Southwest New Brunswick Service Commission

Annual Report & Financial Statements 2017

Table Of Contents

PART I – Annual Report

Joint Message from the Chair and the Executive Director 3

Values and Priorities 5

Governance 6

Committees 8

Mandates and Progress 9

Meeting Attendance 12

Board Members and Alternates Expenses 13

PART II – Financial Statements

Independent Auditors Report 1

Consolidated Statement of Operations 2

Consolidated Statement of Remeasurement Gains and Losses 3

Consolidated Statement of Financial Position 4

Consolidated Statement of Changes in Net Assets 5

Consolidated Statement of Cash Flows 6

Notes to the Consolidated Financial Statements 7 - 28

Joint Message from the Chair and the Executive Director

Dear Southwest New Brunswick Service Commission Stakeholders:

On behalf of the Board of Directors and the staff of the Southwest New Brunswick Service Commission, we are pleased to present the Annual Report for 2017.

The Board worked diligently and took a coordinated and strategic approach to lay some important groundwork in many areas in 2017. As a result, this past year saw continued change and progress for the Commission and the region. With previous foundational work completed on the bylaws governing the Commission, 2017 saw the formation of two new committees, both with important mandates and big challenges. They immediately began their respective work in the areas of recreation and recycling.

On the recycling front, the Board took a progressive and forward thinking approach in 2017. Thanks to the hard work of the Recycling Committee and its presentations to the Board, it was decided that we were at an opportune time to make notable and beneficial changes to our recycling capacity. Instead of making the significant capital expenditures that would have been required to maintain the existing, but aging and limited, community bin program, the Board wisely chose to advance the Region and start down the path of implementing an expanded curbside recycling program. This new recycling program is based on tried and true practices from other regions across Canada, while avoiding some of the pitfalls that have occurred elsewhere.

While the new system is not expected to save a significant amount of money in its first few years of existence, it is projected to reduce the Commission's recycling costs year over year. It also helped to avoid the minimum increases to the per-ton tipping fee that would have been required over the next three years to maintain the current community bin program. More importantly, the new program will divert more recyclables from the landfill. Diversion rates will increase because participation is more convenient when recyclables are picked up curbside, and because the new program will allow collection of a greater variety of recyclables.

The new system is also more flexible, and will easily adapt to future changes in the volatile recycling market. In the end, the new program will provide a better, more convenient service to our residents, will divert more tonnage from the landfill, will be a more cost-effective program of the Commission, and will set up the Southwest region for more success in the future of recycling.

With the hard work of the Recreation Committee, in 2017 the Planning department started work on the creation of the Regional Recreation Master Plan, an important piece of overall planning for the region, that should soon be presented to the Board with recommendations. The Planning department also laid the groundwork for the "Coastal Link Trail", an exciting new project connecting The Great Trail to the USA, something that will elevate our status in tourism and provide a world-class experience to our residents.

The Planning department continued its growth as it started important work in climate change planning and began providing expanded services to our member municipalities, enabling them to save money through the efficiencies that are naturally gained by economies of scale. The Commission is now well positioned to be able to provide professional, comprehensive planning and inspection services to our member communities.

The landfill operation stayed steady in 2017 with a small increase in revenue from tipping fees overall. There was a slight decline in ICI (Industrial, Commercial, Institutional) waste, which was offset by slight increases in other categories. The new recycling program being brought in during the 2018 fiscal year will affect total tonnage if diversion rates change as predicted, but we are expecting that new foreign sources of waste will likely make up the difference.

2017 brought some significant changes in personnel, which meant saying goodbye to some key people, including Solid Waste & Planning Director Dan Harrington and Executive Director Frank Tenhave. The loss of seasoned people has been felt on a personal level by many of the staff and Board members; however, the Human Resource committee had the foresight to embark on an Organizational Study in the fall of 2017 which resulted in significant gains in efficiency through organizational changes, resulting in a leaner and more nimble organizational structure. The organization is also realizing further human resource efficiencies as attrition affords us opportunities to restructure internally, making better use of tax dollars.

In closing, we extend a sincere and well-earned "Thank You" to the members of the Board of Directors and the committees, knowing that many hours of work happen behind your keyboards and on your phones outside of the walls of an actual Board or Committee meeting. Your dedication to the region is commendable and inspiring.

The Commission, like all organizations, needs hard working and dedicated staff on the ground every day, ensuring that operations run smoothly and efficiently. As a direct result of the hard work and dedication of the staff, the Southwest New Brunswick Service Commission can continue to evolve and grow in positive directions. As such, we extend the same sincere thanks to all of the staff for your engagement, commitment, and support. We appreciate you.

Because of the passion and commitment of the SNBSC, this region is becoming an even better place to call "home" for all residents.

Sincerely,

Joyce Wright

Chair, Board of Directors

Hollis Bartlett

Executive Director

Values and Priorities

The Southwest New Brunswick Regional Service Commission continues to operate in accordance with the guiding principals 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.

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*

2017 saw the Commission pursue these priorities, in particular with transportation and land-use planning, and laid the groundwork for economic development as well.

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.

2017 Board of Directors

Carla Brown	LSD Advisory Committee Chair, St David
Dennis Green	Mayor, Village of Grand Manan
Ken Stannix	Mayor, Village of McAdam
James Tubbs	LSD Advisory Committee Chair, Dumbarton
Garry Christie	LSD Advisory Committee Chair, St. Patrick
Allen MacEachern	Mayor, Town of St. Stephen
Doug Rowlands	LSD Advisory Committee Chair, Lepreau
Crystal Cook	Mayor, Town of St. George
Doug Naish	Mayor, Town of St. Andrews
Stephen Smart	Mayor, Rural Community of Campobello Island
Heather Hatt	LSD Advisory Committee Chair, Fundy Bay
Terry James	Mayor, Village of Blacks Harbour
Joyce Wright	LSD Advisory Committee Chair, Dennis Weston
Wade Greenlaw	LSD Advisory Committee Chair, Dufferin
Winston Gamblin	Mayor, Village of Harvey
Dennis Blair	LSD Advisory Committee Chair, McAdam
Annette Townes	LSD Advisory Committee Chair, 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:

David Mahar	Deputy Mayor, Blacks Harbour
Robert Moses	Deputy Mayor, Grand Manan
Taylor Gallant	Deputy Mayor, McAdam
Faith Avery	Deputy Mayor, St. George
Richard Corey	Deputy Mayor, Harvey
Edie Bishop	Deputy Mayor, St. Andrews
Jason Carr	Deputy Mayor, St. Stephen
Kevin Sawtelle	Deputy Mayor, 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:

Kathy Curtis	LSD Advisory Committee Chair, Manners Sutton
Wayne MacQuarrie	LSD Advisory Committee Chair, Pennfield

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 is the 2017 list of committees for this Commission:

- Finance and Audit
- Human Resource
- Community Policing
- Planning Management
- Technical Advisory
- Executive
- EMO Planning Partnership
- Building Inspection
- Ad Hoc Recycling
- Ad Hoc Recreation

These committees met as often as the business they were tasked with required, with some meeting monthly or more frequently, and others only a few times as needed. 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.

PRAC (Planning Review and Adjustment Committee)

Unlike all the other committees that are under the normal control of the Board, this Board has only administrative responsibility for this committee. It operated under it's 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 it's positions filled, and it is carrying out it's 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 it's bylaws in order to better fulfil it's 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 municipalities that subscribe to it's services and all the unincorporated areas (LSDs).

Mandates 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. 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.

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 forth year this item which was formerly a priority with the Province when the commission 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 Services

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 unincorporated areas. In addition, our Commission has started delivering these services to incorporated municipalities starting with the town of St. Andrews and will be in a position to expand this service offering.

The part time planner position hired in 2016 grew to a full time position in 2017, and the department continues to grow in service offerings and planning services. This has enabled this Commission to start to participate in more comprehensive regional collaborative planning services including recreation and transportation.

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 Solid Waste Facility. The facility provides services to customers in the Saint John River Valley (RSC

12) as well as to our customers in eastern Maine. Tonnage from these customers located outside our region plays a critical role in maintaining the cost structure of operating this capital intensive business.

Expansion of this business to outside areas has resulted in a continued increase in revenue in 2017. Given the situation in Maine, our landfill remains a viable option for our USA customers and we don't anticipate any change in that situation and our tonnage from Maine should continue to increase.

As in previous years, the funding model for Hemlock Knoll remains under stress due to several reasons. That said, actions taken by the board in 2017 should result in positive changes, including a new recycling program that should alleviate the cost burden of recycling in forthcoming years somewhat.

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 since very early in it's existence. It is modelled after a structure that was in place in the greater Fredericton are for many years prior to the creation of the RSCs. This committee has been very effective in identifying issues of concern within the region and providing input to the region's police force (RCMP).

The speed sign purchased by the CPC was used with success in 2017 at various locations, with data gathered and submitted to the RCMP. We anticipate that 2018 will see similar success with this program.

Regional Emergency Measures Planning

The Regional Service Commissions serve as a 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 EMO Planning Partnership Committee addressed several topics in 2017 including preventative tree trimming for power line protection, rabid animals, communications and more.

Regional Sport, Recreational and Cultural Infrastructure Planning

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 historically looked at these services in previous years but did not reach any agreement on what role it would play. In 2017, there was movement in this area with the creation of an Ad Hoc Recreation Committee, and work began on creating the Recreation Master Plan along with facilitating a study for the proposed Coastal Link Trail.

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 (one or more interested members) basis.

The Southwest New Brunswick Service Commission Transportation Committee had concluded it's work, resulting in the formation of the South West New Brunswick Transportation Authority Inc., a separate entity that was successful in obtaining public bus service for the region which started in September 2017. The SWNBTAI continues in existence with the SNBSC maintaining a seat on the board as well as facilitating and participating in the Transportation Advisory Committee.

No other collaborative projects were pursued in 2017.

Service Arrangements

The Southwest New Brunswick Service Commission continues to explore potential cost savings opportunities and agreements with our communities for cost sharing on services and infrastructure.

As villages and towns become 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 upon which to justify hiring of additional staff. Similarly, there has been discussions with other commissions about possible shared services as a means to provide service to our region at a lower cost, however there has not been any progress on this front.

Our expertise in the specialized services we provide, namely planning, development work and building inspection has proven to be where we can assist members and save them money by economy of scale.

Collaboration on Regional Issues

One of the most important roles of the Southwest New Brunswick Regional Service Commission is to collaborate on regional issues and service decisions. The bulk of collaborative work in 2017 went towards the starting of the recreation master plan, as well as the Coastal Link Trail initiative. Other issues that arose during the year include responding to the federal government on the legalization of cannabis.

2017 Meeting Attendance

Community	*Representative*	*Attendance*
Town of St. Andrews	Doug Naish	11 of 11
Town of St. George	Crystal Cook	10 of 11
Town of St. Stephen	Allen MacEachern	10 of 11
Village of Blacks Harbour	Terry James	10 of 11
Village of Grand Manan	Robert Moses	2 of 11
Village of Harvey	Winston Gamblin	11 of 11
Village of McAdam	Ken Stannix	11 of 11
Campobello Island Rural Community	Stephen Smart	0 of 11
LSD St. James	Annette Townes	11 of 11
LSD St. David	Carla Brown	10 of 11
LSD Pennfield	David Szemerda	4 of 11
LSD McAdam / St. Croix	Dennis Blair	11 of 11
LSD Lepreau	Doug Rowlands	5 of 11
LSD St. Patrick	Garry Christie	11 of 11
LSD Fundy Bay	Heather Hatt	11 of 11
LSD Dumbarton	James Tubbs	11 of 11
LSD Dennis Weston	Joyce Wright	11 of 11
LSD Dufferin	Wade Greenlaw	10 of 11

2017 Board Member Expenses

Board Member	*Representing*	*Per Diems*	*Expenses*	*Total*
Allen MacEachern	Town of St. Stephen	$1300.00	$291.46	$1591.46
Annette Townes	LSD St. James	$2600.00	$123.60	$2723.60
Carla Brown	LSD St. David	$1400.00	$337.57	$1737.57
Crystal Cook	Town of St. George	$1400.00	$430.89	$1830.89
Dennis Blair	LSD McAdam	$3775.00	$1446.30	$5221.30
Doug Naish	Town of St. Andrews	$1000.00	$260.26	$1260.26
Doug Rowlands	LSD Lepreau	$1750.00	$1095.30	$2845.30
Winston Gamblin	Village of Harvey	$2450.00	$698.95	$3148.95
Garry Christie	LSD St. Patrick	$2450.00	$815.92	$3265.92
Heather Hatt	LSD Fundy Bay	$2050.00	$745.06	$2795.06
James Tubbs	LSD Dumbarton	$2200.00	$413.92	$2613.92
Joyce Wright	LSD Dennis Weston	$3937.50	$736.16	$4673.66
Ken Stannix	Village of McAdam	$2400.00	$96.62	$2496.62
Robert Moses	Village of Grand Manan		$38.33	$38.33
Terry James	Village of Blacks Harbour	$2450.00	$1172.30	$3622.30
Wade Greenlaw	LSD Dufferin	$1475.00	$261.71	$1736.71

Southwest New Brunswick Service Commission
Financial Statements
Year Ended December 31, 2017

teed saunders doyle | chartered professional accountants & advisors

Southwest New Brunswick Service Commission

Index to the Financial Statements

Year Ended December 31, 2017

Contents	**Page**
Independent Auditors' Report	1
Financial Statements	
Consolidated Statement of Operations	2
Consolidated Statement of Remeasurement Gains and Losses	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Changes in Net Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 28

teed saunders doyle | chartered professional accountants & advisors

An independent member of DFK International

INDEPENDENT AUDITORS' REPORT

To the Members of Southwest New Brunswick Service Commission

Report on the Financial Statements

We have audited the accompanying financial statements of Southwest New Brunswick Service Commission, which comprise the consolidated statement of financial position as at December 31, 2017 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, 2017, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' judgement, 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.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Southwest New Brunswick Service Commission as at December 31, 2017 and the results of its operations, its remeasurement gains and losses, its changes in net assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Teed Saunders Doyle

Chartered Professional Accountants

Fredericton, New Brunswick
April 17, 2018

Southwest New Brunswick Service Commission
Consolidated Statement of Operations
Year Ended December 31, 2017

	2017 (Unaudited) Budget (Note 19)	2017 Actual	2016 Actual
Revenue			
Member charges	$ 1,444,043	$ 1,490,595	$ 1,342,242
Sales of services	2,385,700	2,760,459	2,707,139
Government transfers	20,000	91,751	21,782
Other revenues	6,700	6,720	6,720
Interest	40,000	65,279	61,254
Gain on sale of investments	-	72,164	84,451
Gain on disposal of tangible capital assets	-	47,343	-
	3,896,443	4,534,311	4,223,588
Expenditures			
Cooperative and regional planning services	111,229	139,134	84,088
Local planning services	455,118	462,633	377,266
Solid waste services	4,211,023	4,264,163	3,845,949
	4,777,370	4,865,930	4,307,303
Annual operating deficit	$ (880,927)	(331,619)	(83,715)
Accumulated operating surplus			
Beginning of year		12,073,865	12,157,580
End of year		$ 11,742,246	$ 12,073,865

See accompanying notes to the consolidated financial statements

Southwest New Brunswick Service Commission
Consolidated Statement of Remeasurement Gains and Losses
Year Ended December 31, 2017

	2017	2016
Unrealized gains (losses) attributable to:		
Foreign exchange	$ (795)	$ 1,553
Portfolio investments	80,584	107,232
Amounts reclassified to the statement of operations		
Realized foreign exchange losses (gains)	(1,553)	(6,594)
Realized losses (gains) on portfolio investments	(72,164)	(84,451)
Net remeasurement gains (losses) for the year	6,072	17,740
Accumulated remeasurement gains (losses)		
Beginning of year	131,883	114,143
End of year	$ 137,955	$ 131,883

See accompanying notes to the consolidated financial statements

Southwest New Brunswick Service Commission
Consolidated Statement of Financial Position
As at December 31, 2017

	2017	2016
Financial assets		
Cash (Note 3)	$ 3,136,057	$ 2,875,888
Receivables		
General (Note 4)	385,915	371,697
Due from federal government and its agencies (Note 5)	28,158	36,608
Due from Province of New Brunswick (Note 6)	153,895	207,035
Portfolio investments (Note 7)	1,911,022	1,734,169
	5,615,047	5,225,397
Liabilities		
Accounts payable and accrued liabilities	$ 312,116	$ 242,437
Due to federal government and its agencies	-	18,639
Due to Province of New Brunswick	168,768	194,734
Deferred grants	37,789	-
Closure and post-closure liability (Note 8)	1,901,663	1,725,234
	2,420,336	2,181,044
NET ASSETS	3,194,711	3,044,353
Non-Financial Assets		
Tangible capital assets (Note 15)	31,030,611	30,533,957
Accumulated amortization (Note 15)	(22,416,213)	(21,408,153)
	8,614,398	9,125,804
Inventory of supplies	17,465	15,435
Prepaid expenses	53,627	20,156
	8,685,490	9,161,395
ACCUMULATED SURPLUS	$ 11,880,201	$ 12,205,748
Accumulated surplus is comprised of:		
Accumulated operating surplus (Page 2)	$ 11,742,246	$ 12,073,865
Accumulated remeasurement gains (Page 3)	137,955	131,883
	$ 11,880,201	$ 12,205,748

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, 2017

		2017		2016
Annual operating deficit	$	(331,619)	$	(83,715)
Add (deduct) :				
Acquisition of tangible capital assets		(775,865)		(1,083,704)
Proceeds on disposal of tangible capital assets		47,343		-
Amortization of tangible capital assets		1,287,271		1,166,011
(Gain) loss on sale of tangible capital assets		(47,343)		-
Consumption of inventories		(2,030)		1,620
Use of prepaid assets		(33,471)		20,160
		144,286		20,372
Net remeasurement gains (losses)		6,072		17,740
Increase (decrease) in net assets		150,358		38,112
Net Assets				
Beginning of the year		3,044,353		3,006,241
End of the year	$	3,194,711	$	3,044,353

Southwest New Brunswick Service Commission
Consolidated Statement of Cash Flows
Year Ended December 31, 2017

	2017	2016
Increase (decrease) in cash and cash equivalents		
Operating transactions		
Annual operating deficit	$ (331,619)	$ (83,715)
Loss (gain) on disposal of tangible capital assets	(47,343)	-
Loss (gain) on sale of investments	(72,164)	(84,451)
Amortization of tangible capital assets	1,287,271	1,166,011
Receivable - General	(16,566)	50,055
Receivable - Federal Government and its agencies	8,450	(17,604)
Receivable - Province of New Brunswick	53,140	(143,753)
Accounts payable and accrued liabilities	69,679	(7,541)
Due to federal government and its agencies	(18,639)	(6,751)
Due to Province of New Brunswick	(25,966)	18,137
Deferred grants	37,789	-
Closure and post-closure liability	176,429	162,916
Change in inventory/prepaid expenses	(35,501)	21,780
	1,084,960	1,075,084
Capital transactions		
Acquisition of tangible capital assets	(775,865)	(1,083,704)
Proceeds on sale of tangible capital assets	47,343	-
	(728,522)	(1,083,704)
Investing transactions		
Proceeds on sale of investments	1,092,899	881,782
Purchase of investments	(1,189,168)	(1,022,578)
	(96,269)	(140,796)
Net (decrease) increase in cash and cash equivalents	260,169	(149,416)
Cash and cash equivalents		
Beginning of year	2,875,888	3,025,304
End of year	$ 3,136,057	$ 2,875,888

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2017

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 November 24, 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. Significant estimates include allowance for doubtful accounts, useful life of tangible capital assets, future landfill closure/post-closure costs and the discount rate used to calculate the current year closure/post-closure liability. 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, debt 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.

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	5 - 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

Southwest New Brunswick Service Commission

Notes to the Consolidated Financial Statements

December 31, 2017

3. Cash

		2017		2016
Restricted - Capital Reserve Fund	$	2,266,553	$	2,322,712
Restricted - Operating Reserve Fund		150,346		150,217
Restricted - Closure and Post-closure liability		33,703		53,310
Unrestricted		685,455		349,649
	$	3,136,057	$	2,875,888

4. Receivables

		2017		2016
Trade	$	375,419	$	362,180
Accrued investment income		10,496		9,517
	$	385,915	$	371,697

5. Due from federal government and its agencies

		2017		2016
Canada Revenue Agency (HST refund)	$	28,158	$	36,608

6. Due from Province of New Brunswick

		2017		2016
Province of New Brunswick - solid waste tipping fees	$	101,093	$	194,512
Gas Tax Fund		40,705		-
Environmental Trust Fund		12,097		12,523
	$	153,895	$	207,035

7. Portfolio investments

		2017		2016
Restricted - Closure and Post-closure liability	$	1,911,022	$	1,734,169

These investments are comprised as follows:

		2017				2016		
		Book Value		Fair Value		Book Value		Fair Value
Guaranteed investment certificates	$	525,000	$	525,000	$	516,455	$	516,455
Canadian fixed income		318,222		319,232		-		-
Canadian common shares		741,061		868,453		431,265		513,150
Foreign shares		41,946		44,892		36,656		41,524
Pooled investment funds		146,043		153,445		619,462		663,040
	$	1,772,272	$	1,911,022	$	1,603,838	$	1,734,169

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 1.75% to 2.57% with maturity dates ranging from 2018 to 2022.

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 30 years of remaining landfill life and average annual volume of 63,400 cubic meters, the remaining capacity of the site is estimated to be 1,902,000 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 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 outflows 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 $ 4,756,748

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

	2017	2016
Total discounted future cash flows associated with closure and post-closure activities	$ 4,756,748	$ 4,551,912
Multiplied by cumulative capacity used (cubic meters)	1,266,849	1,199,562
Divided by total estimated capacity (cubic meters)	3,168,849	3,164,962
	1,901,663	1,725,234
Less; expenditures previously recognized	1,725,234	1,562,318
Increase to recognized liability	$ 176,429	$ 162,916

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

	2017	2016
Cash held in investment accounts	$ 33,703	$ 53,310
Guaranteed investment certificates	525,000	516,455
Canadian fixed income	319,232	-
Canadian common shares	868,453	513,150
Foreign securities	44,892	41,524
Pooled investment funds	153,445	663,040
Accrued investment income	8,453	8,064
	$ 1,953,178	$ 1,795,543

Guaranteed investment certificates issued by banks and trust companies bear interest at rates ranging from 1.75% to 2.57% with maturity dates ranging from 2018 to 2022.

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 that future annual closure and post-closure cost estimates differ from current expectations.

(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 30 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 significantly 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 on existing cells 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, 2017 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 2017, 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

		2017		2016
Net financial assets	$	3,194,711	$	3,044,353
Adjustments:				
Unrealized loss (gain) on portfolio investments		(138,750)		(130,330)
Inventory of supplies		17,465		15,435
Prepaid expenses		53,627		20,156
Current net assets	$	3,127,053	$	2,949,614

Composition of current net assets				
2015 Solid Waste Fund Surplus			$	80,203
2015 Cooperative & Regional Planning Fund Surplus				18,569
2015 Local Planning Fund Surplus				18,375
2016 Solid Waste Fund Surplus	$	326,444		326,444
2016 Cooperative & Regional Planning Fund Surplus		14,622		14,622
2016 Local Planning Fund Surplus		17,018		17,018
2017 Solid Waste Fund Surplus		334,087		
2017 Cooperative & Regional Planning Fund Deficit		(3,191)		
2017 Local Planning Fund Surplus		19,131		
Reserve Fund balances		2,418,942		2,474,383
	$	3,127,053	$	2,949,614

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, 2017

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 100% of solid waste tipping fees from other regional service commissions. In addition, 66.7% 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 21.3% 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	$	59,022	$	-	$	-
Non-government		60,985		8,939		4,880
Foreign customers						
Government		7,889		-		-
Non-government		18,822		5,039		16,540
	$	146,717	$	13,978	$	21,420

Aging of overdue trade receivables (impaired)						
Canadian customers						
Non-government	$	-	$	-	$	-

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 equity instruments, debt instruments and pooled investment funds, totalling $ 1,386,022 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 portfolio. The asset classes and upper/lower portfolio percentage limits are as follows:

	Lower limit	Upper limit
Equities		
Canadian equities	35%	40%
U.S. equities	0%	20%
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 1.75% to 2.57% with maturities from 2018 to 2022. 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 $ 95,495 U.S., portfolio investments denominated in U.S dollars totalled $ 35,785 U.S., and cash balances totalled $ 4,580 U.S.

The commission is exposed to currency risk from Canadian supplier purchases of goods sourced directly or indirectly from foreign manufacturers. Annualized purchases of foreign manufactured products (mainly heavy equipment) range from $ 300,000 to $ 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 benefit payments are recognized as an expense in the financial statements and there is no liability at yearend.

15. Schedule of Tangible Capital Assets

	Land	Buildings	Vehicles	Heavy Equipment	Light Equipment	Infrastructure: Roads and Utility Supply	Infrastructure: Landfill Gas Collection System	Infrastructure: Containment Cells	Infrastructure: Leachate Treatment System	Assets Under Construction	2017 Total	2016 Total
COST												
Balance, beginning of year	$ 373,913	$ 3,009,961	$ 304,313	$ 5,692,589	$ 559,478	$ 1,465,815	$ 1,792,439	$ 8,676,059	$ 8,487,169	$ 172,221	$ 30,533,957	$ 29,450,253
Add:												
Net additions during the year	-	-	21,676	371,461		11,182	-	-	206,152	165,394	775,865	2,093,351
Less:												
Disposals during the year	-	-	-	(265,504)	(13,707)	-	-	-	-	-	(279,211)	(1,009,647)
Balance, end of year	373,913	3,009,961	325,989	5,798,546	545,771	1,476,997	1,792,439	8,676,059	8,693,321	337,615	31,030,611	30,533,957
ACCUMULATED AMORTIZATION												
Balance, beginning of year	-	1,374,386	239,691	4,630,982	414,330	1,458,203	879,560	6,335,568	6,075,433	-	21,408,153	20,242,142
Add:												
Amortization during the year	-	60,687	19,722	219,838	25,773	6,268	119,496	491,878	343,609	-	1,287,271	1,166,011
Less:												
Accumulated amortization on dispc	-	-	-	(265,504)	(13,707)	-	-	-	-	-	(279,211)	-
Balance, end of year	-	1,435,073	259,413	4,585,316	426,396	1,464,471	999,056	6,827,446	6,419,042	-	22,416,213	21,408,153
NET BOOK VALUE	$ 373,913	$ 1,574,888	$ 66,576	$ 1,213,230	$ 119,375	$ 12,526	$ 793,383	$ 1,848,613	$ 2,274,279	$ 337,615	$ 8,614,398	$ 9,125,804
Consists of:												
Local Planning assets	$ -	$ -	$ -	$ -	$ 12,582	$ -	$ -	$ -	$ -	$ -	$ 12,582	$ 16,177
Regional and Cooperative Planning assets	-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste assets	373,913	1,574,888	66,576	1,213,230	106,793	12,526	793,383	1,848,613	2,274,279	337,615	8,601,816	9,109,627
	$ 373,913	$ 1,574,888	$ 66,576	$ 1,213,230	$ 119,375	$ 12,526	$ 793,383	$ 1,848,613	$ 2,274,279	$ 337,615	$ 8,614,398	$ 9,125,804

A containment cell constructed but not in service with a cost of $ 1,009,647 (2016 - $ 1,009,647) is not amortized.

16. Schedule of Segment Disclosure

	Solid Waste Services	Cooperative & Regional Planning Services	Local Planning Services	2017 Consolidated	2016 Consolidated
Revenues					
Member charges	953,764 $	92,662 $	444,169 $	1,490,595 $	1,342,242
Sales of services	2,744,834	-	15,625	2,760,459	2,707,139
Government transfers	67,039	24,712	-	91,751	21,782
Other revenues	6,720	-	-	6,720	6,720
Interest	65,279	-	-	65,279	61,254
Gain on sale of investments	72,164	-	-	72,164	84,451
Gain on disposal of tangible capital assets	47,343	-	-	47,343	-
	3,957,143	117,374	459,794	4,534,311	4,223,588
Expenses					
Salaries and benefits	1,483,556	85,160	351,127	1,919,843	1,596,980
Goods and services	1,496,902	53,974	107,911	1,658,787	1,544,308
Amortization	1,283,676	-	3,595	1,287,271	1,166,011
Interest	29			29	4
	4,264,163	139,134	462,633	4,865,930	4,307,303
Surplus (deficit) for the year	$ (307,020) $	(21,760) $	(2,839) $	(331,619) $	(83,715)

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2017

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
2017 annual surplus (deficit)	$ 869,049	$ (21,760)	$ 756	$ (1,195,628)	$ (3,595)	$ 19,416	$ 143	$ (331,619)
Adjustments to annual surplus (deficit) for funding requirements								
Second previous year's surplus (deficit)	80,203	18,569	18,375					117,147
Transfers between funds								-
Transfer from solid waste operating reserve fund to the solid waste operating fund	-						-	-
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	-						-	-
Transfer from solid waste capital reserve fund to the solid waste capital fund				225,000		(225,000)	-	-
Transfer from solid waste operating fund to the solid waste capital fund	(510,160)			510,160				-
Transfer from local planning operating fund to the local planning capital fund								
Reduction in unrealized foreign exchange gain	(2,348)							(2,348)
Loss <gain> on disposal of tangible capital assets				(47,343)				(47,343)
Proceeds from disposal of tangible capital assets	47,343							47,343
Amortization expense				1,283,676	3,595			1,287,271
Total adjustments to annual surplus (deficit)	(534,962)	18,569	18,375	1,971,493	3,595	(75,000)	-	1,402,070
2017 annual fund surplus (deficit) per PNB requirements	$ 334,087	$ (3,191)	$ 19,131	$ 775,865	$ -	$ (55,584)	$ 143	$ 1,070,451

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2017

18. Statement of Reserves

	Solid Waste Capital Reserve	Solid Waste Operating Reserve	2017 Total	2016 Total
Assets				
Cash	$ 2,266,553	$ 150,346	$ 2,416,899	$ 2,472,929
Accrued investment income	2,024	19	2,043	1,454
	$ 2,268,577	$ 150,365	$ 2,418,942	$ 2,474,383
Accumulated Surplus	$ 2,268,577	$ 150,365	$ 2,418,942	$ 2,474,383
Revenue				
Transfer from Solid Waste Operating Fund	$ 150,000	$ -	$ 150,000	$ 300,000
Interest	19,452	143	19,595	17,072
	169,452	143	169,595	317,072
Expenditures				
Transfer to Solid Waste Operating Fund			-	130,000
Transfer to Solid Waste Capital Fund	225,000		225,000	319,000
Bank service fees	36		36	36
	225,036	-	225,036	449,036
Annual Surplus (deficit)	(55,584)	143	(55,441)	(131,964)
Accumulated Surplus				
Beginning of year	2,324,161	150,222	2,474,383	2,606,347
End of year	$ 2,268,577	$ 150,365	$ 2,418,942	$ 2,474,383

Reserve funds are invested in interest bearing bank accounts.

18. Statement of Reserves (continued)

Commission resolutions regarding transfers to and from reserves:

April 27, 2017

17-29 It was moved by W. Gamblin, seconded by G. Christie that $225,000.00 be transferred from the capital reserve fund to the solid waste operating fund to cover a portion of the cost to purchase a new excavator for the landfill site. CARRIED.

December 14, 2017

17-76 It was moved by W. Gamblin, seconded by J. Tubbs that the Board approve amending motion 17-66, which was passed at a previous Board meeting and which called for the transfer of $300,000.00 to the Solid Waste Capital Reserve Fund, such that it is now modified to reduce this amount and it now requests that only $150,000.00 is to be transferred from the Solid Waste Operating Fund to the Solid Waste Capital Reserve Fund. CARRIED

Hollis Bartlett
Executive Director
Southwest New Brunswick Service Commission

Date

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2017

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	$ -	$ 92,660	$ 429,743	$ 921,640	$ 1,444,043	$ -	$ -	$ 1,444,043
Sales of services	-	-	7,000	2,378,700	2,385,700	-	-	2,385,700
Government transfers	-			20,000	20,000	-	-	20,000
Transfers from own and other funds	499,800	-	-	-	499,800	-	(499,800)	-
Other revenues				6,700	6,700	-	-	6,700
Interest	-	-	-	40,000	40,000	-	-	40,000
Surplus of second previous year	-	18,569	18,375	80,203	117,147	-	(117,147)	-
	499,800	111,229	455,118	3,447,243	4,513,390	-	(616,947)	3,896,443
Expenditures								
Governance	65,300				65,300	-	-	65,300
Administration	434,500	67,309	223,268	507,123	1,232,200	-	(499,800)	732,400
Regional planning		39,920			39,920	-	-	39,920
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		500			500	-	-	500
Planning and building inspection services			228,850		228,850	-	-	228,850
Operations - Solid Waste Service				2,419,900	2,419,900	1,096,000	-	3,515,900
Financial Services								
- Interest				1,000	1,000	-	-	1,000
- Other Financing Charges	-		3,000	5,000	8,000	-	-	8,000
- Transfer to the Capital Fund - Asset Acquisition				332,220	332,220	-	(332,220)	-
Closure & Post-closure expense				165,000	165,000	-	-	165,000
Other Fiscal services				17,000	17,000	-	-	17,000
	499,800	111,229	455,118	3,447,243	4,513,390	1,096,000	(832,020)	4,777,370
Surplus (Deficit)	$ -	$ -	$ -	$ -	$ -	$ (1,096,000)	$ 215,073	$ (880,927)

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2017

20. Revenue and Expense Support

	2017 (Unaudited) Budget	2017 Actual	2016 Actual
Revenue			
Member charges			
Cooperative and regional planning services	$ 92,660	$ 92,662	$ 90,506
Local planning services	429,743	444,169	346,517
Solid waste tipping fees	921,640	953,764	905,219
Total member charges	$ 1,444,043	$ 1,490,595	$ 1,342,242
Sales of services			
Local planning services			
Local planning fees	$ 7,000	$ 14,625	$ 10,500
Solid waste services			
Tipping fees from other sources			
Industrial, commercial,institutional	885,400	877,012	895,617
Construction and demolition	70,000	134,148	117,719
Other regional service commissions	535,300	594,375	576,494
Foreign sources	800,000	936,730	951,910
Special waste			
Cover material	60,000	142,840	111,799
Other	-	330	-
Recycling			
Fiber	25,000	53,818	39,562
Metals	2,000	1,755	1,467
Paints	1,000	398	300
Plastics	-	2,493	849
Other	-	1,935	922
Total sales of services	$ 2,385,700	$ 2,760,459	$ 2,707,139
Government transfers			
Environmental Trust Fund	$ 20,000	$ 24,574	$ 20,290
Tourism, Heritage & Culture	-	24,712	-
Gas Tax Fund	-	40,705	-
Government of Canada - Employment assistance	-	1,760	-
Province of New Brunswick - Employment assistance	-	-	1,492
Total government transfers	$ 20,000	$ 91,751	$ 21,782
Other revenues			
Rental	$ 6,700	$ 6,720	$ 6,720

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2017

20. Revenue and Expense Support (continued)

	2017		2016
	(Unaudited) Budget	Actual	Actual
Expenditures			
Corporate Services			
Governance			
Board Members			
Honorariums	$ 40,100	$ 26,263	$ 19,425
Travel	13,200	14,576	14,042
Training and development	4,000	-	-
Other	8,000	3,367	7,966
Total Govenance	65,300	44,206	41,433
Administration			
Executive Director's Office			
Salaries and benefits	181,600	185,895	178,824
Travel	5,000	3,743	4,603
Training and development	1,500	1,132	201
Other	1,000	214	2
Human Resources	2,800	17,909	3,121
Financial Management			
Salaries and benefits	118,200	124,899	106,078
Travel	1,000	1,830	1,884
Training and development	2,000	1,095	-
External audit fees	14,000	9,772	14,764
Other Administrative Services			
Advertising and public relations	2,000	881	3,303
Liability insurance	14,000	8,660	8,665
Professional services	2,500	1,035	-
Legal services	10,000	12,728	8,185
Office building	38,900	33,518	35,932
Office equipment and supplies	10,000	17,896	11,474
Printing and copying	7,000	5,525	7,193
Telecommunications	11,000	11,538	8,448
Other	12,000	21,369	1,241
Total Administration	434,500	459,639	393,918
Total Corporate Services Expenditures	$ 499,800	$ 503,845	$ 435,351
Allocated to:			
Cooperative and Regional Planning Services	$ 67,309	$ 65,754	$ 62,046
Local Planning Services	96,768	88,279	85,006
Solid Waste Services	335,723	349,812	288,299
	$ 499,800	$ 503,845	$ 435,351

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2017

20. Revenue and Expense Support (continued)

	2017		2016
	(Unaudited) Budget	Actual	Actual
Expenditures			
Cooperative and Regional Planning Services			
Allocation from Corporate Services	$ 67,309	$ 65,754	$ 62,046
Regional Planning			
Personnel	37,500	34,850	6,813
Administration	1,920	1,920	2,215
Travel	500	224	-
	39,920	36,994	9,028
Regional Policing Collaboration			
Administration	1,000	803	963
Travel	1,000	148	240
Other	-	1,838	9,663
	2,000	2,789	10,866
Regional Emergency Measures Planning			
Administration	500	100	1,784
Travel	1,000	60	207
	1,500	160	1,991
Regional Sport, Recreation and Culture: Infrastructure Planning and Cost-Sharing			
Administration	500	2,681	-
Professional services	-	30,503	-
	500	33,184	-
Other Services Provided to All Members			
Regional transportation project	-	253	157
Total Cooperative and Regional Planning Services Expenditures	$ 111,229	$ 139,134	$ 84,088
Expenditures			
Local Planning Services			
Administration			
Allocation from Corporate Services	$ 96,768	$ 88,279	$ 85,006
Director's Office			
Salaries and benefits	77,200	124,453	75,978
Travel	1,500	-	91
Training and development	1,500	1,566	3,452
Other Administrative Services			
Advertising and public relations	500	86	701
Liability insurance	3,500	3,200	3,200
Professional services	2,000	159	-
Legal services	5,000	4,756	2,176
Office building	25,700	24,022	25,711
Office equipment and supplies	2,000	4,987	2,996
Printing and copying	2,000	3,206	1,396
Telecommunications	4,800	6,260	4,153
Other	800	561	-
Total Administration	223,268	261,535	204,860

20. Revenue and Expense Support (continued)

	2017		2016
	(Unaudited) Budget	Actual	Actual
Planning and Building Inspection Services			
Planning Services			
Salaries and benefits	50,100	41,875	12,000
Travel	500	1,828	517
Training and development	2,000	1,112	3,856
Maps and reference material	500	1,335	385
GIS operating and planet	370	368	368
Advertising	1,000	86	908
Planning committees	10,800	4,969	4,124
Amortization	-	3,595	1,798
	65,270	55,168	23,956
Inspection Services			
Salaries and benefits	150,100	135,130	133,310
Travel	5,000	6,620	5,874
Training and development	6,000	1,050	4,929
Maps and reference material	1,000	-	326
GIS operating and planet	1,480	1,455	1,450
	163,580	144,255	145,889
Total Planning and Building Inspection Services	228,850	199,423	169,845
Fiscal Services			
Other Financing Charges			
Banking service charge	3,000	1,675	2,561
Total Local Planning Expenditures	$ 455,118	$ 462,633	$ 377,266
Expenditures			
Solid waste services			
Administration			
Allocation from Corporate Services	$ 335,723	$ 349,812	$ 288,299
Director's Office			
Salaries and benefits	105,200	248,626	104,375
Training and development	9,000	3,040	3,469
Technical advisory committee	2,000	1,962	1,312
Other Administrative Services			
Liability insurance	15,200	15,232	15,185
Office equipment and supplies	16,000	10,641	7,501
Telecommunications	7,000	6,142	7,265
Public education	17,000	13,635	11,065
Total Administration	507,123	649,090	438,471

20. Revenue and Expense Support (continued)

	2017		2016
	(Unaudited) Budget	Actual	Actual
Solid waste services			
Operations			
Station and buildings			
Repairs and maintenance	30,000	27,536	20,843
Electricity	18,500	18,229	17,518
Janitorial	10,900	12,344	11,374
Insurance	29,000	30,126	29,461
Property taxes	80,000	78,546	77,755
Other	20,000	11,319	12,290
Amortization	25,000	25,013	25,013
Machinery and equipment			
Small equipment	30,000	21,975	7,865
Fuel	180,000	184,644	162,231
Repairs and maintenance	288,000	240,407	186,751
Insurance	16,000	18,487	16,298
Amortization	190,000	215,816	190,903
Landfill operations			
Personnel	850,400	722,905	717,605
Small equipment	10,000		-
Site and road maintenance	60,000	30,994	23,041
Monitoring	105,000	94,275	112,705
Site security and safety	25,000	24,364	23,835
Special waste handling	-		-
Cells	5,000	1,690	11,235
Leachate & siltation management	148,000	108,241	141,983
Gas emission management and engineering service	40,000	16,563	15,062
Amortization	801,000	961,252	867,731
Scale house			
Personnel	51,000	56,989	53,882
Small equipment	2,500	12,818	4,452
Waste diversion			
Personnel	182,000	235,245	199,281
Recycling	86,500	96,713	84,440
Collection	122,200	66,746	107,717
Equipment maintenance	15,000	5,542	7,127
Amortization	80,000	81,595	80,566
Hazardous household waste			
Personnel	8,900	8,976	8,834
Disposal	6,000	2,902	5,837
Total solid waste operations	3,515,900	3,412,252	3,223,635

Southwest New Brunswick Service Commission
Notes to the Consolidated Financial Statements
December 31, 2017

20. Revenue and Expense Support (continued)

	2017		2016
	(Unaudited) Budget	Actual	Actual
Fiscal Services			
Interest			
Current operations	1,000	29	4
Other Financing Charges			
Banking service charge	5,000	5,911	6,200
Other Fiscal Services			
Bad debt	2,000	-	-
Closure & post-closure expense	165,000	176,429	162,916
Investment management fees	15,000	20,452	14,723
Total fiscal services	188,000	202,821	183,843
Total Solid Waste Expenditures	$ 4,211,023	$ 4,264,163	$ 3,845,949