FUNDY REGIONAL SERVICE COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

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FUNDY REGIONAL SERVICE COMMISSION

DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of the Fundy Regional Service Commission

We have audited the consolidated statement of financial position of the Fundy Regional Service Commission as at December 31, 2016, and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Commission as at December 31, 2016, and the results of its operations, changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, NB
March 28, 2017

FUNDY REGIONAL SERVICE COMMISSION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash (Notes 2, 3 and 4)	$ 993,190	$ 532,984
Accounts receivable (Notes 2 and 3)	725,615	649,545
HST receivable	84,132	199,061
Investments (Notes 2, 3 and 5)	518,754	867,330
Investments restricted for future closure and post-closure costs (Notes 2, 3 and 8)	1,273,516	1,100,032
	$ 3,595,207	$ 3,348,952
LIABILITIES		
Accounts payable and accrued liabilities (Notes 2 and 3)	$ 569,718	$ 1,001,833
Security deposits (Note 2)	99,783	99,183
Long term debt (Notes 2, 3, 6 and 7)	712,000	1,200,000
Future closure and post-closure liability (Notes 2, 3 and 8)	1,176,682	1,071,853
	2,558,183	3,372,869
NET FINANCIAL ASSETS (DEBT)	1,037,024	(23,917)
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 2 and 11)	61,772,234	60,747,964
Accumulated amortization (Notes 2 and 11)	(42,155,152)	(40,575,210)
	19,617,082	20,172,754
Deferred financing charges (Note 2)	2,560	5,289
	19,619,642	20,178,043
ACCUMULATED SURPLUS	$ 20,656,666	$ 20,154,126

COMMITMENTS (Note 9)

APPROVED BY:

_____ Commission Member

_____ Commission Member

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FUNDY REGIONAL SERVICE COMMISSION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Under (Over)	2016 Budget (Note 15)	2016 Actual	2015 Actual
REVENUE (Notes 2 and 12)				
Member charges (Note 16)	$ 56,585	$ 2,617,601	$ 2,561,016	$ 2,489,521
Sales of services (Note 16)	229,743	5,281,040	5,051,297	5,471,182
Interest	(41,986)	-	41,986	60,470
Loss on disposal of tangible capital assets	39,046	-	(39,046)	(1,145)
	283,388	7,898,641	7,615,253	8,020,028
EXPENDITURE (Notes 2, 12 and 16)				
Landfill	494,611	6,740,110	6,245,499	6,808,819
Corporate services	38,294	276,585	238,291	275,338
Local planning services	91,569	257,851	166,282	155,168
Collaborative and regional planning services	4,750	10,000	5,250	8,585
Electrical generation	(25,552)	500,494	526,046	492,748
	603,672	7,785,040	7,181,368	7,740,658
ANNUAL SURPLUS (DEFICIT) BEFORE UNREALIZED GAIN (LOSS) ON INVESTMENTS	(320,284)	113,601	433,885	279,370
UNREALIZED GAIN (LOSS) ON INVESTMENTS	(68,655)	-	68,655	(40,977)
ANNUAL SURPLUS (DEFICIT) FOR THE YEAR (Note 13)	$ (388,939)	$ 113,601	502,540	238,393
ACCUMULATED SURPLUS - BEGINNING OF YEAR			20,154,126	19,915,733
ACCUMULATED SURPLUS - END OF YEAR			$ 20,656,666	$ 20,154,126

FUNDY REGIONAL SERVICE COMMISSION

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

AS AT DECEMBER 31, 2016

	2016	2015
Annual surplus	$ 502,540	$ 238,393
Acquisition of tangible capital assets	(1,063,316)	(3,622,536)
Proceeds on disposal of tangible capital assets	-	92,665
Amortization of tangible capital assets	1,579,942	1,848,006
Loss on disposal of tangible capital assets	39,046	1,145
	1,058,212	(1,442,327)
Use of deferred financing	2,729	3,477
Increase (decrease) in net financial assets (debt)	1,060,941	(1,438,850)
Net financial assets (debt), beginning of year	(23,917)	1,414,933
Net financial assets (debt), end of year	$ 1,037,024	$ (23,917)

APPROVED BY:

Commission Member

Commission Member

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FUNDY REGIONAL SERVICE COMMISSION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING TRANSACTIONS		
Annual surplus	$ 502,540	$ 238,393
Loss on disposal of tangible capital assets	39,046	1,145
Unrealized loss (gain) on investments	(68,655)	40,977
Amortization of tangible capital assets	1,579,942	1,848,006
Accounts receivable	(76,070)	154,820
HST receivable	114,929	(96,264)
Accounts payable and accrued liabilities	(432,115)	296,776
Security deposits	600	(1,093)
Future closure and post-closure liability	104,829	99,025
Change in deferred financing charges	2,729	3,477
	1,767,775	2,585,262
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(1,063,316)	(3,622,536)
Proceeds on disposal of tangible capital assets	-	92,665
	(1,063,316)	(3,529,871)
FINANCING TRANSACTION		
Long term debt repayment	(488,000)	(590,000)
INVESTING TRANSACTIONS		
Proceeds net of purchases of investments	348,576	983,780
Purchases net of proceeds of investments for future closure and post-closure costs	(104,829)	(99,025)
	243,747	884,755
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	460,206	(649,854)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	532,984	1,182,838
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 993,190	$ 532,984

FUNDY REGIONAL SERVICE COMMISSION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. COMMISSION MANDATE

The Fundy Regional Service Commission (the "Commission") began operations on January 1, 2013. The Commission assumed operations of the Fundy Region Solid Waste Commission and took ownership of its assets and liabilities after it was dissolved on December 31, 2012 under the Regional Service Delivery Act (assented to on June 13, 2012). The Commission is comprised of a representative of each Municipality and Local Service District in its service area.

The Commission's mandate is as follows:

- 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;
- To provide land use planning services to all Local Services Districts and any Municipality that does not currently have the service;
- To provide solid waste disposal services to Municipalities and Local Service Districts;
- To provide a forum through which regional policing services can be reviewed and evaluated in order to make services more cost effective and efficient. In addition, the Commission will identify issues and common concerns within their region and provide direction on priorities for policing services;
- 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; and
- The Commission will be an entity through which Municipalities and Local Service Districts come together and identify the needs, scope and financing of recreational facilities, as well as providing services in the way of development of agreements and assist with securing provincial funding on a fully regional or on a sub-regional basis.

The Provincial Government has issued to the Commission a Certificate of Approval to operate the landfill through to December 31, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Budget

The budget figures contained in these financial statements were approved by the Commission on October 27, 2015 and were submitted to the Department of Environment and Local Government on October 31, 2015.

Financial Instruments

Equity instruments with actively traded markets are reported at fair value, with any unrealized gains or losses reported in annual surplus. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Investments are managed in accordance with the New Brunswick Trustees Act.

Cash and Cash Equivalents

The Commission considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be financing activities.

Deferred Financing Charges

Financing charges related to the issuance of long term debentures are deferred and amortized over the terms of the related debentures.

Revenue Recognition

Tipping fees are recorded when the waste is delivered to the landfill facility and when collection is reasonably assured. Recycling commodity sales are recognized upon the delivery of the recyclables to the customers and when collectibility of proceeds is reasonably assured. Investment and other income are recorded on an accrual basis and when collection is reasonably assured.

Collaborative and regional planning services and local planning services represent charges to local municipalities and local service districts in the area. They are based on a predetermined rate and are recorded on an accrual basis.

Expenditure Recognition

Expenditures are recorded on an accrual basis.

Employee Future Benefits

The commission does not have any employee future benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 financial statements and the reported amount of revenues and expenditures during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from these estimates.

Examples of significant estimates include:

- the allowance for doubtful accounts;
- providing for amortization of tangible capital assets;
- the estimated useful lives of tangible capital assets;
- the recoverability of tangible capital assets;
- the recoverability of long term investments; and
- certain economic assumptions used in determining the provision for future closure and post-closure costs and the future closure and post-closure liability.

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. The cost of the tangible capital asset, less any residual value when applicable, is amortized on a straight-line basis over the estimated useful lives as follows:

Asset type	Estimated useful life
Landfill site and roadways	Over the life of the landfill
Buildings - compost and material recycling facility	20 years
Buildings - other	Over the life of the landfill
Furniture and fixtures	10 years
Heavy equipment	5-20 years
Light equipment and vehicles	5-10 years
Containment cells	5 years

The Commission regularly reviews its capital assets to eliminate obsolete items.

Assets under construction are not amortized until the asset is available for productive use.

Future Closure and Post Closure Liability

The Commission accrues landfill closure and post-closure care requirements that include final covering and landscaping of the landfill, pumping of ground water and leachate from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management as documented in Note 8.

Future events may result in significant changes to the estimated total expenses, capacity used, total capacity and the estimated liability, and would be recognized prospectively as a change in estimate when applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Segmented Information

The Commission provides waste disposal, local planning and collaborative and regional planning services for the geographic area of the Fundy Region. 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 department 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.

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.

Collaborative 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 emphasize 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Regional Emergency Measures Planning

The Commission will serve as the vehicle 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.

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.

Electrical Generation

This department provides electricity to the Solid Waste operations and sells the excess electricity to Saint John Energy.

3. 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 the Commission's risk exposure and concentration as of December 31, 2016.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Commission is exposed to credit risk from customers. In order to reduce its credit risk, the Commission reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Commission manages its exposure to credit risk by requiring its customers to supply a security deposit or a letter of credit. The Commission has a significant number of customers which minimizes concentration of credit risk.

3. FINANCIAL INSTRUMENTS (cont'd)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, accounts payable and accrued liabilities and other obligations.

Currency Risk

Currency risk is the risk to the Commission's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Commission is not exposed to foreign currency risk as it does not hold foreign currencies.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Commission manages exposure through its normal operating and financing activities. The Commission is not exposed to interest rate risk as its long term debt does not have a variable interest rate.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are 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 is exposed to other price risk through its investment in quoted shares.

4. CASH

	2016	2015
Cash - restricted for cell construction fund	$ -	$ 90
Cash - unrestricted	993,190	532,894
	$ 993,190	$ 532,984

5. INVESTMENTS

	2016	2015
Investments - restricted for equipment replacement fund	$ 200,980	$ 199,475
Investments - restricted for cell construction fund	317,774	667,855
	$ 518,754	$ 867,330

6. LONG TERM DEBT

	2016	2015
N.B. Municipal Finance Corporation serial debenture, yearly repayment of principal and semi-annual interest at 1.65%-2.45%, maturing June 4, 2017.	$ 394,000	$ 780,000
N.B. Municipal Finance Corporation serial debenture, yearly repayment of principal and semi-annual interest at 1.15%-2.35%, maturing July 12, 2019.	318,000	420,000
	$ 712,000	$ 1,200,000

Aggregate principal payments required over the next three years excluding balloon payments are as follows:

2017	$ 498,000
2018	106,000
2019	108,000

7. BORROWING AUTHORITY

Operating Borrowing

At December 31, 2016, there were no borrowings for operations (2015 - nil).

Capital Borrowing

At December 31, 2016, there were no borrowings for capital (2015 - nil).

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. The amounts payable between Funds are in compliance with the requirements.

8. FUTURE CLOSURE AND POST-CLOSURE LIABILITY

The Commission is responsible for the continued monitoring and treatment of the landfill site following its closure.

The accrued liability for post-closure costs have been determined based on estimated post-closure costs of $319,264 per year, in future dollars, for a period of 30 years commencing in 2049.

Post-closure costs are discounted at a rate of 4.5% (6.5% nominal rate less 2% assumed inflation; 2015 - 4.5% - 6.5% nominal rate less 2% assumed inflation) for a current estimate of $12,675,752 required by the end of 2048 to fund post closure expenses.

The landfill has a capacity estimated at 3,461,674 metric tonnes. At December 31, 2016, the landfill has 2,149,448 (2015 - 2,210,364) metric tonnes remaining.

8. FUTURE CLOSURE AND POST-CLOSURE LIABILITY (cont'd)

At December 31, 2016, the current value of the post closure liability is $1,176,682 of which the Commission has funded with cash, bonds and equities with a cost of $1,176,682 (2015 - $1,071,853) and a fair market value of $1,273,516 (2015 - $1,100,032).

Investment details are as follows:

	2016	2015
Canadian equities (Cost $286,432; 2015 - $274,055)	$ 383,266	$ 302,234
Corporate and government bonds	890,250	797,798
	$ 1,273,516	$ 1,100,032

Fair values have been determined based on quoted market rates supplied by CIBC Wood Gundy.

The bonds held by the Commission consist of a mix of corporate and government bonds with coupon rates ranging from 1.475% to 9.976% and with maturity dates ranging from 2017 to 2046. The bonds pay interest on a bi-annual basis and, regardless of interest rate fluctuations in the interim, the rate of interest is guaranteed as long as the bonds are held to maturity.

The maximum exposure to credit risk would be the fair value as indicated above.

9. COMMITMENTS

Crane Mountain Enhancement Inc.

The Commission has committed to provide $20,000 annually (adjusted for inflation) to Crane Mountain Enhancement Inc. (CMEI) to fund operating expenditures for such time that the facilities are operated at the site. The annual payment is reduced accordingly if the cash or near cash assets of CMEI exceed $60,000. In 2016 funding of $23,790 (2015 - $23,672) was provided for monitoring and education.

Host Community Enhancement Fund

In order to meet Provincial Government requirements, the Commission allocates a dedicated portion of the tipping fee to the Host Community Enhancement Fund for special projects designed to enhance the Facility and it's surrounding communities. For 2000 and subsequent years, while solid waste is received at the landfill site, the Commission has committed to provide $75,000 per year (adjusted for inflation) to this Fund (Note 17). The Fund is administered by Crane Mountain Enhancement Inc. (formerly known as the Fundy Future Environment and Benefits Council) and the Commission.

10. GENERAL FUND SURPLUS/DEFICIT

The Regional Commission Act requires the Landfill Operating Fund, Electrical Generation Fund, Local Planning Services Fund and Collaborative & Regional Planning Services Fund surplus/deficit, as per the funding basis of accounting, amounts to be absorbed into Operating Budgets of the second ensuing year; the balance of the surplus/deficit at the end of the year consists of:

	2016	2015
2016 Surplus	$ 436,955	$ -
2015 Surplus	269,349	269,349
2014 Surplus	-	350,415
	$ 706,304	$ 619,764

FUNDY REGIONAL SERVICE COMMISSION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

11. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land	Landfill Site and Roadways	Buildings	Furniture and Fixtures	Heavy Equipment	Light Equipment/ Vehicles	Containment Cells	2016 Total	2015 Total
COST									
Balance - beginning of year	$ 1,173,460	$ 17,210,001	$ 4,827,677	$ 44,377	$ 9,887,059	$ 1,302,705	$ 26,302,685	$ 60,747,964	$ 57,384,950
Add: Net additions during the year	-	-	66,503	-	980,744	16,069	-	1,063,316	3,622,536
Less: Disposals during the year	-	-	-	-	-	-	(39,046)	(39,046)	(259,522)
Balance - end of year	1,173,460	17,210,001	4,894,180	44,377	10,867,803	1,318,774	26,263,639	61,772,234	60,747,964
ACCUMULATED AMORTIZATION									
Balance - beginning of year	-	6,606,258	2,374,485	44,377	6,850,901	1,004,564	23,694,625	40,575,210	38,892,916
Add: Amortization during the year	-	305,018	159,103	-	845,097	126,507	144,217	1,579,942	1,848,006
Less: Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(165,712)
Balance - end of year	-	6,911,276	2,533,588	44,377	7,695,998	1,131,071	23,838,842	42,155,152	40,575,210
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 1,173,460	$ 10,298,725	$ 2,360,592	$ -	$ 3,171,805	$ 187,703	$ 2,424,797	$ 19,617,082	$ 20,172,754
Consists of:									
General Fund Assets	$ 1,173,460	$ 10,298,725	$ 2,360,592	$ -	$ 2,718,518	$ 187,703	$ 2,424,797	$ 19,163,795	$ 19,289,471
Electrical Generation Fund Assets	-	-	-	-	453,287	-	-	453,287	883,283
	$ 1,173,460	$ 10,298,725	$ 2,360,592	$ -	$ 3,171,805	$ 187,703	$ 2,424,797	$ 19,617,082	$ 20,172,754

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FUNDY REGIONAL SERVICE COMMISSION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

12. SCHEDULE OF SEGMENT DISCLOSURE

	Landfill	Corporate Services	Local Planning Services	Collaborative and Regional Planning Services	Electrical Generation	2016 Consolidated	2015 Consolidated
REVENUE							
Member charges	$ 2,409,576	$ -	$ 103,606	$ 47,834	$ -	$ 2,561,016	$ 2,489,521
Sales of services	4,922,289	-	-	-	129,008	5,051,297	5,471,182
Unrealized gain (loss) on investments	68,655	-	-	-	-	68,655	(40,977)
Loss on disposal of tangible capital assets	(39,046)	-	-	-	-	(39,046)	(1,145)
Interest	41,986	-	-	-	-	41,986	60,470
	7,403,460	-	103,606	47,834	129,008	7,683,908	7,979,051
EXPENDITURE							
Salaries and benefits	2,464,835	136,434	114,644	-	114,576	2,830,489	2,919,487
Goods and services	2,487,351	101,857	51,638	5,250	101,790	2,747,886	2,937,963
Amortization	1,270,262	-	-	-	309,680	1,579,942	1,848,006
Interest	23,051	-	-	-	-	23,051	35,202
	6,245,499	238,291	166,282	5,250	526,046	7,181,368	7,740,658
Surplus (deficit) for the year	$ 1,157,961	$ (238,291)	$ (62,676)	$ 42,584	$ (397,038)	$ 502,540	$ 238,393

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13. RECONCILIATION OF ANNUAL SURPLUS

	Landfill Operating Fund	Electrical Generation Fund	Local Planning Services Fund	Collaborative & Regional Planning Services Fund	Corporate Services Fund	Capital Fund	Capital Reserve Fund	Total
2016 annual surplus (deficit)	$ 2,462,255	$ (87,360)	$ (62,676)	$ 42,584	$ (238,291)	$ (1,618,985)	$ 5,013	$ 502,540
Adjustments to annual surplus (deficit) for funding requirements								
Second previous year's surplus	166,370	-	166,561	17,484	-	-	-	350,415
Transfers between funds								
Transfer elimination	(410,000)	-	-	-	-	-	410,000	-
Transfer elimination	(1,063,317)	-	-	-	-	1,063,317	-	-
Transfer elimination	(87,360)	87,360	-	-	-	-	-	-
Transfer elimination	(180,021)	-	(10,612)	(47,658)	238,291	-	-	-
Long term debt principal repayment	(488,000)	-	-	-	-	488,000	-	-
Amortization expense	-	-	-	-	-	1,579,942	-	1,579,942
Unrealized gain on investments	(68,655)	-	-	-	-	-	-	(68,655)
Total adjustments to 2016 annual surplus (deficit)	(2,130,983)	87,360	155,949	(30,174)	238,291	3,131,259	410,000	1,861,702
Annual surplus for funding requirements	$ 331,272	$ -	$ 93,273	$ 12,410	$ -	$ 1,512,274	$ 415,013	$ 2,364,242

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FUNDY REGIONAL SERVICE COMMISSION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

14. STATEMENT OF RESERVES

	2016	2015
ASSETS		
Cash	$ -	$ 90
Investments	518,754	867,330
Due from (to) Operating Fund	428,863	(334,906)
	$ 947,617	$ 532,514
ACCUMULATED SURPLUS	$ 947,617	$ 532,514
REVENUE		
Transfers from Operating Fund	$ 410,000	$ 867,785
Investment income	5,103	16,220
	415,103	884,005
EXPENDITURE		
Transfers to Capital Fund	-	2,974,772
ANNUAL SURPLUS (DEFICIT)	$ 415,103	$ (2,090,767)
Name of Investment		
Savings Account	$ 518,754	$ 867,330

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14. STATEMENT OF RESERVES (cont'd)

Resolutions regarding transfers to and from reserves:

Moved by Director Baxter, seconded by Director Speight that $350,000 be transferred from the Operating Fund to the General Capital Fund. Motion made on December 14, 2016.

Moved by Director Darling, seconded by Director Grant that $20,000 be transferred from the Operating Fund to the General Capital Fund. Motion made on December 14, 2016.

Moved by Director Darling, seconded by Director Grant that $15,000 be transferred from the Operating Fund to the General Capital Fund. Motion made on December 14, 2016.

Moved by Director Darling, seconded by Director Rathburn that $25,000 be transferred from the Operating Fund to the General Capital Fund. Motion made on December 14, 2016.

Moved by Director Losier, seconded by Director Chatterton that $126,237 be transferred from the Operating Fund to the Post Closure Fund. Motion made on December 14, 2016.

I hereby certify that the above are true and exact copies of resolutions adopted at Commission meetings.

Executive Director,
FUNDY REGIONAL SERVICE COMMISSION

March 28, 2017
Date

FUNDY REGIONAL SERVICE COMMISSION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

15. OPERATING BUDGET TO PSA BUDGET

	Corporate Services Budget	Collaborative & Regional Planning Services Budget	Local Planning Services Budget	Solid Waste Services Budget	Generation Facility Budget	Subtotal	Amortization of Tangible Capital Assets	– Principal Debt Repayments	Transfers	Total
REVENUE										
Member charges	$ -	$ 47,834	$ 103,607	$ 2,466,160	$ -	$ 2,617,601	$ -	$ -	$ -	$ 2,617,601
Sales of services	-	-	-	5,131,040	150,000	5,281,040	-	-	-	5,281,040
Transfers from own and other funds	276,585	-	-	-	58,749	335,334	-	-	(335,334)	-
Surplus of second previous year	-	17,483	166,561	166,370	-	350,414	-	-	(350,414)	-
	276,585	65,317	270,168	7,763,570	208,749	8,584,389	-	-	(685,748)	7,898,641
EXPENDITURES										
Governance	68,000	-	-	-	-	68,000	-	-	-	68,000
Administration	208,585	-	-	-	-	208,585	-	-	-	208,585
Regional planning	-	2,500	-	-	-	2,500	-	-	-	2,500
Regional policing collaboration	-	2,500	-	-	-	2,500	-	-	-	2,500
Regional emergency measures planning	-	2,500	-	-	-	2,500	-	-	-	2,500
Regional sport, recreation and culture infrastructure	-	2,500	-	-	-	2,500	-	-	-	2,500
Planning and building inspection services	-	-	257,851	-	-	257,851	-	-	-	257,851
Operations - solid waste service	-	-	-	5,372,583	208,749	5,581,332	1,509,985	-	-	7,091,317
Long term debt repayments	-	-	-	488,000	-	488,000	-	(488,000)	-	-
Interest	-	-	-	20,321	-	20,321	-	-	-	20,321
Other financing charges	-	-	-	2,729	-	2,729	-	-	-	2,729
Transfer from General Operating Fund to General Capital Fund	-	-	-	1,486,000	-	1,486,000	-	-	(1,486,000)	-
Transfer from General Operating Fund to Corporate Services Operating Fund	-	55,317	12,317	208,951	-	276,585	-	-	(276,585)	-
Transfer from General Operating Fund to Electrical Generation Operating Fund	-	-	-	58,749	-	58,749	-	-	(58,749)	-
Closure and post-closure expense	-	-	-	126,237	-	126,237	-	-	-	126,237
	276,585	65,317	270,168	7,763,570	208,749	8,584,389	1,509,985	(488,000)	(1,821,334)	7,785,040
Surplus (deficit)	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,509,985)	$ 488,000	$ 1,135,586	$ 113,601

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16. REVENUE AND EXPENDITURE SUPPORT

	2016 Under (Over)	2016 Budget	2016 Actual	2015 Actual
REVENUE				
Member charges				
Collaborative and regional planning services	$ -	$ 47,834	$ 47,834	$ 68,936
Local planning services	1	103,607	103,606	268,953
Solid waste tipping fees	56,584	2,466,160	2,409,576	2,151,632
	$ 56,585	$ 2,617,601	$ 2,561,016	$ 2,489,521
Sales of services				
Tipping fees from other sources				
Industrial, commercial, institutional	$ 276,132	$ 4,445,840	$ 4,169,708	$ 4,700,084
Construction and demolition and special waste	8,532	241,200	232,668	236,719
Compostable organics	26,653	229,000	202,347	179,203
Recycling commodity sales	(80,969)	185,000	265,969	164,836
Electrical generation	20,992	150,000	129,008	147,587
Other	(21,597)	30,000	51,597	42,753
	$ 229,743	$ 5,281,040	$ 5,051,297	$ 5,471,182
EXPENDITURE				
LANDFILL				
Administration				
Office and administration	$ 16,629	$ 67,875	$ 51,246	$ 57,904
Professional services	(8,032)	124,500	132,532	78,149
Personnel	5,588	184,999	179,411	211,355
Insurance	(8,514)	130,200	138,714	117,796
Property taxes	10,142	233,100	222,958	221,337
Amortization	1,662	22,722	21,060	24,933
	17,475	763,396	745,921	711,474

16. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	2016 Under (Over)	2016 Budget	2016 Actual	2015 Actual
Operations				
Daily cover	74,935	130,000	55,065	114,909
Site labour	1,006	677,120	676,114	719,077
Site non-labour operation	52,572	380,684	328,112	313,138
Site maintenance	(607)	32,800	33,407	35,470
Scalehouse	965	182,321	181,356	194,156
Leachate management	31,279	571,937	540,658	642,915
Special waste handling	883	8,500	7,617	7,705
Environmental health and safety	2,091	144,205	142,114	141,354
Household hazardous waste	(4,893)	37,500	42,393	44,192
Support to CMEI monitoring and education	-	23,790	23,790	23,672
Host Community Enhancement Fund (Note 17)	-	86,722	86,722	86,291
Provision for future closure and post-closure costs	21,408	126,237	104,829	99,025
Interest on interim financing and long term debentures	-	6,692	6,692	12,715
Amortization	(35,617)	642,442	678,059	972,687
	144,022	3,050,950	2,906,928	3,407,306
Waste Diversion - Recycling Program				
Drop-off depot system	62,666	775,390	712,724	861,713
Amortization	(296)	128,963	129,259	126,939
	62,370	904,353	841,983	988,652
Waste Diversion - Composting Program				
Processing	217,036	771,066	554,030	550,433
Interest on interim financing and long term debentures	-	16,359	16,359	22,487
Amortization	(17,425)	366,936	384,361	359,669
	199,611	1,154,361	954,750	932,589
Public Education				
Personnel	6,609	140,314	133,705	137,249
Advertising, tours and promotional material	27,965	90,600	62,635	54,641
Administration	2,971	23,550	20,579	22,059
	37,545	254,464	216,919	213,949

16. REVENUE AND EXPENDITURE SUPPORT (cont'd)

	2016 Under (Over)	2016 Budget	2016 Actual	2015 Actual
Material Recycling Facility				
Labour	14,942	405,034	390,092	370,414
Fuels, lubes and maintenance	(5,040)	41,650	46,690	23,296
Processing	24,749	73,000	48,251	69,166
Miscellaneous	455	15,725	15,270	14,386
Electricity	(1,172)	20,000	21,172	21,364
Amortization	(346)	57,177	57,523	56,223
	33,588	612,586	578,998	554,849
	$ 494,611	$ 6,740,110	$ 6,245,499	$ 6,808,819
CORPORATE SERVICES				
Administration	$ 30,631	$ 208,585	$ 177,954	$ 212,279
Governance	7,663	68,000	60,337	63,059
	$ 38,294	$ 276,585	$ 238,291	$ 275,338
LOCAL PLANNING SERVICES				
Administration	$ (2,404)	$ -	$ 2,404	$ 2,344
Planning services	74,691	101,350	26,659	25,735
Inspection services	19,282	156,501	137,219	127,089
	$ 91,569	$ 257,851	$ 166,282	$ 155,168
COLLABORATIVE AND REGIONAL PLANNING SERVICES				
Regional planning	$ 2,500	$ 2,500	$ -	$ -
Regional policing collaboration	2,500	2,500	-	1,920
Regional emergency measures planning	2,500	2,500	-	-
Regional sport, recreation and culture infrastructure planning and cost sharing	(2,750)	2,500	5,250	6,665
	$ 4,750	$ 10,000	$ 5,250	$ 8,585
ELECTRICAL GENERATION				
Labour	$ (22,717)	$ 91,859	$ 114,576	$ 117,018
Administration	11,707	14,940	3,233	4,537
Equipment repairs and fuel	2,243	98,950	96,707	63,638
Electricity	1,150	3,000	1,850	-
Amortization	(17,935)	291,745	309,680	307,555
	$ (25,552)	$ 500,494	$ 526,046	$ 492,748

FUNDY REGIONAL SERVICE COMMISSION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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17. HOST COMMUNITY ENHANCEMENT FUND EXPENSES

Recipient	Project description	2016	2015
Inglewood School	Light garden	$ 799	$ -
	Apple trees and notebooks	-	715
	Power meters and projectors	3,171	-
KBM Community Centre	Flooring in front entrance	1,830	-
River Valley Track Committee	Lighting	-	14,434
RV Community Centre	Replace dehumidifiers	-	44,642
	Control computer upgrade (ice plant)	21,676	-
	Emergency lights	7,613	-
RV Volunteer Hunter Education	Sponsor young hunters	400	-
Grand Bay Primary School	Butterflies	600	600
Westfield Elementary	WITS program	-	1,607
	Replace gym floor	-	7,000
River Road Community Alliance	Walk and Talk	300	-
Morna Heights Home and School	Chair and tables for the gym	2,696	6,066
	Milk refrigerator	-	2,167
Grand Bay Legion Branch 22	Heat pumps	15,464	-
Ketepec Scouts	Exhibition sleds, LED lanterns	827	-
	Snowshoes and supplies	-	2,028
Martinon Community Centre	Renovate upstairs	10,779	-
Grand Bay-Westfield Volunteer Firefighters	Beds	-	2,069
Friends of Blueberry Hill	Various	1,206	-
	Signage and trails maintenance	-	4,963
RV Middle School	Outdoor classroom	8,000	-
NB Black History Society	Storyboard signage at Brundage point	4,060	-
Grand Bay - Westfield Allergic Reaction Committee	Allerject ™ Stations	4,582	-
Grand Bay Baptist Church	Community Garden & shed	2,719	-
		$ 86,722	$ 86,291

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