sales are partially offset by the cash outflows for goods manufactured outside Canada.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty meeting its obligations associated with financial liabilities. The Commission has significant working capital held in accounts receivable from customers but management believes that cash flow will be sufficient to settle financial liabilities as required. If liquidity difficulties arise, the Commission has the ability to borrow for operating and capital purposes.

14 Employee future benefits

The Commission provides sick leave time up to 15 days per year for full-time employees. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. Accumulated sick leave benefit does not vest and it does not carryover to the next year.Accordingly, there is no liability at yearend.

The Commission contributes monthly to an employee RRSP benefit plan. The Commission matches employee contributions to a specified percentage of earnings. The full cost of the plan payments are recognized monthly and there is no liability at yearend.

Southwest New Brunswick Service Commission
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15. Schedule of Tangible Capital Assets

						Infrastructure						
	Land	Buildings	Vehicles	Heavy Equipment	Light Equipment	Roads and Utility Supply	Landfill Gas Collection System	Containment Cells	Leachate Treatment System	Assets Under Construction	2016 Total	2015 Total
COST												
Balance, beginning of year	$ 373,913	$ 3,009,961	$ 281,730	$ 5,503,967	$ 409,150	$ 1,465,815	$ 1,792,439	$ 7,666,413	$ 8,487,169	$ 459,696	$ 29,450,253	$ 28,843,343
Add:												
Net additions during the year	-	-	62,276	188,622	110,635	-	-	1,009,646	-	722,172	2,093,351	748,462
Less:												
Disposals during the year	-	-	-	-	-	-	-	-	-	(1,009,647)	(1,009,647)	(141,552)
Balance, end of year	373,913	3,009,961	344,006	5,692,589	519,785	1,465,815	1,792,439	8,676,059	8,487,169	172,221	30,533,957	29,450,253
ACCUMULATED AMORTIZATION												
Balance, beginning of year	-	1,313,699	259,122	4,436,446	351,842	1,417,040	760,064	5,967,983	5,735,946	-	20,242,142	19,292,492
Add:												
Amortization during the year	-	60,687	20,262	194,536	22,795	41,163	119,496	367,585	339,487	-	1,166,011	1,091,202
Less:												
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	-	-	(141,552)
Balance, end of year	-	1,374,386	279,384	4,630,982	374,637	1,458,203	879,560	6,335,568	6,075,433	-	21,408,153	20,242,142
NET BOOK VALUE OF TANGIBLE CAPITAL	$ 373,913	$ 1,635,575	$ 64,622	$ 1,061,607	$ 145,148	$ 7,612	$ 912,879	$ 2,340,491	$ 2,411,736	$ 172,221	$ 9,125,804	$ 9,208,111
Consists of:												
Local Planning assets	$ -	$ -	$ -	$ -	$ 16,177	$ -	$ -	$ -	$ -	$ -	$ 16,177	$ -
Regional and Cooperative Planning assets	-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste assets	373,913	1,635,575	64,622	1,061,607	128,971	7,612	912,879	2,340,491	2,411,736	172,221	9,109,627	9,208,111
	$ 373,913	$ 1,635,575	$ 64,622	$ 1,061,607	$ 145,148	$ 7,612	$ 912,879	$ 2,340,491	$ 2,411,736	$ 172,221	$ 9,125,804	$ 9,208,111

Containment cells constructed but not in service with a cost of $ 1,009,647 (2015 - $ 994,350) are not amortized.

Southwest New Brunswick Service Commission
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16. Schedule of Segment Disclosure

	Solid Waste Services	Cooperative & Regional Planning Services	Local Planning Services	2016 Consolidated	2015 Consolidated
Revenues					
Member charges	905,219	$ 90,506	$ 346,517	$ 1,342,242	$ 1,285,457
Sales of services	2,696,639	-	10,500	2,707,139	2,387,696
Government transfers	21,782	-	-	21,782	14,607
Other revenues	6,720	-	-	6,720	6,720
Interest	61,254	-	-	61,254	68,708
Gain on sale of investments	84,451	-	-	84,451	45,761
Gain on disposal of tangible capital assets	-	-	-	-	95,786
	3,776,065	90,506	357,017	4,223,588	3,904,735
Expenses					
Salaries and benefits	1,263,951	56,823	276,206	1,596,980	1,500,883
Goods and services	1,417,781	27,265	99,262	1,544,308	1,550,506
Amortization	1,164,213	-	1,798	1,166,011	1,091,202
Interest	4			4	225
	3,845,949	84,088	377,266	4,307,303	4,142,816
Surplus (deficit) for the year	$ (69,884)	$ 6,418	$ (20,249)	$ (83,715)	$ (238,081)

Southwest New Brunswick Service Commission
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17. Reconciliation of Annual Surplus

	Solid Waste Operating Fund	Cooperative & Regional Planning Operating Fund	Local Planning Operating Fund	Solid Waste Capital Fund	Local Planning Capital Fund	Solid Waste Capital Reserve Fund	Solid Waste Operating Reserve Fund	Total
2016 annual surplus (deficit)	$ 1,077,293	$ 6,418	$ (18,451)	$ (1,164,213)	$ (1,798)	$ 17,025	$ 11	$ (83,715)
Adjustments to annual surplus (deficit) for funding requirements								
Second previous year's surplus (deficit)	170,921	8,204	53,444					232,569
Transfers between funds								-
Transfer from solid waste operating reserve fund to the solid waste operating fund	130,000						(130,000)	-
Transfer from solid waste operating fund to the solid waste capital reserve fund	(150,000)			-		150,000		-
Transfer from solid waste operating fund to the solid waste operating reserve fund	(150,000)						150,000	-
Transfer from solid waste capital reserve fund to the solid waste capital fund				319,000		(319,000)	-	-
Transfer from solid waste operating fund to the solid waste capital fund	(746,729)			746,729				-
Transfer from local planning operating fund to the local planning capital fund			(17,975)					
Reduction in unrealized foreign exchange gain	(5,041)							(5,041)
Amortization expense				1,164,213	1,798			1,166,011
Total adjustments to annual surplus (deficit)	(750,849)	8,204	35,469	2,229,942	1,798	(169,000)	20,000	1,393,539
2016 annual fund surplus (deficit) per PNB requirements	$ 326,444	$ 14,622	$ 17,018	$ 1,065,729	$ -	$ (151,975)	$ 20,011	$ 1,309,824

18. Statement of Reserves

	Solid Waste Capital Reserve	Solid Waste Operating Reserve	2016 Total	2015 Total
Assets				
Cash	$ 2,322,712	$ 150,217	$ 2,472,929	$ 2,604,877
Accrued investment income	1,449	5	1,454	1,470
	$ 2,324,161	$ 150,222	$ 2,474,383	$ 2,606,347
Accumulated Surplus	$ 2,324,161	$ 150,222	$ 2,474,383	$ 2,606,347
Revenue				
Transfer from Solid Waste Operating Fund	$ 150,000	$ 150,000	$ 300,000	$ 430,000
Interest	17,061	11	17,072	19,835
	167,061	150,011	317,072	449,835
Expenditures				
Transfer to Solid Waste Operating Fund	-	130,000	130,000	150,000
Transfer to Solid Waste Capital Fund	319,000	-	319,000	263,000
Bank service fees	36	-	36	30
	319,036	130,000	449,036	413,030
Annual Surplus (deficit)	(151,975)	20,011	(131,964)	36,805
Accumulated Surplus				
Beginning of year	2,476,136	130,211	2,606,347	2,569,542
End of year	$ 2,324,161	$ 150,222	$ 2,474,383	$ 2,606,347

Reserve funds are invested in interest bearing bank accounts.

18. Statement of Reserves (continued)

Commission resolutions regarding transfers to and from reserves:

April 28, 2016

16-27 It was moved by W. Gamblin, seconded by D. Blair, that the Board direct staff to transfer $319,000.00 from the solid waste capital reserve fund for the purchase of the following equipment: 2016 Ford truck ($ 40,000), 2014 Kubota utility vehicle ($21,000), 2016 Skid Steer ($ 70,000) and a 2017 International Tandem Truck ($ 188,000). CARRIED.

April 28, 2016

16-28 It was moved by W. Gamblin, seconded by S. Tucker, that the amount of $130,000 be moved from the solid waste operating reserve fund to the solid waste operating fund. CARRIED.

November 24. 2016

16-59 It was moved by W. Gamblin, seconded by D. Blair that the Finance Committee recommends $ 150,000 be moved from the Solid Waste Operating Fund to the Solid Waste Capital Reserve Fund. Also, an additional $ 150,000 be moved from the Solid Waste Operating Fund to the Solid Waste Operating Reserve Fund. CARRIED.

Frank Tennhave
Executive Director
Southwest New Brunswick Service Commission

April 19/2017
Date

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2016

19. Operating Budget to PSA Budget

	Corporate Services Budget	Cooperative & Regional Planning Budget	Local Planning Budget	Solid Waste Budget	Subtotal	Amortization TCA	Transfers	Total
Revenue								
Member charges	$ -	$ 90,507	$ 346,517	$ 839,000	$ 1,276,024	$ -	$ -	$ 1,276,024
Sales of services	-	-	13,000	2,102,400	2,115,400	-	-	2,115,400
Government transfers	-			22,000	22,000	-	-	22,000
Transfers from own and other funds	477,800	-	-	-	477,800	-	(477,800)	-
Other revenues				6,700	6,700	-	-	6,700
Interest	-	412	749	43,839	45,000	-	-	45,000
Surplus of second previous year	-	8,204	53,444	170,921	232,569	-	(232,569)	-
	477,800	99,123	413,710	3,184,860	4,175,493	-	(710,369)	3,465,124
Expenditures								
Governance	45,700				45,700	-	-	45,700
Administration	432,100	64,703	214,610	492,887	1,204,300	-	(477,800)	726,500
Regional planning		25,420			25,420	-	-	25,420
Regional policing collaboration		2,000			2,000	-	-	2,000
Regional emergency measures planning		1,500			1,500	-	-	1,500
Regional sport, recreation & culture infrastructure planning & cost-sharing		5,500			5,500	-	-	5,500
Planning and building inspection services			196,600		196,600	-	-	196,600
Operations - Solid Waste Service				2,255,100	2,255,100	1,088,000	-	3,343,100
Financial Services								
- Interest				1,000	1,000	-	-	1,000
- Other Financing Charges	-		2,500	3,000	5,500	-	-	5,500
- Transfer to the Capital Fund - Asset Acquisition				273,873	273,873	-	(273,873)	-
Closure & Post-closure expense				141,000	141,000	-	-	141,000
Other Fiscal services				18,000	18,000	-	-	18,000
	477,800	99,123	413,710	3,184,860	4,175,493	1,088,000	(751,673)	4,511,820
Surplus (Deficit)	$ -	$ -	$ -	$ -	$ -	$ (1,088,000)	$ 41,304	$ (1,046,696)

20. Revenue and Expense Support

	2016		2015
	(Unaudited) Budget	Actual	Actual
Revenue			
Member charges			
Cooperative and regional planning services	$ 90,507	$ 90,506	$ 79,436
Local planning services	346,517	346,517	355,390
Solid waste tipping fees	839,000	905,219	850,631
Total member charges	$ 1,276,024	$ 1,342,242	$ 1,285,457
Sales of services			
Local planning services			
Local planning fees	$ 13,000	$ 10,500	$ 9,325
Solid waste services			
Tipping fees from other sources			
Industrial, commercial,institutional	831,200	895,617	807,309
Construction and demolition	70,000	117,719	106,210
Other regional service commissions	491,400	576,494	569,206
Foreign sources	645,800	951,910	698,433
Special waste			
Cover material	40,000	111,799	80,514
Acid rock	-	-	77,012
Recycling			
Fiber	20,000	39,562	29,615
Metals	2,000	1,467	4,191
Paints	1,000	300	1,544
Plastics	1,000	849	2,482
Other	-	922	1,855
Total sales of services	$ 2,115,400	$ 2,707,139	$ 2,387,696
Government transfers			
Environmental Trust Fund	$ 20,000	$ 20,290	$ 12,959
Province of New Brunswick - Employment	2,000	1,492	1,648
Total government transfers	$ 22,000	$ 21,782	$ 14,607
Other revenues			
Rental	$ 6,700	$ 6,720	$ 6,720

20. Revenue and Expense Support (continued)

	2016 (Unaudited) Budget	2016 Actual	2015 Actual
Expenditures			
Corporate Services			
Governance			
Board Members			
Honorariums	$ 19,500	$ 19,425	$ 13,875
Travel	12,200	14,042	12,087
Training and development	4,000	-	-
Other	10,000	7,966	9,715
Total Govenance	45,700	41,433	35,677
Administration			
Executive Director's Office			
Salaries and benefits	175,700	178,824	166,312
Travel	4,000	4,603	5,335
Training and development	1,500	201	640
Other	1,000	2	123
Human Resources	3,200	3,121	2,578
Financial Management			
Salaries and benefits	113,000	106,078	116,270
Travel	1,000	1,884	674
Training and development	2,000	-	2,321
External audit fees	12,500	14,764	12,411
Other Administrative Services			
Advertising and public relations	2,000	3,303	635
Liability insurance	13,000	8,665	13,400
Professional services	2,500	-	1,760
Legal services	30,000	8,185	34,895
Office building	34,200	35,164	33,106
Office equipment and supplies	10,000	12,242	9,405
Printing and copying	4,000	7,193	3,541
Telecommunications	10,500	8,448	10,882
Other	12,000	1,241	11,818
Total Administration	432,100	393,918	426,106
Total Corporate Services Expenditures	$ 477,800	$ 435,351	$ 461,783
Allocated to:			
Cooperative and Regional Planning Services	$ 64,703	$ 62,046	$ 61,728
Local Planning Services	89,910	85,006	86,543
Solid Waste Services	323,187	288,299	313,512
	$ 477,800	$ 435,351	$ 461,783

20. Revenue and Expense Support (continued)

	2016 (Unaudited) Budget	2016 Actual	2015 Actual
Expenditures			
Cooperative and Regional Planning Services			
Allocation from Corporate Services	$ 64,703	$ 62,046	$ 61,728
Regional Planning			
Personnel	-	6,813	-
Administration	1,920	2,215	1,920
Travel	500	-	160
Professional services	23,000	-	-
	25,420	9,028	2,080
Regional Policing Collaboration			
Administration	1,000	963	499
Travel	1,000	240	295
Other	-	9,663	5,696
	2,000	10,866	6,490
Regional Emergency Measures Planning			
Administration	500	1,784	224
Travel	1,000	207	853
	1,500	1,991	1,077
Regional Sport, Recreation and Culture: Infrastructure Planning and Cost-Sharing			
Administration	500	-	-
Professional services	5,000	-	-
	5,500	-	-
Other Services Provided to All Members			
Regional transportation project	-	157	10,105
Total Cooperative and Regional Planning Services Expenditures	$ 99,123	$ 84,088	$ 81,480
Expenditures			
Local Planning Services			
Administration			
Allocation from Corporate Services	$ 89,910	$ 85,006	$ 86,543
Director's Office			
Salaries and benefits	74,000	75,978	74,250
Travel	1,500	91	597
Training and development	1,500	3,452	94
Other Administrative Services			
Advertising and public relations	500	701	629
Liability insurance	3,500	3,200	3,188
Professional services	2,000	-	1,433
Legal services	7,000	2,176	2,632
Office building	25,100	25,711	25,255
Office equipment and supplies	2,000	2,996	4,258
Printing and copying	2,000	1,396	1,279
Telecommunications	4,800	4,153	4,630
Other	800	-	400
Total Administration	214,610	204,860	205,188

20. Revenue and Expense Support (continued)

	2016		2015
	(Unaudited) Budget	Actual	Actual
Planning and Building Inspection Services			
Planning Services			
Salaries and benefits	10,000	12,000	9,838
Travel	500	517	-
Training and development	2,000	3,856	675
Maps and reference material	500	385	-
GIS operating and planet	360	368	360
Advertising	1,000	908	85
Planning review and adjustment committee	8,000	4,124	977
Professional planner/engineer	12,000	-	-
Amortization	-	1,798	-
	34,360	23,956	11,935
Inspection Services			
Salaries and benefits	149,000	133,310	114,380
Travel	4,800	5,874	4,724
Training and development	6,000	4,929	2,847
Maps and reference material	1,000	326	312
GIS operating and planet	1,440	1,450	1,442
	162,240	145,889	123,705
Total Planning and Building Inspection Services	196,600	169,845	135,640
Fiscal Services			
Other Financing Charges			
Banking service charge	2,500	2,561	3,600
Total Local Planning Expenditures	$ 413,710	$ 377,266	$ 344,428
Expenditures			
Solid waste services			
Administration			
Allocation from Corporate Services	$ 323,187	$ 288,299	$ 313,512
Director's Office			
Salaries and benefits	103,500	104,375	104,703
Training and development	9,000	3,469	851
Technical advisory committee	2,000	1,312	1,298
Other Administrative Services			
Liability insurance	15,200	15,185	15,185
Office equipment and supplies	16,000	7,501	11,217
Telecommunications	7,000	7,265	5,736
Public education	17,000	11,065	10,709
Total Administration	492,887	438,471	463,211

20. Revenue and Expense Support (continued)

	2016		2015
	(Unaudited) Budget	Actual	Actual
Solid waste services			
Operations			
Station and buildings			
Repairs and maintenance	30,000	20,843	22,558
Electricity	18,500	17,518	16,224
Janitorial	7,000	11,374	6,380
Insurance	16,000	29,461	15,931
Property taxes	76,000	77,755	74,548
Other	22,000	12,290	15,456
Amortization	24,000	25,013	24,759
Machinery and equipment			
Small equipment	40,000	7,865	16,383
Fuel	180,000	162,231	170,183
Repairs and maintenance	206,000	186,751	291,480
Insurance	15,000	16,298	14,619
Amortization	210,000	190,903	211,341
Landfill operations			
Personnel	850,000	745,172	682,091
Site and road maintenance	60,000	23,041	29,722
Monitoring	100,000	112,705	103,479
Site security and safety	27,000	23,835	18,927
Cells	5,000	11,235	1,327
Leachate & siltation management	108,000	141,983	91,841
Gas emission management and engineering services	50,000	15,062	11,231
Amortization	776,000	867,731	775,564
Scale house			
Personnel	46,000	53,882	48,786
Small equipment	2,500	4,452	4,099
Waste diversion			
Personnel	160,100	171,714	175,534
Recycling	99,500	84,440	76,812
Collection	106,500	107,717	93,255
Equipment maintenance	15,000	7,127	4,530
Amortization	78,000	80,566	79,538
Hazardous household waste			
Personnel	9,000	8,834	8,719
Disposal	6,000	5,837	1,396
Total solid waste operations	3,343,100	3,223,635	3,086,713

20. Revenue and Expense Support (continued)

	2016		2015
	(Unaudited) Budget	Actual	Actual
Fiscal Services			
Interest			
Current operations	1,000	4	225
Other Financing Charges			
Banking service charge	3,000	6,200	2,671
Other Fiscal Services			
Bad debt	2,000	-	-
Closure & post-closure expense	141,000	162,916	149,011
Investment management fees	16,000	14,723	15,077
Total fiscal services	163,000	183,843	166,984
Total Solid Waste Expenditures	$ 3,998,987	$ 3,845,949	$ 3,716,908