

Fundy Regional Service Commission
Financial Statements
Year Ended December 31, 2018



**Fundy Regional
Service Commission**

**Commission de Services
Régionaux de Fundy**

Fundy Regional Service Commission

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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Fundy Regional Service Commission

Opinion

We have audited the financial statements of Fundy Regional Service Commission (the Company), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

Independent Auditor's Report to the Members of Fundy Regional Service Commission *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Saint John, New Brunswick
May 27, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

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doyle | accountants
& advisors

**Fundy Regional Service Commission
Consolidated Statement of Operations
Year Ended December 31, 2018**

	2018		(Restated) 2017
	(Unaudited)		
	Budget (Note 24)	Actual	Actual
Revenue			
Member charges	\$ 2,358,206	\$ 2,632,028	\$ 2,389,519
Sales of services	5,478,194	5,655,577	5,364,145
Government transfers	-	175,302	103,570
Interest	-	72,049	49,602
Gain on sale of investments	-	11,682	13,505
	<u>7,836,400</u>	<u>8,546,638</u>	<u>7,920,341</u>
Expenditures			
Cooperative and regional planning services	70,772	42,847	58,946
Local planning services	237,560	244,491	196,037
Solid waste services	7,832,476	7,762,571	7,465,718
Generation facility	337,099	263,068	579,665
Loss on disposal of tangible capital assets	-	49,872	86,999
	<u>8,477,907</u>	<u>8,362,849</u>	<u>8,387,365</u>
Annual operating surplus (deficit)	<u>\$ (641,507)</u>	<u>183,789</u>	<u>(467,024)</u>
Accumulated operating surplus			
Beginning of year			
As previously reported		20,456,026	20,656,666
Adjustment of prior years (Note 17)		(2,756,589)	(2,490,205)
As restated		<u>17,699,437</u>	<u>18,166,461</u>
End of year		<u>\$ 17,883,226</u>	<u>\$ 17,699,437</u>

See accompanying notes to the consolidated financial statements

Fundy Regional Service Commission
Consolidated Statement of Remeasurement Gains and Losses
Year Ended December 31, 2018

	<u>2018</u>	<u>(Restated)</u> <u>2017</u>
Unrealized gains (losses) attributable to:		
Portfolio investments	\$ (82,887)	\$ 31,698
Amounts reclassified to the statement of operations		
Realized losses (gains) on portfolio investments	<u>(11,682)</u>	<u>(13,505)</u>
Net remeasurement gains (losses) for the year	(94,569)	18,193
Accumulated remeasurement gains (losses)		
Beginning of year	<u>115,027</u>	<u>96,834</u>
End of year	<u>\$ 20,458</u>	<u>\$ 115,027</u>

See accompanying notes to the consolidated financial statements

Fundy Regional Service Commission
Consolidated Statement of Financial Position
As at December 31, 2018

	2018	(Restated) 2017
Financial assets		
Cash (Note 3)	\$ 446,478	\$ 752,558
Receivables		
General (Note 4)	711,083	504,865
Due from federal government and its agencies (Note 5)	242,730	105,868
Due from Province of New Brunswick (Note 6)	62,788	99,981
Portfolio investments (Note 7)	2,005,254	2,050,820
	<u>3,468,333</u>	<u>3,514,092</u>
Liabilities		
Bank indebtedness (Note 8)	\$ 2,507,589	\$ 7,761
Accounts payable and accrued liabilities	892,457	763,719
Customer security deposits	99,666	99,266
Deferred revenue	15,942	29,395
Long term debt (Note 9)	108,000	214,000
Closure and post-closure liability (Note 10)	1,412,307	1,289,432
	<u>5,035,961</u>	<u>2,403,573</u>
NET ASSETS (DEBT)	<u>(1,567,628)</u>	<u>1,110,519</u>
Non-Financial Assets		
Tangible capital assets (Note 19)	63,885,539	59,727,864
Accumulated amortization (Note 19)	(44,553,294)	(43,097,804)
	<u>19,332,245</u>	<u>16,630,060</u>
Deferred financing charges	300	898
Inventory of supplies	73,292	56,898
Prepaid expenses	65,475	16,089
	<u>19,471,312</u>	<u>16,703,945</u>
ACCUMULATED SURPLUS	<u>\$ 17,903,684</u>	<u>\$ 17,814,464</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus (Page 2)	\$ 17,883,226	\$ 17,699,437
Accumulated remeasurement gains (Page 3)	20,458	115,027
	<u>\$ 17,903,684</u>	<u>\$ 17,814,464</u>

Commitments (Note 25)

See accompanying notes to the consolidated financial statements

On behalf of the Commission

Approved by:

Commissioner

Commissioner

Fundy Regional Service Commission
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2018

	2018	(Restated) 2017
	<u>2018</u>	<u>2017</u>
Annual operating surplus (deficit)	\$ 183,789	\$ (467,024)
Add (deduct) :		
Acquisition of tangible capital assets	(4,594,356)	(1,745,856)
Proceeds on disposal of tangible capital assets	15,000	4,778
Amortization of tangible capital assets	1,827,298	2,173,762
Amortization of deferred financing charges	598	1,662
(Gain) loss on sale of tangible capital assets	49,872	86,999
Acquisition of inventories	(16,393)	-
Consumption of inventories	-	17,070
Increase in prepaid assets	(49,386)	(16,089)
	<u>(2,583,578)</u>	<u>55,302</u>
Net remeasurement gains (losses)	<u>(94,569)</u>	<u>18,193</u>
Increase (decrease) in net assets	(2,678,147)	73,495
Net Assets		
Beginning of the year	<u>1,110,519</u>	<u>1,037,024</u>
End of the year	<u>\$ (1,567,628)</u>	<u>\$ 1,110,519</u>

Fundy Regional Service Commission
Consolidated Statement of Cash Flows
Year Ended December 31, 2018

	2018	(Restated) 2017
Increase (decrease) in cash and cash equivalents		
Operating transactions		
Annual operating surplus (deficit)	\$ 183,789	\$ (467,024)
Loss (gain) on disposal of tangible capital assets	49,872	86,999
Loss (gain) on sale of investments	(11,682)	(13,505)
Amortization of tangible capital assets	1,827,298	2,173,762
Amortization of deferred financing charges	598	1,662
Receivable - General	(206,218)	125,665
Receivable - Federal Government and its agencies	(136,862)	(21,736)
Receivable - Province of New Brunswick	37,193	-
Accounts payable and accrued liabilities	128,738	235,265
Customer security deposits	400	(517)
Deferred revenue	(13,453)	-
Closure and post-closure liability	122,875	112,750
Inventory of supplies	(16,393)	17,070
Prepaid expenses	(49,386)	(16,089)
	<u>1,916,769</u>	<u>2,234,302</u>
Capital transactions		
Acquisition of tangible capital assets	(4,594,356)	(1,745,856)
Proceeds on sale of tangible capital assets	15,000	4,778
	<u>(4,579,356)</u>	<u>(1,741,078)</u>
Financing transactions		
Issue of bank indebtedness	2,499,828	(4,108)
Repayment of long term debt	(106,000)	(498,000)
	<u>2,393,828</u>	<u>(502,108)</u>
Investing transactions		
Proceeds on sale of investments	383,212	487,557
Purchase of investments	(420,533)	(705,499)
	<u>(37,321)</u>	<u>(217,942)</u>
Net (decrease) increase in cash and cash equivalents	(306,080)	(226,826)
Cash and cash equivalents		
Beginning of year	<u>752,558</u>	<u>979,384</u>
End of year	<u>\$ 446,478</u>	<u>\$ 752,558</u>

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

1. Purpose of the Organization

The Fundy Regional 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 Fundy Region 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 municipality 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 provide land use planning services to all local service districts and any municipality that wants to receive the service.
- (c) 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.
- (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.
- (e) The Commission will be the entity through which municipalities and local service districts identify the needs, scope and financing of recreational facilities. In addition, it will provide services consisting of development of agreements and assistance with securing provincial funding on a fully regional or sub-regional basis.

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:

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

2. Summary of significant accounting policies (continued)

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.

Budget

The budget figures contained in these financial statements were approved by the Commission on October 16, 2017.

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 bales are ready for shipment from the recycling facility, realizable value is determinable 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 and residual value of tangible capital assets, future landfill closure/post-closure costs and the assumptions 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.

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

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 that are quoted in an active market, which are measured at fair value. Changes in fair value of these portfolio investments are recognized in remeasurement gains and losses.

Financial assets measured at amortized cost include cash, fixed income and pooled investment fund portfolio investments, trade receivables, accrued investment income, due from the federal government 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, security deposits, deferred revenue and long term debt.

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.

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. Bank borrowings are considered to be financing activities.

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

2. Summary of significant accounting policies (continued)

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. The capitalization threshold is \$ 10,000. Amortization shall begin in July of the year in which the costs were incurred and no amortization is recorded in the year of disposal with the exception of containment cells which are amortized over the actual usage period. Assets under construction are not amortized until the asset is available for productive use. The cost of the tangible capital asset is amortized over the estimated useful life as follows:

Asset type	Amortization basis	Estimated useful life
Landfill site and roadways	Volume usage of the landfill	landfill life
Buildings	Volume usage of the landfill	landfill life
Buildings (compost and MRF facilities foundation)	Volume usage of the landfill	landfill life
Buildings (compost and MRF facilities frame and covering)	Straight-line	20 years
Gas generation system	Straight-line	9 years
Containment cells	Straight-line	3-5 years
Vehicles	Straight-line	5 - 10 years
Heavy equipment	Straight-line	5 - 20 years
Equipment	Straight-line	5 - 10 years
Furniture and fixtures	Straight-line	10 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 follows the provisions of CPA Canada PS 3250 and PS 3255 standards in its financial statement presentation and disclosure.

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

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 9. 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 and Local Service Districts. This includes the operation of various recycling programs, the handling of hazardous waste and public education programs.

Generation Facility

This department utilizes landfill gases to generate electricity. Solid Waste Services uses the electricity generated and any excess production is purchased by Saint John Energy.

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 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 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. The 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 Commission will serve as a forum through which Municipalities 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.

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

Segmented information (continued)

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

The 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 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	<u>2018</u>	<u>2017</u>
Restricted - Capital Reserve Fund	\$ 76,212	\$ 143
Restricted - Closure and Post-closure liability	74,189	79,943
Unrestricted	296,077	672,472
	<u>\$ 446,478</u>	<u>\$ 752,558</u>
4. Receivables	<u>2018</u>	<u>2017</u>
Trade	\$ 703,109	\$ 499,969
Accrued investment income - Reserve Fund	640	-
Accrued investment income - Closure and Post-closure liability	7,334	4,896
	<u>\$ 711,083</u>	<u>\$ 504,865</u>
5. Due from federal government and its agencies	<u>2018</u>	<u>2017</u>
Canada Revenue Agency (HST refund)	\$ 238,880	\$ 105,868
Canada Border Services Agency	3,850	-
	<u>\$ 242,730</u>	<u>\$ 105,868</u>
6. Due from Province of New Brunswick	<u>2018</u>	<u>2017</u>
Environment & Local Government - solid waste tipping fees	\$ 61,581	\$ 61,753
Environmental Trust Fund	781	35,348
Other	426	2,880
	<u>\$ 62,788</u>	<u>\$ 99,981</u>

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

7. Portfolio investments	<u>2018</u>	<u>2017</u>
Restricted - Reserve fund	\$ 529,092	\$ 512,211
Restricted - Closure and Post-closure liability	1,476,162	1,528,678
Unrestricted	-	9,931
	<u>\$ 2,005,254</u>	<u>\$ 2,050,820</u>

These investments are comprised as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Reserve fund				
Pooled investment funds	\$ 529,092	\$ 529,092	\$ 522,141	\$ 522,141
Closure and Post-closure liability				
Canadian fixed income	931,694	931,694	907,951	907,951
Canadian common shares	524,011	544,468	505,700	620,727
	<u>\$ 1,984,797</u>	<u>\$ 2,005,254</u>	<u>\$ 1,935,792</u>	<u>\$ 2,050,819</u>

Fair values for Canadian common shares have been determined based on quoted market rates provided by the investment management firm. The fair market values of Canadian fixed income investments and pooled investment funds approximate their book values.

8. Bank indebtedness	<u>2018</u>	<u>2017</u>
Bank demand loan, prime rate interest, unsecured	\$ 2,500,000	\$ -
Visa facility, \$ 25,000 limit at standard visa terms	7,589	7,761
	<u>\$ 2,507,589</u>	<u>\$ 7,761</u>

The Commission has a \$ 1,000,000 revolving line of credit facility at prime rate of interest which remains unutilized at yearend.

9. Long-term debt	<u>2018</u>	<u>2017</u>
<u>New Brunswick Municipal Finance Corporation Debentures:</u>		
Solid Waste Services		
BK42, 1.15% - 2.35%, due May 15, 2019, OIC #02-0069	108,000	214,000

Approval of the Municipal Capital Borrowing Board has been obtained for long-term debt.

Principal payments required during the next five years are as follows:

2019	\$	108,000
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Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

10. Solid waste landfill closure and post-closure liability

Paragraphs 19(12), 19(13) and 19(14) of Regulation 2012-109 for the Regional Service Delivery Act require the Commission to establish, manage and annually contribute to a special account that is designated by the commission for the payment of closure and post-closure expenses of the solid waste landfill site. The amounts required for these expenses and for the annual contribution shall be determined in accordance with the recommendations of the Public Sector Accounting Board respecting "solid waste landfill closure and post-closure liability" in the CICA public sector accounting handbook.

Closure activities include all activities related to closing the landfill site such as final cover/vegetation and completing facilities for drainage control, leachate monitoring, water quality monitoring and monitoring/recovery of gas.

Post-closure care activities include all activities related to monitoring the landfill site once it can no longer accept waste. These include acquisition of additional land for buffer zones, monitoring and treatment of leachate, monitoring ground water and surface water, monitoring and recovery of gas and ongoing maintenance of various 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.

An engineering study was last completed in 2015 and calculated that the footprint at the end of the landfill's useful life would be contain approximately 5,050,500 cubic meters of waste equating to approximately 3,444,000 metric tonnes. Closure and post-closure care annual costs were estimated to be \$ 270,000 (2009 dollars) increased for inflation to \$ 313,004 (2015 dollars). The Commission has partially 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.

	<u>2018</u>	<u>2017</u>
Key recognition and measurement assumptions are as follows:		
Year landfill opened	1997	1997
Expected final year of operation	2048	2048
Compaction ratio in metric tonnes per cubic meter	0.7	0.7
Total estimated capacity (metric tonnes)	3,449,434	3,450,936
Estimated cumulative capacity utilized to end of year (metric tonnes)	1,439,434	1,373,936
Annual metric tonnes landfilled	65,497	60,916
Estimated capacity remaining at end of year (metric tonnes)	2,010,000	2,077,000
Estimated years of closure and post-closure care	30	30
Inflation rate	2.00%	2.00%
Discount rate for future cash flows	4.50%	4.50%
Net present value of annual closure and post-closure care costs	\$ 332,162	\$ 325,649
Estimated funding balance for closure and post-closure care required at end of operations (future value in 2048 dollars)	\$ 12,675,752	\$ 12,675,752
Estimated future cash outflows associated with closure and post-closure activities discounted at a rate of 4.5% resulting in a total estimated net present value expenditure of:	\$ 3,384,426	\$ 3,238,685

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

10. Solid waste landfill closure and post-closure liability (continued)

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

	<u>2018</u>	<u>2017</u>
Total discounted future cash flows associated with closure and post-closure activities	\$ 3,384,426	\$ 3,238,685
Multiplied by cumulative capacity used (metric tonnes)	1,439,434	1,373,936
Divided by total estimated capacity (metric tonnes)	<u>3,449,434</u>	<u>3,450,936</u>
	1,412,307	1,289,432
Less; expenditures previously recognized	<u>1,289,432</u>	<u>1,176,682</u>
Increase to recognized liability	<u>\$ 122,875</u>	<u>\$ 112,750</u>

Statement of Revenue and Expenditure

<u>Revenue</u>		
Transfer from Solid Waste Operating Fund	\$ -	\$ 212,950
Realized gains on disposal of investments	11,682	13,505
Unrealized gains on portfolio investments	-	18,193
Investment income	49,027	37,912
	<u>60,709</u>	<u>282,560</u>
<u>Expenditures</u>		
Unrealized losses on portfolio investments	94,569	-
Investment management fees	24,725	14,529
	<u>119,294</u>	<u>14,529</u>
Annual Surplus (deficit)	(58,585)	268,031
<u>Special account balance</u>		
Beginning of year	1,615,061	1,347,030
End of year	<u>\$ 1,556,476</u>	<u>\$ 1,615,061</u>

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

	<u>2018</u>	<u>2017</u>
Cash held in investment accounts	\$ 74,189	\$ 79,943
Portfolio investments		
Canadian fixed income	931,694	907,951
Canadian common shares	544,468	620,727
Accrued investment income	7,334	4,896
Accrued investment management fees	<u>(4,800)</u>	<u>-</u>
	<u>\$ 1,552,885</u>	<u>\$ 1,613,517</u>

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
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11. 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 and estimated life of the landfill has been determined based on average annual tonnes landfilled and compaction ratios. Annual volumetric usage is impacted by factors such as population change, increased waste diversion and technological innovation which may significantly impact the life of the landfill.

12. 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, 2018 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.

13. Short-term borrowings compliance

Interim capital borrowing

The Commission has outstanding ministerial authority for short-term capital borrowings as follows;

<u>Approval #</u>	<u>Amount</u>	<u>Term and purpose</u>
18-0031	\$3,620,000	not to exceed 4 years; Environmental Health Services(General)

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 2018, 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.

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
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14. Surplus / deficit reconciliation	2018	2017
Net financial assets	\$ (1,567,628)	\$ 1,110,519
Adjustments:		
Unrealized loss (gain) on portfolio investments	(20,458)	(115,027)
Temporary financing of capital expenditures with working capital	69,808	
Bank loan	2,500,000	-
Long term debt	108,000	214,000
Inventory of supplies	73,292	56,898
Prepaid expenses	65,475	16,089
Current net assets	<u>\$ 1,228,489</u>	<u>\$ 1,282,479</u>
Composition of current net assets		
2016 Solid Waste Fund Surplus		\$ 388,174
2016 Cooperative & Regional Planning Fund Surplus		12,410
2016 Local Planning Fund Surplus		93,273
2017 Solid Waste Fund Surplus	239,534	239,534
2017 Cooperative & Regional Planning Fund Surplus	6,988	6,988
2017 Local Planning Fund Surplus	29,746	29,746
2018 Solid Waste Fund Surplus	292,028	
2018 Cooperative & Regional Planning Fund Surplus	27,926	
2018 Local Planning Fund Surplus	24,320	
2018 Generation Facility Fund Surplus	2,003	
Reserve Fund balances	605,944	512,354
	<u>\$ 1,228,489</u>	<u>\$ 1,282,479</u>

15. 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, 2018

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, collects security deposits or bank letters of 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. In addition, 80.3% of Canadian source industrial, commercial, institutional, construction and demolition tipping fees are generated from three major customers. 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
Government	\$ 134,102	\$ 1,534	\$ 781
Non-government	126,425	39,788	17,559
	<u>\$ 260,527</u>	<u>\$ 41,322</u>	<u>\$ 18,340</u>

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

15. Financial Instruments (continued)

Aging of overdue trade receivables (impaired)

Canadian customers

Non-government

\$ - \$ - \$ -

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

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 \$ 2,005,254 representing only domestic sources. These investments 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 does not have a formally documented investment policy. The fund manager must maintain reasonable sector and securities diversification within the investment portfolio.

Investment allocation by asset class is as follows:

Canadian pooled investment funds	26.4%
Canadian fixed income	46.5%
Canadian equity	27.1%
	<u>100.0%</u>

Investment allocation by sector is as follows:

Canadian pooled investment funds	
High interest savings accounts	26.4%
Canadian fixed income	
Federal and Provincial	28.6%
Municipal	1.0%
Corporate	16.8%
Canadian equity	
Energy	6.9%
Materials	1.8%
Industrials	0.7%
Consumer discretionary	3.8%
Consumer staples	0.8%
Financials	10.4%
Information technology	1.1%
Telecommunications services	1.7%
	<u>100.0%</u>

15. Financial instruments (continued)

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 fixed income portfolio investments bear interest at fixed interest rates. Long term debt of \$ 106,000 bears interest at a fixed rate until paid off in 2019. Bank indebtedness totalling \$ 2,500,000 bears interest at a floating rate until it is refinanced with long term debt in 2019. Due to the short debt refinancing time period and professional management of the investment portfolio, the commission 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 does not have any sales or receivables denominated in foreign currencies.

The commission is exposed to currency risk from Canadian supplier purchases of goods sourced directly or indirectly from foreign manufacturers (i.e. heavy equipment purchased for landfill operations originates primarily from the USA)

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.

16. Post-employment benefits and compensated absences

The commission sponsors a defined contribution pension plan for its unionized workforce whereby the employer obligation is limited to a matching contribution of up to 5% of regular and overtime pay. For employees with full-time status of 10 years or more, the employer will contribute up to 6% matching. The expense recognized in the 2018 financial statements totals \$ 76,418. There were no significant changes to the pension plan during the year.

The Commission contributes to RRSP benefit plans for its full-time management workforce. The Commission matches employee contributions to a specified percentage of earnings. The expense recognized in the 2018 financial statements totals \$ 37,170.

The Commission provides sick leave time for full-time employees. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. Unused sick leave benefits are paid out to the unionized employees on the last pay period of the year. Accordingly, there is no liability at yearend.

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

17. Adjustment of prior years

	<u>2018</u>	<u>2017</u>
The accumulated surplus balance has been restated for the following:		
Reclassify unrealized gains to the Consolidated Statement of Remeasurement Gains and Losses	\$ (115,027)	\$ (96,834)
Record inventory of chemical supplies	56,898	73,968
Tangible capital assets disposals in previous years not accounted for	(1,600,571)	(1,521,811)
Accounting errors in calculation of amortization expense	(1,097,889)	(945,528)
	<u>\$ (2,756,589)</u>	<u>\$ (2,490,205)</u>

The following consolidated statement of financial position accounts have increased (decreased) by:

Inventory of supplies	\$ 56,898
Tangible capital assets	\$ (2,044,370)
Accumulated amortization	\$ (942,652)

The following consolidated statement of operations accounts have increased (decreased) by:

Landfill expenses	
Leachate & siltation management	\$ 11,988
Amortization of tangible capital assets	\$ 152,360
Loss on disposal of tangible capital assets	\$ 78,764

18. Comparative figures

Certain of the 2017 comparative amounts have been reclassified to conform with the financial statement presentation adopted for the current year

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
 December 31, 2018

19. Schedule of Tangible Capital Assets

	Infrastructure										Assets Under Construction		2018 Total	2017 Total (Restated)
	Land	Buildings	Vehicles	Heavy Equipment	Equipment	Furniture & Fixtures	Landfill Site & Roadways	Containment Cells	Construction	Under Construction				
COST														
Balance, beginning of year	\$ 1,173,460	\$ 7,372,923	\$ 187,502	\$ 7,858,826	\$ 5,001,355	\$ 42,475	\$ 11,251,000	\$ 26,250,629	\$ 589,694	\$ 59,727,864	\$ 58,429,166			
Add:														
Net additions during the year	83,374	12,645	-	279,584	18,509	-	475,752	4,314,186	(569,694)	4,594,356	1,745,856			
Less:														
Disposals during the year	-	(306,750)	-	(129,931)	-	-	-	-	-	(436,681)	(447,158)			
Balance, end of year	1,256,834	7,078,818	187,502	8,008,479	5,019,864	42,475	11,726,752	30,564,815	-	63,885,539	59,727,864			
ACCUMULATED AMORTIZATION														
Balance, beginning of year	-	3,153,021	86,370	5,750,517	4,007,024	42,475	4,490,549	25,567,848	-	43,097,804	41,304,483			
Add:														
Amortization during the year	-	175,500	20,535	339,249	249,492	-	230,173	812,349	-	1,827,298	2,173,762			
Less:														
Accumulated amortization on disposals	-	(253,047)	-	(118,761)	-	-	-	-	-	(371,808)	(380,441)			
Balance, end of year	-	3,075,474	106,905	5,971,005	4,256,516	42,475	4,720,722	26,380,197	-	44,553,294	43,097,804			
NET BOOK VALUE														
Balance, end of year	\$ 1,256,834	\$ 4,003,344	\$ 80,597	\$ 2,037,474	\$ 763,348	\$ -	\$ 7,006,030	\$ 4,184,618	\$ -	\$ 19,332,245	\$ 16,630,060			
Consists of:														
Solid Waste assets	\$ 1,256,834	\$ 4,003,344	\$ 80,597	\$ 1,927,703	\$ 763,348	\$ -	\$ 7,006,030	\$ 4,184,618	\$ -	\$ 19,222,474	\$ 16,475,637			
Electrical Generation assets	-	-	-	109,771	-	-	-	-	-	109,771	154,423			
	\$ 1,256,834	\$ 4,003,344	\$ 80,597	\$ 2,037,474	\$ 763,348	\$ -	\$ 7,006,030	\$ 4,184,618	\$ -	\$ 19,332,245	\$ 16,630,060			

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

20. Schedule of Segment Disclosure					(Restated)	
	Solid Waste Services	Cooperative & Regional Planning Services	Local Planning Services	Generation Facility	2018 Consolidated	2017 Consolidated
Revenues						
Member charges	2,429,377	\$ 58,364	\$ 144,287	-	\$ 2,632,028	\$ 2,389,519
Sales of services	5,531,736	-	-	123,841	5,655,577	5,364,145
Government transfers	134,052	-	41,250	-	175,302	103,570
Transfers from own and other funds	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Interest	71,456	-	593	-	72,049	49,602
Gain on sale of investments	11,682	-	-	-	11,682	13,505
Gain on disposal of tangible capital assets	-	-	-	-	-	-
	8,178,303	58,364	186,130	123,841	8,546,638	7,920,341
Expenses						
Salaries and benefits	2,884,865	19,682	176,261	109,606	3,190,414	2,944,119
Goods and services	3,134,918	23,166	68,229	66,536	3,292,849	3,173,074
Amortization	1,740,373	-	-	86,925	1,827,298	2,173,762
Interest	2,416	-	-	-	2,416	9,411
Loss on disposal of tangible capital assets	49,872	-	-	-	49,872	86,999
	7,812,444	42,848	244,490	263,067	8,362,849	8,387,365
Surplus (deficit) for the year	\$ 365,859	\$ 15,516	\$ (58,360)	\$ (139,226)	\$ 183,789	\$ (467,024)

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

21. Reconciliation of Annual Surplus

	Cooperative & Regional Planning Operating Fund	Local Planning Operating Fund	Generation Facility Operating Fund	Solid Waste Capital Fund	Generation Facility Capital Fund	Solid Waste Capital Reserve Fund	Local Planning Capital Reserve Fund	Solid Waste Operating Reserve Fund	Local Planning Operating Reserve Fund	Total
2018 annual surplus (deficit)	\$ 2,149,107	\$ 15,516	\$ (58,953)	\$ (52,301)	\$ (1,790,245)	\$ (86,925)	\$ 6,997	\$ 593	\$ -	\$ 183,789
Adjustments to annual surplus (deficit) for funding requirements										
Second previous year's surplus (deficit)	388,174	12,410	93,273							493,857
Transfers between funds			(10,000)							
Transfer from local planning operating fund to the local planning capital fund									10,000	
Transfer from solid waste operating fund to the solid waste capital reserve fund	(65,000)					65,000				
Transfer from solid waste operating fund to the solid waste operating reserve fund	(11,000)								11,000	
Transfer from solid waste operating fund to the generation facility operating fund	(100,099)			100,099						
Transfer from solid waste operating fund to the solid waste capital fund	(1,978,753)			(45,795)	1,978,753		45,795			
Transfer from generation facility operating fund to the generation facility capital fund										
Transfer from solid waste operating fund to the solid waste capital fund	(106,000)				106,000					
Loss (gain) on disposal of tangible capital assets					49,872					49,872
Proceeds from disposal of tangible capital assets	15,000									15,000
Amortization of deferred financing charge	599									599
Amortization of tangible capital assets					1,740,373	86,925				1,827,298
Total adjustments to annual surplus (deficit)	(1,857,079)	12,410	83,273	54,304	3,874,998	132,720	65,000	-	11,000	2,388,626
2018 annual fund surplus (deficit) per PNB requirements	\$ 292,028	\$ 27,926	\$ 24,320	\$ 2,003	\$ 2,084,753	\$ 45,795	\$ 71,997	\$ 593	\$ 11,000	\$ 2,570,415

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

22. Statement of Reserves

	<u>Solid Waste Capital Reserve</u>	<u>Local Planning Capital Reserve</u>	<u>Solid Waste Operating Reserve</u>	<u>Local Planning Operating Reserve</u>	<u>2018 Total</u>	<u>2017 Total</u>
Assets						
Cash	\$ 55,212	\$ -	\$ 11,000	\$ 10,000	\$ 76,212	\$ 143
Investments	488,543	40,549	-	-	529,092	512,211
Accrued investment income	596	44	-	-	640	-
	<u>\$ 544,351</u>	<u>\$ 40,593</u>	<u>\$ 11,000</u>	<u>\$ 10,000</u>	<u>\$ 605,944</u>	<u>\$ 512,354</u>
Accumulated Surplus	<u>\$ 544,351</u>	<u>\$ 40,593</u>	<u>\$ 11,000</u>	<u>\$ 10,000</u>	<u>\$ 605,944</u>	<u>\$ 512,354</u>
Revenue						
Transfer from Solid Waste Operating Fund	\$ 65,000	\$ -	\$ 11,000	\$ -	\$ 76,000	\$ 872,826
Transfer from Local Planning Operating Fund				10,000	10,000	40,000
Investment income	6,997	593	-	-	7,590	3,531
	<u>71,997</u>	<u>593</u>	<u>11,000</u>	<u>10,000</u>	<u>93,590</u>	<u>718,157</u>
Expenditures						
Transfer to Solid Waste Capital Fund					-	1,151,420
Annual Surplus (deficit)	71,997	593	11,000	10,000	93,590	(435,263)
Accumulated Surplus						
Beginning of year	472,354	40,000	-	-	512,354	847,617
End of year	<u>\$ 544,351</u>	<u>\$ 40,593</u>	<u>\$ 11,000</u>	<u>\$ 10,000</u>	<u>\$ 605,944</u>	<u>\$ 512,354</u>

Reserve fund investments are held as pooled investment funds

**Fundy Regional Service Commission
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22. Statement of Reserves (continued)

Commission resolutions regarding transfers to and from reserves:

December 10, 2018

8.b) Year End Motions

Motion: To approve transfer of \$25,000 from the Solid Waste Services Operating Fund to the Solid Waste Services Capital Reserve Fund as per the 2017 budget in accordance with the Project No. 27900 – Canada-New Brunswick Building Canada Fund (BCF)- Communities Component agreement.

This motion is a requirement of the BCF agreement which funded the construction of the Material Recovery Facility (MRF). The agreement requires the deposit for 10 successive years without a withdrawal.

Moved: Director Baxter
Seconded: Director Chatterton
Vote: Motion Carried

Motion: To approve transfer of \$10,000 from the Local Planning Services Operating Fund to the Local Planning Services Operating Reserve Fund.

Local Planning has a projected surplus at year end. There is indication that there will be a legal challenge made on a PRAC decision in 2018 and the money would be set targeted for any legal costs in 2019 that exceeded the annual budget. By transferring to the Operating Reserve, it will make the money available in 2019, mitigating impact on that budget as opposed to carrying surplus into 2020.

Moved: Director Bedford
Seconded: Director Rathburn
Vote: Motion Carried

Motion: To approve transfer of \$40,000 from the Solid Waste Services Operating Fund to the Solid Waste Services Capital Reserve Fund.

There were two capital expenses from the operating budget that were not executed in 2018 that were in the capital plan. One dumpster (\$10k) for the public drop off and landfill gas system engineering and drilling (\$30k of \$75k) were not fully executed due to supply issues and spring flooding. The capital reserve allows money to be spent on capital projects only and is expected to be spent on the same projects.

Moved: Director Baxter
Seconded: Director Bedford
Vote: Motion Carried

Motion: To approve transfer of \$11,000 from the Solid Waste Services Operating Fund to the Solid Waste Services Operating Reserve Fund.

Paving (\$11k) repairs to the entrance were not completed in 2018 due to vendor issues. Planning to spend the same money on this project in 2019 by transferring to the operating reserve so as not to be applied to the 2019 operations budget.

Moved: Director Chatterton
Seconded: Director Rathburn
Vote: Motion Carried


Marc MacLeod
Executive Director
Fundy Regional Service Commission


Date

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

23. Operating Budget to PSA Budget

	Corporate & Regional Services Budget	Cooperative & Regional Planning Budget	Local Planning Budget	Solid Waste Budget	Generation Facility Budget	Subtotal	Amortization	Transfers	Total
Revenue									
Member charges	\$ -	\$ 58,363	\$ 144,287	\$ 2,155,556	\$ -	\$ 2,358,206	\$ -	\$ -	\$ 2,358,206
Sales of services	-	-	-	5,328,194	150,000	5,478,194	-	-	5,478,194
Transfers from own and other funds	253,859	-	-	-	100,099	353,958	-	(353,958)	-
Surplus of second previous year	-	12,409	93,273	331,176	-	436,858	-	(436,858)	-
	253,859	70,772	237,560	7,814,926	250,099	8,627,216	-	(790,816)	7,836,400
Expenditures									
Governance	68,800					68,800	-	-	68,800
Administration	185,059	50,772	49,027	1,122,609	5,700	1,413,167	-	(253,859)	1,159,308
Regional planning		3,000				3,000	-	-	3,000
Regional sport, recreation & culture infrastructure planning & cost-sharing		7,000				7,000	-	-	7,000
Other Services Provided to All Members		10,000				10,000	-	-	10,000
Planning and building inspection services			186,033			186,033	-	-	186,033
Operations - Solid Waste Service				4,740,562	244,399	4,984,961	1,833,649	52,480	6,871,090
Financial Services									
- Interest									
- Other Financing Charges			2,500			52,480	-	(52,480)	-
- Transfer to the Capital Fund - Debt Repayment						27,044	-	-	27,044
- Transfer to the Capital Fund - Asset Acquisition						1,094,000	-	(1,094,000)	-
- Transfer to the Capital Reserve						510,000	-	(510,000)	-
- Transfer to the Generation Facility Operating Fund						25,000	-	(25,000)	-
Closure & Post-closure expense						100,099	-	(100,099)	-
				145,632		145,632	-	-	145,632
	253,859	70,772	237,560	7,814,926	250,099	8,627,216	1,833,649	(1,982,958)	8,477,907
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,833,649)	\$ 1,192,142	\$ (641,507)	

Fundy Regional Service Commission
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24. Revenue and Expense Support

	2018		(Restated)
	(Unaudited)		2017
	Budget	Actual	Actual
Revenue			
Member charges			
Cooperative and regional planning services	\$ 58,363	\$ 58,364	\$ 40,929
Local planning services	144,287	144,287	85,807
Solid waste tipping fees	2,155,556	2,429,377	2,262,783
Total member charges	<u>\$ 2,358,206</u>	<u>\$ 2,632,028</u>	<u>\$ 2,389,519</u>
Sales of services			
Solid waste services			
Tipping fees from other sources			
Industrial, commercial, institutional	4,648,444	4,642,765	4,401,592
Construction and demolition	168,000	153,450	143,994
Special waste	30,000	80,188	137,853
Recycling			
Fibre	230,000	121,705	239,623
Refundable Products	-	11,632	5,248
Metals	-	31,408	21,380
Paints	3,600	7,137	8,623
Plastics	-	12,107	13,234
Other	8,750	130,312	77,553
Other operational revenue			
Organics	204,400	186,712	194,508
Compost	5,000	5,883	1,709
Other	30,000	148,437	13,938
Electrical generation	150,000	123,841	104,890
Total sales of services	<u>\$ 5,478,194</u>	<u>\$ 5,655,577</u>	<u>\$ 5,364,145</u>
Government transfers			
Environmental Trust Fund	\$ -	\$ 125,944	\$ 76,070
Regional Recreation Development	-	41,250	27,500
Province of New Brunswick - Employment assistance	-	8,108	-
Total government transfers	<u>\$ -</u>	<u>\$ 175,302</u>	<u>\$ 103,570</u>

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

24. Revenue and Expense Support (continued)

	2018		(Restated)
	(Unaudited)		2017
	Budget	Actual	Actual
Expenditures			
Corporate Services			
Governance			
Board Members			
Honorariums	\$ 46,400	\$ 42,363	\$ 42,389
Travel	9,400	3,847	4,333
Training and development	-	-	-
Insurance	13,000	11,500	11,214
Total Governance	<u>68,800</u>	<u>57,710</u>	<u>57,936</u>
Administration			
Executive Director's Office			
Salaries and benefits	51,594	50,003	49,064
Travel	5,000	2,407	4,676
Training and development	2,500	939	2,339
Human Resources	-	25,424	10,321
Financial Management			
Salaries and benefits	71,176	48,404	80,615
Training and development	2,500	244	1,815
External audit fees	22,000	18,514	25,000
Other Administrative Services			
Advertising and public relations	1,000	1,586	1,904
Legal services	5,000	7,375	2,000
Office equipment and supplies	9,589	5,330	5,254
Printing and copying	9,700	4,995	21,666
Telecommunications	4,000	1,727	7,722
Other	1,000	60	365
Total Administration	<u>185,059</u>	<u>167,008</u>	<u>212,741</u>
Total Corporate Services Expenditures	<u>\$ 253,859</u>	<u>\$ 224,718</u>	<u>\$ 270,677</u>
Allocated to:			
Cooperative and Regional Planning Services	\$ 50,772	\$ 40,113	\$ 52,071
Local Planning Services	10,894	10,578	11,291
Solid Waste Services	192,193	174,027	207,315
	<u>\$ 253,859</u>	<u>\$ 224,718</u>	<u>\$ 270,677</u>

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
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24. Revenue and Expense Support (continued)

	2018		(Restated)
	(Unaudited)		2017
	Budget	Actual	Actual
Expenditures			
Cooperative and Regional Planning Services			
Allocation from Corporate Services	\$ 50,772	\$ 40,113	\$ 52,071
Regional Planning			
Administration	3,000	-	-
Regional Sport, Recreation and Culture: Infrastructure			
Planning and Cost-Sharing			
Administration	7,000	-	6,875
Other Services Provided to All Members			
Economic Development	10,000	2,734	-
Total Cooperative and Regional Planning Services Expenditures	\$ 70,772	\$ 42,847	\$ 58,946
Expenditures			
Local Planning Services			
Administration			
Allocation from Corporate Services	\$ 10,894	\$ 10,578	\$ 11,291
Other Administrative Services			
Advertising and public relations	3,000	1,840	105
Liability insurance	5,000	5,000	5,000
Professional services	12,500	3,844	69
Office building	5,888	4,539	3,804
Office equipment and supplies	820	347	3,249
Printing and copying	900	-	486
Telecommunications	8,400	3,546	3,307
Other	1,625	607	891
Total Administration	49,027	30,301	28,202

Fundy Regional Service Commission
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24. Revenue and Expense Support (continued)

	2018		(Restated)
	(Unaudited)		2017
	Budget	Actual	Actual
Planning and Building Inspection Services			
Planning Services			
Salaries and benefits	50,000	91,512	56,278
Travel	4,500	3,691	2,891
Training and development	2,500	1,590	2,020
Maps and reference material	1,000	-	-
GIS operating and planet	750	370	493
Advertising	2,000	-	-
Planning committees	8,000	3,938	57
Other	300	-	-
	<u>69,050</u>	<u>101,101</u>	<u>61,739</u>
Inspection Services			
Salaries and benefits	102,533	101,273	94,946
Travel	8,200	7,200	7,125
Training and development	4,000	889	1,043
Maps and reference material	1,500	81	130
GIS operating and planet	750	670	548
	<u>116,983</u>	<u>110,113</u>	<u>103,792</u>
Total Planning and Building Inspection Services	<u>186,033</u>	<u>211,214</u>	<u>165,531</u>
Fiscal Services			
Other Financing Charges			
Banking service charge	2,500	2,976	2,304
	<u>2,500</u>	<u>2,976</u>	<u>2,304</u>
Total Local Planning Expenditures	<u>\$ 237,560</u>	<u>\$ 244,491</u>	<u>\$ 196,037</u>

Fundy Regional Service Commission
Notes to the Consolidated Financial Statements
December 31, 2018

24. Revenue and Expense Support (continued)

	2018		(Restated)
	(Unaudited)		2017
	Budget	Actual	Actual
Expenditures			
Solid waste services			
Administration			
Allocation from Corporate Services	\$ 192,193	\$ 174,027	\$ 207,315
Director's Office			
Salaries and benefits	176,273	172,456	165,725
Travel	11,000	3,849	10,259
Training and development	3,000	3,426	2,658
Other Administrative Services			
Advertising	-	261	416
Liability insurance	161,500	124,093	124,339
Professional services	114,000	72,193	112,949
Legal services	5,000	9,247	28,982
Office building	19,950	12,066	14,612
Office equipment and supplies	28,775	18,141	22,690
Printing and copying	3,300	3,015	2,479
Telecommunications	12,500	9,627	9,992
Crane Mountain Enhancement Inc (Note 25)	24,209	24,209	23,969
Host Community Enhancement Fund (Note 25)	88,247	89,147	87,373
Public education			
Personnel	142,987	138,475	132,202
Advertising, tours and promotional	98,475	207,751	122,536
Other administrative	21,200	25,030	17,464
Amortization	20,000	25,571	18,341
Total Administration	1,122,609	1,112,584	1,104,301

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24. Revenue and Expense Support (continued)

	2018		(Restated)
	(Unaudited)		2017
	Budget	Actual	Actual
Solid waste services			
Operations			
Station and buildings			
Repairs and maintenance	7,000	-	94
Electricity	9,000	8,427	7,095
Property taxes	244,650	232,695	232,695
Environmental health and safety	103,958	92,757	79,388
Amortization	30,000	37,853	26,387
Machinery and equipment			
Fuel	169,290	176,475	166,347
Repairs and maintenance	130,160	101,370	104,285
Amortization	200,000	160,549	245,508
Landfill operations			
Personnel	735,663	761,694	659,929
Site and road maintenance	47,300	41,919	51,500
Monitoring	58,100	55,124	56,479
Site security and safety	12,700	8,660	10,013
Special waste handling	15,648	9,386	7,177
Cell cover material	130,500	127,091	85,044
Leachate & siltation management	685,273	884,963	666,944
Safety equipment and supplies	32,474	21,486	36,587
Interest	49,150	-	1,767
Amortization	1,050,000	1,025,544	1,084,793
Scale house			
Personnel	158,758	167,157	150,451
Supplies	22,400	15,596	14,842
Amortization	25,000	38,607	21,200
Waste diversion			
Personnel - Recycling facility	455,142	468,428	409,945
Personnel - Depot collection	382,638	410,933	429,798
Recycling facility	160,350	151,976	131,222
Depot collection program	347,403	263,126	243,674
Amortization - Recycling facility	55,000	62,356	57,974
Amortization - Depot collection program	85,000	95,887	92,616
Composting program			
Personnel	264,133	257,132	302,608
Processing	425,522	370,151	375,024
Cart and bin purchases	125,000	117,144	109,755
Interest	3,330	2,416	7,644
Amortization	281,649	294,006	318,700

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24. Revenue and Expense Support (continued)

	2018		(Restated)
	(Unaudited)		2017
	Budget	Actual	Actual
Hazardous household waste			
Collection	8,000	4,582	6,505
Disposal	25,000	25,366	27,991
Other	4,500	745	1,079
Total solid waste operations	<u>6,539,691</u>	<u>6,491,601</u>	<u>6,223,060</u>
Fiscal Services			
Other Financing Charges			
Debenture issue costs	13,448	598	1,662
Banking service charge	11,096	10,188	9,416
Other Fiscal Services			
Closure & post-closure expense	145,632	122,875	112,750
Investment management fees	-	24,725	14,529
Total fiscal services	<u>170,176</u>	<u>158,386</u>	<u>138,357</u>
Total Solid Waste Expenditures	<u>\$ 7,832,476</u>	<u>\$ 7,762,571</u>	<u>\$ 7,465,718</u>
Generation Facility			
Other Administrative Services			
Professional services	\$ 2,000	\$ 3,499	\$ 2,464
Office building	3,200	3,024	2,648
Office equipment and supplies	500	-	-
Total Administration	<u>5,700</u>	<u>6,523</u>	<u>5,112</u>
Operations			
Personnel			
Salaries and benefits	101,699	109,606	121,681
Travel	5,000	-	-
Other	4,300	-	-
Machinery and equipment			
Fuel	25,400	6,322	6,802
Repairs and maintenance	108,000	53,692	137,827
Amortization	87,000	86,925	308,243
Total Operations	<u>331,399</u>	<u>256,545</u>	<u>574,553</u>
Total Generation Facility Expenditures	<u>\$ 337,099</u>	<u>\$ 263,068</u>	<u>\$ 579,665</u>

Fundy Regional Service Commission
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25. Commitments

Crane Mountain Enhancement Inc

The Commission has committed to provide \$ 20,000 annually (adjusted for 1/2 of the annual inflation rate) to Crane Mountain Enhancement Inc (CMEI) to fund monitoring and educational expenditures for the time period that solid waste facilities are operated at the site. The annual payment is reduced accordingly if the cash or near cash assets of CMEI exceed \$ 60,000.

	2018	2017
Monitoring and education funds transferred	\$ 24,209	\$ 23,969

Host Community Enhancement Fund

As required by New Brunswick Order in Council 2005-112, the Commission allocates a dedicated portion of tipping fees to the Host Community Enhancement Fund for special projects designed to enhance the facility and/or the host community for the time period that solid waste facilities are operated at the site. For 2000 and subsequent years, the Commission has committed to provide \$ 75,000 annually (adjusted for 1/2 of the annual inflation rate). The Fund is administered by Crane Mountain Enhancement Inc (formerly Fundy Future Environment and Benefits Council) and the Commission. The eligible funding recipients, project descriptions and funding amounts are as follows:

Funding Recipient	Project Description	2018	2017
Church Of The Resurrection	Play park	\$ 11,500	\$ 10,428
Friends of Blueberry Hill	Maintenance & upgrades to trail system		2,700
Friends of Blueberry Hill	Tree planting	3,300	
Grand Bay Home and School	Greenhouse, seeds & compost		3,019
Grand Bay Legion Branch #22	Kitchen		10,501
Grand Bay Primary	Outdoor classroom	11,200	
Grand Bay-Westfield Scouts	Stoves and cookware	1,439	845
Grand Bay-Westfield Senior Art Group	Workshops & exhibitions	415	212
Grand Bay-Westfield Volunteer Firefighters	Gym equipment		5,110
Grand Bay-Westfield Volunteer Firefighters	Barbeque	1,610	
Honour Our Veterans	Veteran banners		3,311
Honour Our Veterans	Sign brackets	4,180	
Ketepec Scouts	Snowshoes and supplies	3,716	
Martinon Community Centre	Insulation		1,721
Martinon Community Centre	Kitchen appliances & dishes		861
Morna Heights Home and School	Books for library		1,431
Morna Heights Home and School	Library storage and seating	2,115	
Morna Heights School	i-pads	2,168	2,395
Over 50 Activity Group	Tables, chairs, bridge books & playing cards		3,422
RV Community Centre	Refrigeration equipment		32,484
RV Community Centre	Eavestrough	9,122	
RV Community Centre	Repair wall leaks	19,119	
RV Volunteer Hunter Education	Sponsor young hunters	400	400
Stonehammer UNESCO Geopark	Concrete Stamps	7,600	
Westfield Elementary School	Playground equipment		8,533
Westfield Elementary School	Library revitalization	10,964	
3 on 3 Summer Basketball	Basketball supplies	299	
		<u>\$ 89,147</u>	<u>\$ 87,373</u>