



TransAqua

GREATER MONCTON
WASTEWATER
COMMISSION

COMMISSION
DES EAUX USÉES
DU GRAND MONCTON

ANNUAL REPORT | 2014



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1. INTRODUCTION



1.1 Mission and Vision

MISSION

To collect and treat wastewater in a reliable, cost-efficient and environmentally responsible manner.

VISION

To be an outstanding environmental steward supporting regional planning, economic development and quality of life for the communities of Dieppe, Moncton and Riverview.

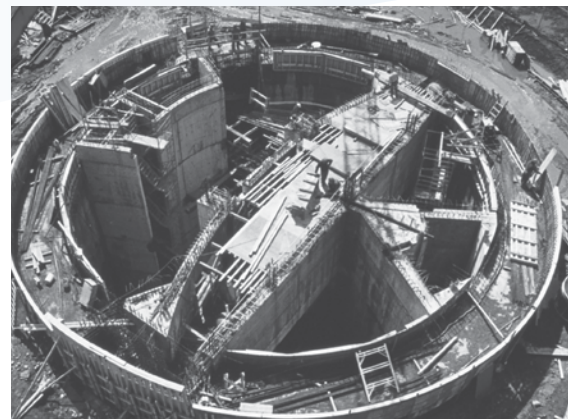
GMWC Strategic Priorities



1.2 History 1983-2012

The Greater Moncton Sewerage Commission (GMSC) was created by an order-in-council in 1983 based on a model outlined in a consultant's report by Boyd A. Touchie Engineering Ltd. and Anderson Associates Limited in consultation with the three municipalities and the Government of New Brunswick.

The GMSC was then mandated to implement the Master Plan as laid out in the study. From 1983 to 1995, the GMSC oversaw the construction of a 31-km network of collector sewers intercepting more than 80 untreated outfalls; the construction of a major pumping station along with eight smaller ones; implementation of an advanced primary treatment system; and implementation of a long-term sustainable Biosolids Management Program with a new innovative composting system.



Main Pumping Station in Riverview under construction circa 1993.

1.3 The Commission Today: 2012-Present

In 2012, the Commission underwent comprehensive structural changes to its board and management structure to improve its transparency, accountability and operations. These changes resulted in significant improvements which will benefit the Commission, its shareholders and ratepayers for years to come.

As a result of these changes, the Greater Moncton Sewerage Commission changed its corporate name to the Greater Moncton Wastewater Commission (GMWC) in 2014 and introduced a new trade name, TransAqua. Both these initiatives were a result of a comprehensive branding exercise which saw the Commission commit itself to improved and modernized public communication efforts, image and positioning.

After 30 years, the Commission wanted to move away from concentrating on what goes into the pipe, i.e. sewage, and concentrate on what came out of the other end – highly treated wastewater which will be of much better quality after secondary treatment is implemented by 2020. Legally, the name Greater Moncton Wastewater Commission remains, however TransAqua will be the day-to-day business name. TransAqua is bilingual, easier to remember and better conveys what the Commission does: transforming (“trans”) wastewater (“aqua”) and returning it to nature, i.e. the Petitcodiac River.

Also in 2012, the federal government’s new wastewater systems effluent regulations (WSER-2012) were enacted under the Fisheries Act. This new legislation now guides the effluent compliance requirements for wastewater treatment facilities and requires that the Commission meet these new requirements

by 2020. TransAqua is currently reviewing a variety of options on how to proceed.

It goes without saying that these mandated upgrades will be the main focus of TransAqua’s activities over the next few years. We take our responsibility as an environmental steward very seriously and are committed to being part of the solution. Other initiatives which were planned for prior to – or in – 2014 include:

- Wastewater heat recovery system pilot project to reduce energy costs;
- Improvements to Composting Facility in order to proactively expand capacity due to anticipated increased amounts of biosolids due to planned upgrades;
- Through planned upgrades by 2020, achieve 97% of solids removed from effluent released into Petitcodiac River through disinfection via ultraviolet light. Currently 75% of solids are removed. By 2020, effluent released into Petitcodiac River will be of quality suitable for recreational use.

The Commission has been proven as an effective tri-community model and has demonstrated co-operation and the ability and efficiency to deliver. Its assets are well managed, well maintained and fully paid for. The administration, operations and maintenance teams continue to meet current expectations and aim to anticipate future needs to the benefit of shareholders, ratepayers and the environment.



Aerial view of TransAqua’s Wastewater Treatment Facility in Riverview.

2. CHAIR'S REPORT

In 2012, I said that it was a year of change for the Greater Moncton Sewerage Commission (GMSC). In 2013 I said it was a year of consolidation and implementation. Well, in 2014, we were back to “change” – but in a different way.

First, we changed our name. The first phase was to update the corporate name, putting treatment of wastewater rather than sewerage as the focus. Thus, we became the Greater Moncton Wastewater Commission (GMWC).

The next step was to focus on our end product – clean water. To do this, we chose the new trade name TransAqua. TransAqua allows the emphasis to be placed on our main objective: transforming wastewater into clean water or, as we like to say, transforming wastewater back to nature.



Trans: reinforces the transformation process

Aqua: reinforces the water focus

Our new trade name is also bilingual, much shorter and easier to remember.

We also designed and implemented a new website at www.transaqua.ca. Please visit and browse the comprehensive information found there.



Other developments and accomplishments in 2014 were:

- The Commission continues to work toward meeting federal Wastewater System Effluent Regulations by the 2020 deadline.
- Development of the proposed primary treatment process, the Biological Nutrient Removal (BNR) process, continues. Extensive cold-water testing was carried out in 2014 and the reliability of the process has been confirmed. The pilot plant has been modified to make its operation very robust during low-temperature operation. The pre-design has been completed and costs of the facility are estimated at approximately \$80 million.
- In terms of financing the BNR project, the Commission has coordinated with the Province of New Brunswick's Department of Environment and Local Government as well as its municipal partners of Moncton, Dieppe and Riverview. The Commission's aim is to undertake this investment using the most cost-effective joint-funding approach, with provincial and federal government participation, to ensure a sustainable long-term approach for its ratepayers and municipal partners.

The preferred financing method would be through participation in Building Canada Fund - Major Infrastructure Component funding for the undertaking of the secondary treatment phase of this project. This could entail the provincial and federal governments funding a 67% share of the estimated \$80-million project.

Another means of achieving this objective while at the same time meeting the regulatory compliance deadline would be to undertake a project and facility upgrade under a Public-Private Partnership (P3) delivery model. The Commission has therefore submitted its project for consideration under the current Round 6 of the PPP Canada program and has already been screened in to the next step. The Commission has also initiated preparation of a business case for evaluation by the P3 Canada board. The project proposed under this funding option would be in the range of \$120 million, as it would include a number of additional components.

- As an environmental initiative, the Commission has put in place a second pilot project to extract heat from the wastewater returning to the Petitcodiac River.
- Implementation of a Sage 300 accounting system and an update of both the Commission's information technology and SCADA (supervisory control and data acquisition) systems.
- Staffing levels remained relatively consistent. There was one retirement. Our General Manager, Bernard LeBlanc resigned at year-end to accept another position and will be replaced in 2015. As well, non-management staff became unionized.

- The year ended within budget and with a surplus of \$6.3 million available to be moved into capital reserves. It will be added to the \$27 million of capital reserves already in place to deal with the planned capital program.
- The 2013 study, designed to prepare the Commission for its next 30 years (the Gabbey report), made recommendations on our legal structure, governance, transparency and organization. It also delved into the Commission’s collector system of the future, dealt with anticipated wastewater treatment objectives and recommended cost allocations among all stakeholders. Most of its recommendations were dealt with in 2014 and either implemented or plans were developed for implementation.
- Efforts to improve communication with all of our stakeholders (municipal, provincial and federal governments; media; ratepayers; general public; environmental organizations; suppliers, etc.) continue. Minutes of meetings have been published on our website. The website was upgraded. A communication plan containing branding recommendations was implemented.
- Construction of a new Compost Facility Operations Centre has been completed and put into operation. As well, construction of an additional compost pad was completed to accommodate anticipated future demand.
- Both a Purchasing and Asset Disposal Policy and a Records and Information Management Policy were developed and put in place.

Looking forward into 2015 we see:

- An \$3-million capital construction season, reduced to accommodate the P3/Build Canada decision.
- Additional funds being added to the capital reserves to deal with heavy financial demands between now and 2020.
- Annual rate increases projected to be no greater than inflation, into the future.

Special thanks to our stakeholders – the City of Moncton, City of Dieppe and Town of Riverview – and to the Commissioners and staff. All of them have assisted myself and the Commission in making significant improvements to our plant and operations this year.

A special word of appreciation to former Commissioners Brian Hicks and Daniel Bourgeois who left the Commission in 2014 and to former General Manager Bernard LeBlanc who moved on to new challenges at year-end.

Respectfully submitted,

Winston Pearce, P.Eng.
Chair



Compost Facility

3. SECRETARY'S REPORT

TransAqua – the Greater Moncton Wastewater Commission – again saw a very active year in 2014.

The predominant issue during the year was the federally mandated Canadian Council of Minister of the Environment (CCME) effluent discharge regulations which must be complied with by 2020. Meeting this requirement and strategic planning for the Commission to serve the communities efficiently over the next 30 years continues to be the focus of attention for the Commission.

Throughout the year, Commissioners met with representatives of all levels of government with the view of ascertaining possible funding to finance the major upgrade necessary to meet the required improvement in the level of treatment.

With the appointment of a General Manager as well as a director of finance and administration in 2013, the Commission was in a position to focus more closely on the operational aspects of the organization. During 2014, closer contact with municipal stakeholders (Moncton, Dieppe, Riverview) was initiated and progress has been made in the goal of working more effectively together.

Two substantial changes occurring at the close of the year presented new challenges for the organization. The first was the resignation of Bernard LeBlanc as General Manager, while the second was the certification of the Canadian Union of Public Employees (CUPE) as the bargaining agent for Commission employees. Preparations for labour negotiations have begun and will be ongoing. In the case of the General Manager, Commission members expressed appreciation and thanks for his contribution to the organization and wished him well in his new role.

Regular Commission meetings occur monthly with minutes posted online for the benefit of the general public. In addition, Executive Committee meetings are held monthly, while other committees meet as required. Committees in place include: Executive Committee, Finance Committee and Human Resources Committee.

The coming years will be critical for the organization as we continue to ensure that we meet our mandate of serving the communities efficiently, and as we formulate plans to meet new regulatory requirements. It is our full intent to pursue our stated mission of “treating wastewater in a reliable, cost-efficient and environmental responsible manner.”

Respectfully submitted,

Clarence Sweetland
Secretary

4. GENERAL MANAGER'S REPORT

4.1 2014 Overview

This year was one of consolidation on the work and significant organizational changes completed in 2013. With the Commission's mission and vision in mind, the management team focused on the four strategic objectives of the five-year strategic plan, primarily the upgrade of the facility to a point where effluent released into the local environment complies with the 2012 federal wastewater regulations. To this end, technical staff worked extensively with consulting engineering firm CBCL Limited to complete the preliminary design of a biological nutrient removal plant to upgrade the existing infrastructure to a point where it fulfils legal requirements. This design was on schedule to be completed in January 2015.

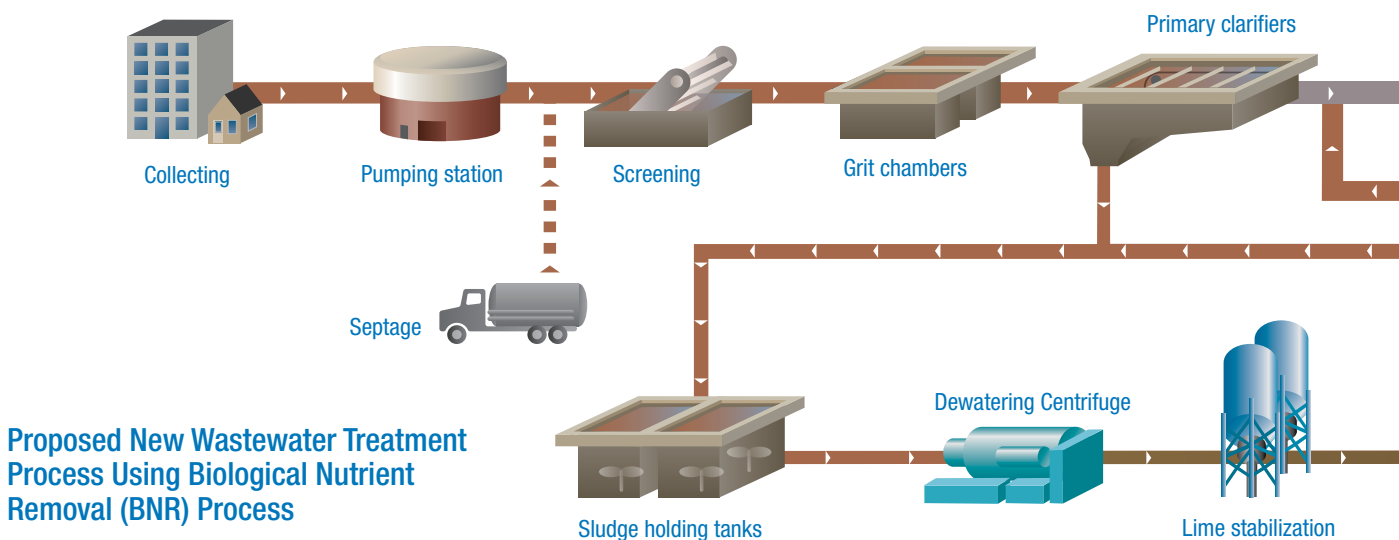
Following a targeted community consultation, the Commission moved forward with a rebranding exercise, the first stage of which was to change the legal name of the Commission to the Greater Moncton Wastewater Commission. The second stage was the launch of the Commission's new trade name, TransAqua. This bilingual name reflects the Commission's focus on the output of the organization and its core process, that of transforming wastewater back to nature.

In order to complete the proposed upgrades in the required time frame by 2020, much of 2014 was dedicated to securing funding for the upgrade, currently estimated to be \$80 million. Presentations outlining funding requirements and funding options were made to representatives from the New Brunswick Department of Environment and Local Government, as well as the three local municipal councils.

TransAqua continued to work closely with the tri-community councils through the Technical Committee mechanism and met with councils' financial and leadership personnel for their input into the 2015 budget. The Commission is grateful for the time and effort given in this assistance.

The management team and their respective support staff have continued the great work and high standards for which the Commission is known. The following projects were completed in 2014, in line with TransAqua's long-term strategic plan objectives:

- Changed the legal name of the Commission to the Greater Moncton Wastewater Commission to help the community and stakeholders better understand the focus on the output of the Commission.
- Implemented a new Sage accounting system and complementary server hardware.
- Completed the garage facility at the Delong Drive compost site.
- Following a request-for-proposal process, purchased new earth-moving equipment for the compost site, a significant capital-spend item.
- Hosted open houses at both the Delong Drive and Riverview sites to showcase the completed garage and layout changes at the compost site and to invite public comments on the recently completed preliminary design of the required wastewater treatment facility upgrade at the Riverview site.
- Launched the new TransAqua brand, the new trade name of the Greater Moncton Wastewater Commission.



- Completed a request for proposal for a refreshed website design and graphic standards guide, following which a contract was awarded.
- Launched the new TransAqua website – www.transaqua.ca.
- Upgraded internal and external communications infrastructure.
- Completed stage one of a third composting pad at the Delong Drive site.
- Commenced work on a business case to evaluate funding via the Public Private Partnership (P3) funding model, one of three funding models the Commission is considering.
- Awarded a multi-year contract for financial auditing services.

Complementing a year of consolidation, following a year of considerable change in 2013, was a relatively stable year on the human resources front. New team members who commenced work in 2013 have focused on learning the organization's ins and outs and were up to speed in an extremely timely manner. TransAqua said farewell and wished Cole Belliveau a great and well-earned retirement after 20 years of service.

At the end of 2014, Bernard LeBlanc left his position as General Manager, moving on to a new role in the Greater Moncton area, after leading significant change at the Commission and setting the shape and structure of TransAqua for the foreseeable future. Mr. LeBlanc was instrumental in implementing many recommended structural and operational changes within the organization. The vacant General Manager position was filled

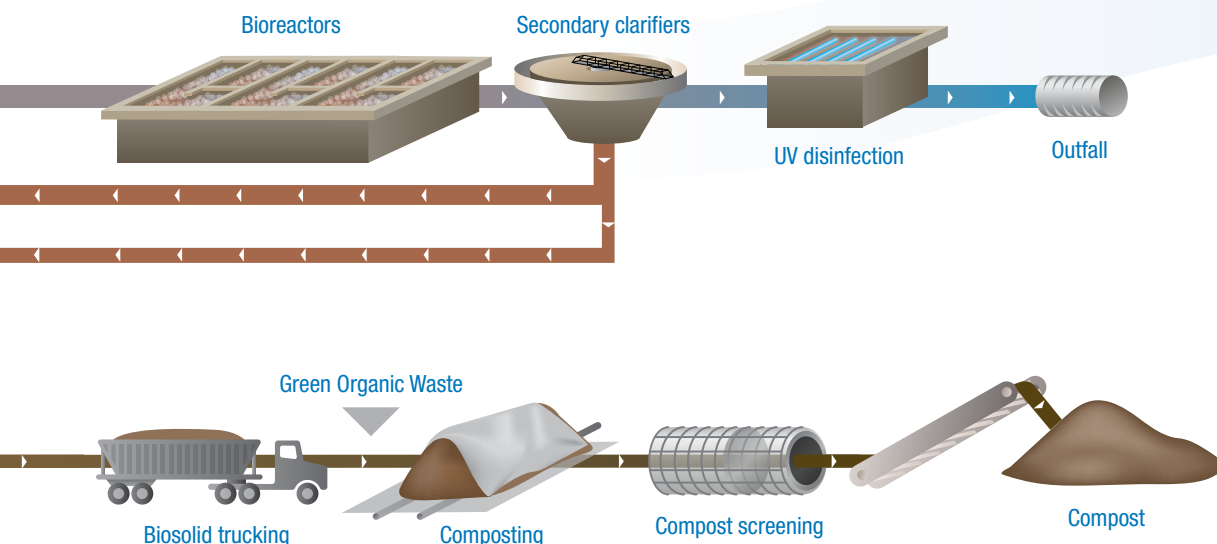
on an interim basis by Michael Asplet, Director of Finance and Administration.

In 2014, some changes took place at the Commission level with the departure of Brian Hicks and Daniel Bourgeois as Commissioners representing the City of Moncton. I would like to thank them for their service with the Commission and commitment to the organization and its goals. Winston Pearce filled one Moncton vacancy with George Somers taking the second Moncton seat. Recently retired Town of Riverview General Manager David Muir replaced Winston Pearce as the second Riverview Commission member, ensuring the Commission maintains its high calibre of community representation. (Mr. Pearce had a change of residence from Riverview to Moncton, meaning he could no longer represent Riverview.)

TransAqua would like to thank all community members who have taken an active interest in the Commission and its activities, through participation in the open houses or supporting it as it looks to source government funding to meet the 2020 regulatory deadline for improved wastewater treatment standards.

Respectfully submitted,

Michael Asplet, CPA, CA
*Interim General Manager
 Director of Finance and Administration*



4.2 2015-2018 Strategic Plan Update

One of the first steps in moving the Greater Moncton Wastewater Commission forward has been the change of name from “Sewerage” to “Wastewater” to reinforce the Commission’s focus on treatment of incoming wastewater, rather than sewerage. Community reluctance to discuss “sewerage” was the key driver for this change, especially given the current need for the Commission to engage with all levels of the local communities regarding the proposed upgrades and how these will be funded.

The second stage of the rebranding campaign has been the implementation of a corporate trade name for the Commission, TransAqua, to continue to emphasize the focus on the transformation of wastewater back into clean water suitable for recreation use. TransAqua is bilingual, with Trans reinforcing the transformation process, and Aqua placing emphasis on water. The name is also much shorter than “Greater Moncton Wastewater Commission,” especially when considering the new and refreshed website, www.transaqua.ca.

TransAqua’s recently introduced vision and mission statements continue to guide the Commission and staff in all aspects of their operations and plans for the future. In keeping with the five-year strategic priorities, TransAqua has completed the preliminary design of the wastewater facility upgrade to allow it to move forward with various funding scenarios. TransAqua has continued its close work and inclusiveness with the three local municipalities through bodies such as the Technical Committee, as well as presentations to councils through the 2015 budgeting process.

Measures to promote and advance TransAqua’s long-term reliability and sustainability have included reviews of emergency planning and responsiveness, as well as discussions about cost-sharing of major projects off-site from the main treatment works with tri-community councils. The issue of combined sewer overflows (CSOs) and its recent impact on parts of the community brings these efforts to the forefront. In 2014, TransAqua commenced a project to draft a long-term CSO strategy with the award of a contract to a local engineering firm, due for presentation in 2015. Internally, TransAqua has completed projects to enhance financial reporting and timeliness, along with communications and IT infrastructure upgrades and improvements.

4.3 Existing Assets and Condition

Currently, TransAqua’s infrastructure consists of eight Remote Pumping Stations, 31 km of trunk sewers and tunnels, a Main Pumping Station and Wastewater Treatment Facility (WWTF) located at Outhouse Point in Riverview and a Composting Facility located in Moncton on a 140-hectare property.

4.3.1 Collector Sewer System

The 31 km of trunk sewers and tunnels extend to the causeway around the traffic circle and all the way to Dover Road on the north side of the Petitcodiac River. On the Riverview side, it extends from the causeway to Mill Creek. The culminating achievement of this collector network is the 1,100-m-long tunnel under the riverbed from Bore Park to the Main Pumping Station. It is a 1.6 m in diameter tunnel and is 22 m below the ground surface.

4.3.2 Main Pumping Station

The Main Pumping Station located on the plant site at Outhouse Point (property having been granted initially to a Mr. Robert Outhouse) is the heart of the collector sewer system, a point of collection for all lines and continuous pumping to the Wastewater Treatment Facility (WWTF). The cylindrical structure extends 30 m below grade and 9 m above ground, much like a 10-storey building underground.



4.3.4 Composting Facility

The composting process used by the Commission combines bottom aeration and a cover system. The key to the composting process is the mix ratio of biosolids and wood waste consisting primarily of bark and ground forestry waste. The bulking material provides a source of carbon but is essential in obtaining a porosity that facilitates the migration of air for a thorough and complete aerobic process.

The current system has a capacity to process 10,000 tonnes of biosolids mixed with 10,000 tonnes of wood waste for a total of 20,000 tonnes per year of compost production. An

expansion is underway and will further increase capacity by allowing for an additional 5,000 tonnes of biosolids and 5,000 tonnes of wood waste thereby accommodating anticipated increase in volume of biosolids due to advanced biological treatment, as well as to prepare for future growth.

Compost curing and finishing take place on adjacent asphalt pads. The design concept is based on total containment of surface runoff from rainfall and snowmelt together with leachate generated from the composting process.

The system produces Type “AA” compost in accordance with the BNQ (Bureau de normalisation du Québec) CAN/BNQ 0413-200/2005, 2005 edition.

4.3.3 Wastewater Treatment Facility (WWTF)

The pre-treatment building houses screening equipment, grit tanks, grit handling equipment, chemical storage and feeding equipment. Three 39 m diameter settling tanks are used for the chemically enhanced primary treatment. The dewatering building houses dewatering centrifuges, screw conveyors, lime silos and polymer equipment all of which transform the wastewater by-products (sludge) extracted from wastewater into an important feedstock for the Composting Facility, namely biosolids.

The actual WWTF was commissioned in 1994 with a capacity of 115,000 m³ per day, or 25 million gallons per day. The plant was laid out to facilitate expansion to biological treatment in the future.

4.4 Wastewater Operations

In 2014, the WWTF processed more than 27.3 million m³ of wastewater or an average of 74,865 m³ per day. At this flow rate, 30 Olympic-size swimming pools would be filled in a day.

Screening of large objects and removal of inorganics such as sand and gravel particles are accomplished through the screening and grit-removal processes. The materials removed are then transported to the Regional Service Commission 7 waste management facility for disposal.

The existing enhanced primary treatment is designed to remove suspended solids and biochemical oxygen demand to some extent. In 2014, the removal rate of Total Suspended Solids (TSS) was measured at 74.7%. Biological Oxygen Demand (BOD) is a measure of organic biodegradable matter which is partially removed (approximately 48.9%) with the current process. The planned plant upgrades to biological treatment would bring these removal rates to more than 95%.

Approximately 3,158 m³ of septage collected from rural communities surrounding Greater Moncton (50-km radius) were also treated at the WWTF.

Chemically assisted primary treatment uses chemical coagulants to increase the removal of settleable solids. Sludge is dewatered by centrifuge to increase dryness. Lime is then added to produce lime-stabilized biosolids. In 2014, 10,358 tonnes of biosolids with an average solids content of 28.4% were shipped from the WWTF to the Composting Facility.

2014 Chemical consumption:

- Primary treatment coagulant: 46.830 tonnes
- Primary treatment coagulant aid: 0.382 tonnes
- Dewatering polymers (approx.): 8.533 tonnes
- Hydrated lime for biosolids treatment (approx.): 151.185 tonnes

Total TransAqua wastewater treatment plant power consumption for 2014 was 5,557 MW hours – or an average of 15,225 KW hours per day.

4.4.1 Commission Guidelines

In 2014, TransAqua updated its sanitary and combined-sewer guidelines to best reflect updated Canadian Council of Ministers of the Environment (CCME) guidelines and recommendations. These guidelines were provided to the partner municipalities and TransAqua customers to highlight which products are acceptable or prohibited for conveyance and treatment at its Riverview wastewater treatment facility. These guidelines are also complementary and in support of municipal bylaws regarding the use of municipal sewers and related discharges into the TransAqua collector system, and enforcement of these bylaws.

With the assistance of TransAqua staff and in collaboration with its municipal partners' technical leads, these guidelines were updated to best reflect current approaches and recommended best practices. Still, they are subject to change and will evolve or be updated as a function of new scientific evidence, technology, updated treatment processes, or regulatory requirements.

4.4.2 Transitional Authorization

The Wastewater System Effluent Regulations (WSER) federal regulations came into effect in 2012 requiring that wastewater facility effluents must not be acutely lethal and must also meet the following conditions at the final discharge point to be authorized to be discharged:

- The average carbonaceous biochemical oxygen demand (CBOD5) must not exceed 25 mg/L.
- The average concentration of total suspended solids in the effluent must not exceed 25 mg/L.
- The average concentration of total residual chlorine in the effluent must not exceed 0.02 mg/L.
- The maximum concentration of un-ionized ammonia in the effluent should be less than 1.25 mg/L, expressed as nitrogen (N), at 15oC ± 1oC.

TransAqua's current wastewater treatment plant does not meet the above national performance standards which are common for secondary treatment effluent.

In May 2014, TransAqua applied for a transitional authorization to operate while working on upgrading its process to secondary treatment. This authorization was granted to the Commission by the New Brunswick Department of Environment and Local Government (DELG) in November 2014. This authorization sets achievable limits of effluent discharge for the current treatment process in place. The authorization describes the following conditions for discharge:

- The average carbonaceous biochemical oxygen demand (CBOD5) must not exceed 130 mg/L.
- The average concentration of total suspended solids in the effluent must not exceed 96 mg/L.
- The maximum concentration of un-ionized ammonia in the effluent should be less than 1.25 mg/L, expressed as nitrogen (N), at 15oC ± 1oC.

The Commission will be allowed to discharge effluent to the Petitcodiac River under the above conditions until the 2020 deadline or before if upgrades are completed.

4.5 Composting Operations

Wastewater treatment by-products, or biosolids, are used as a key ingredient in the TransAqua composting system.

Treatment of biosolids at the WWTF involves conditioning with liquid lime, dewatering by high-speed centrifuges followed by the addition of dry lime.

Biosolids are transferred to the Composting Facility where they are mixed with green waste consisting of bark (from sawmills), ground forestry waste, wood chips and other green waste.

In 2014, 10,855 tonnes or 12,061 m³ of treated biosolids were processed along with 24,122 m³ of green waste. The initial mix produced 41 windrows which are 50 m long on the composting pad. Windrows spend a minimum of eight weeks on the active aerated pad and are turned over three times. The windrows are covered with a breathable cover during the initial phases and can reach temperatures of more than 70°C. The windrows are then moved and grouped into lots on the curing pad where they are conditioned and left to compost at a slower rate while cooling down. The complete process takes one year. Consequently, 2014's production will be available for use in 2015.

Processing and product usage in 2014 involved screening of the 2013 stockpiles (lots) for use by the general public, landscapers and local municipalities.

The public was allowed to pick up compost free of charge from the self-loading bins. Product was sold to landscapers and is provided to the area municipalities for their horticultural activities.



Usage summary:

2013 product (available in 2014)	approx. 10,000 m ³
Public pick-up bins	4,620 m ³
Landscapers	200 m ³
City of Moncton	369 m ³
City of Dieppe	33 m ³
Town of Riverview	43 m ³
Community projects	30 m ³
Compost for test trials by contractors	750 m ³
Miscellaneous TransAqua usage	500 m ³



To put this in a visual perspective, TransAqua could load a three-kilometre-long train with compost every year. This volume is expected to continue to increase.

The product available for use in 2014 were Lots 2013-1 to 2013-13, with each tested in order to confirm product quality. Lots 2013-11, 2013-12 and 2013-13 remained on site at the end of the season and are available for use in early 2015.

4.5.1 BNQ Compost Certification

TransAqua's Composting Facility operation was developed on the basis of meeting BNQ standards (Bureau de normalisation du Québec).



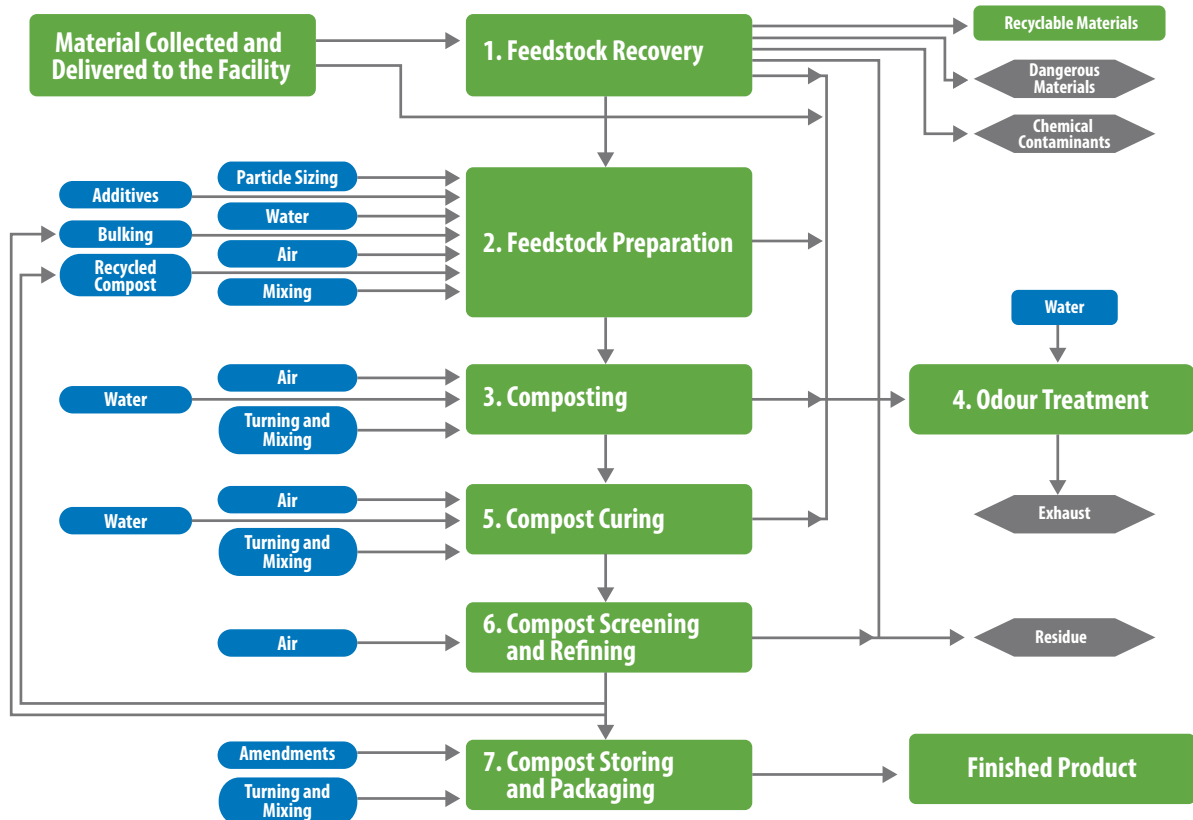
The BNQ is a standard development organization which is part of the Centre de recherche industrielle du Québec (CRIQ). The BNQ was created in 1961 and is one of the four standards-development organizations accredited by the Standards Council of Canada and is therefore a member of the National Standards System.

The Commission went through the process of obtaining BNQ certification in 2009 for its Type "A" quality compost. This certification is under the Standard CAN/BNQ 0413-200/2005. Product type was upgraded to Type "AA" in 2011.

4.5.2 CQA Certification

TransAqua is a member of the Canadian Composting Council (CCC) and is also a member of its Compost Quality Alliance (CQA) Program. The CCC is active at continuing education through regional workshops and an annual conference. TransAqua operators have received Level 1 Compost Facility Operator certification through this organization.

Biosolids Composting Process



4.6 Human Resources



Left to right: Burtis Hayes, Cory Babineau (back), Shawn Hackett, Marc Hebert, Michael Asplet, Lawton Hicks, Ralph Green, Candace Jonah (front), Peter Brown (back), Stella Richard (back), Patricia Casas, Jordan Welsh.

TransAqua currently employs a staff of 14, augmented in the summer months with typically three university students from the local community. The overall system of collector sewers and pumping stations, the WWTF and Composting Facility was overseen by General Manager, Bernard LeBlanc, P.Eng., who left the Commission at the end of 2014.

The General Manager is supported by a management and administration team, WWTF operators, maintenance personnel for mechanical and electrical systems, a laboratory technician and heavy equipment operators for the Composting Facility.

In addition to the General Manager position, the management team also consists of the Director of Finance and Administration (now responsible for all in-house financial activities), the Director of Technical Services (responsible for delivery of capital programs and engineering activities), the Manager of Solid Systems and Maintenance (with oversight of composting activities as well as overall maintenance requirements), and the newly created Manager of Liquid Systems, who joined the management team in 2014 and was promoted from an existing position.



Conrad Allain and Gordon Buck (absent at time of group photo)

4.7 Public Outreach

TransAqua plays a significant role in raising awareness of the importance of wastewater treatment on public health and the environment.

Numerous technical tours are provided on a regular basis to school classes, technical colleges, universities and others. TransAqua launched a refreshed bilingual website in 2014, www.transaqua.ca, to promote both its current communication strategy and to keep the local community informed of its operations and goals for the future, and the progress of the treatment plant upgrade and funding requests to government.

The Commission held an event on October 3 to announce its rebranding to better reflect its mission and priorities. The TransAqua brand was presented at this event to stakeholders.



Two open houses were held on October 24 and 25, at the Moncton Compost Facility and Riverview WWTF, respectively. This was a great opportunity to inform the general public about TransAqua's operations, compliance with new federal regulations and projected upgrades required. Approximately 250 people attended the open houses and more than 200 took tours of the facilities. An environmental trade show was held during the WWTF open house with the participation of local environmental, conservation and nature groups.

During 2014, the public was invited to pick up compost (Type "AA" quality) at the Compost Facility off Delong Drive. For small quantities (self-loaded), the product was provided free of charge.



4.8 Capital Works Program

4.8.1 Regulatory Requirements

4.8.1.2 Wastewater Treatment

The federal government enacted new Wastewater Systems Effluent Regulations (WSER-2012) under the Fisheries Act in July 2012 to harmonize regulatory and reporting requirements across Canada. This regulation came as a result of the Canadian Council of Ministers of the Environment's (CCME) Canada-wide strategy for management of municipal wastewater effluent.

The current treatment works provide for an advanced primary treatment." The new regulation will require that the plant be upgraded to a biological treatment system for it to meet new effluent requirements. This major upgrade must be implemented by 2020.

4.8.1.3 Collector System

The new regulations also require the Commission to develop a Combined Sewer Overflow (CSO) Management Plan to address overflows resulting during wet weather events from older areas which still have combined sewers. The plan is to focus on increasing capture rates and providing an adequate level of treatment. CSO facilities have been identified at strategic locations of the systems.

In addition to regulatory driven projects, the long-term strategy has identified wastewater conveyance improvements to ensure that a robust collector system

is maintained. Major projects identified include a second river crossing and a new pumping station at Virginia Avenue in Dieppe.

In view of the rapid growth in the City of Dieppe, the Commission will increase capacity of the conveyance by constructing a pumping station at Melanson Road / Bourque Road and sharing of a new trunk sewer constructed along Babineau Creek. The long-term strategy also calls for redirecting wastewater flow originating in the north end of Moncton to the Virginia Avenue pumping station. Planning for this project is in its early stages.

4.8.2 Capital Projects Activity in 2014

4.8.2.1 Advanced Biological Treatment

The Wastewater Treatment Facility (WWTF) was initially constructed on the basis of an advanced chemically assisted primary process. The Commission began detail evaluations in 2010 to determine the best and most sustainable approach in meeting the new regulatory limits.

Following completion of a report entitled Advance Biological Treatment Process Selection by Conestoga-Rovers & Associates dated April 2010, the Commission carried out extensive pilot testing.

The compiled Pilot Plant data was used to carry out computer process simulations and to produce a report entitled Design Basis and Preliminary Conceptual Design Report – BNR Secondary Wastewater Treatment Facility by Conestoga-Rovers and Associates in October 2013.

In late 2013, a request for proposal (RFP) was issued to complete the pre-design of the upgraded plant and also to provide detail design services.

A contract was awarded to CBCL Limited in early 2014 for the preliminary design only and determination of cost. This first phase would allow the Commission to determine the extent of the required upgrades and to use this information at evaluating the best procurement options and to support applications to funding programs. The draft report was received in late September and finalized in early 2015.

The Commission has initiated a business case study for a decision on how to fund this initiative. Such a decision is expected in the summer of 2015.

4.8.2.2 Combined Sewer Overflows (CSO)

A request for proposal (RFP) was issued in May 2014 to develop conceptual designs of the major CSO facilities at strategic locations. This project will also provide a concept to improve redundancy and flood protection at the Main Pumping Station by replacing two of the large pumps to submersible types and the installation of a second forcemain to the headworks.

The engineering contract was awarded to R.V. Anderson Associates Limited in October 2014, and the work is expected to be completed in March 2015. This work will form the basis of a CSO strategy that will be filed under the new WSER-2012.



4.8.2.3 Composting Facility

A new operations building with staff facilities and equipment maintenance bays opened in 2014.

The existing composting system produces “AA” compost quality and is capable of processing 20,000 tonnes per year (10,000 tonnes of biosolids with 10,000 tonnes of amendments). The process involves mixing the wood bark and green waste amendments at a ratio of 50/50 with biosolids. The system is fully aerobic using a bottom aeration system.

In anticipation of the advanced biological treatment process which will increase the volume of biosolids requiring treatment, the Commission initiated construction of compost pad no. 3 in the fall of 2013. Construction was completed in spring of 2014. This pad will bring the overall processing capacity to 30,000 tonnes per year (using 15,000 tonnes of biosolids).

The compost pad itself includes the subgrade material, a reinforced concrete slab, air supply trenches, drainage, a glycol heat-recovery piping system and miscellaneous cover restraints and underground piping/chambers.

In 2014, the Commission proceeded with the completion of the enclosure, platform, heat-recovery manifolds and piping, air blowers and associated ventilation systems, electrical and control system. In addition, a drainage pumping station and a flushing water pumping system were designed and work initiated.

The 2014 projects were undertaken through a series of request for quotations. A major portion of the work was completed by the end of 2014.

Work will continue in the spring of 2015 with full commissioning by summer.



4.8.3. Plant Automation

The Commission embarked on a modernization program of its Supervisory Control and Data Acquisition System (SCADA) in 2014. Initially, the focus is on updating workstations and software to allow for a smooth transition to the new-generation control hardware which will be phased in with the expansion.

4.9 Energy Sustainability

In 2014, TransAqua commenced a pilot project to withdraw heat from the wastewater in the treatment plant clarifiers as part of its drive toward efficiency and sustainability. Similar to a household geothermal heat pump system, this pilot project has the ability to produce energy in the form of heat, which is redirected into the interior of the plant in winter to assist in maintaining a reasonable operating temperature, and is calculated to save TransAqua approximately \$125,000 in energy costs per year.



5. COMMITTEE REPORTS

5.1 Human Resources Committee

During the year, a number of important changes occurred within the organization – the most significant being the resignation of Bernard LeBlanc as General Manager. Commissioners, of course, regretted having to accept Mr. LeBlanc's resignation but were thankful for his many contributions to the Commission during a period of significant transition. Commissioners congratulated Mr. LeBlanc on his new challenge and offered best wishes for every success in his new role with the Greater Moncton International Airport.

It was quickly recognized that the role of General Manager must be promptly filled. Commissioners were pleased that Director of Finance and Administration Mike Asplet agreed to assume the position of Interim General Manager pending decisions with regard to a permanent replacement.

Another major development in 2014 involved employees being certified as a bargaining unit to be represented by the Canadian Union of Public Employees (CUPE). Preparations have already begun for negotiations which will result in a collective agreement to govern the working relationship with employees in the future.

Some changes have also occurred among municipal representatives at the Commission, i.e. the appointments of George Somers by the City of Moncton and David Muir by the

Town of Riverview. Due to a change in residence to Moncton from Riverview, Winston Pearce no longer qualified as an appointee of the Town of Riverview but was reappointed to represent the City of Moncton. The terms of City of Moncton appointees Brian Hicks and Daniel Bourgeois ended in 2014. Other municipal appointments remain in place.

During 2014, Michael Asplet, Interim General Manager / Director of Finance and Administration, achieved a New Brunswick Institute of Chartered Accountants Reciprocity Examination Pass and CA Qualification, which was then grandfathered to CPA, CA, under the amalgamation of Canadian professional accounting bodies. Also during the year, in the area of qualification, two employees – Ralph Green and Patricia Casas – reached Level 1 in Wastewater Treatment Operator Certification. Years of service milestones were also recognized with Cole Belliveau reaching 20 years, Marc Hebert (10 years) and Patricia Casas (five years). Commissioners were pleased to congratulate these employees on their respective accomplishments.

Respectfully submitted,

George Somers
Chair

5.2 Finance, Audit and Governance Committee

The year 2014 was a year of change. Following a request for proposal process, the successful proponent for the Commission's external audit was PricewaterhouseCoopers (PwC). This agreement is for a set cost for three years with options to renew for two extra years. Many meetings were incurred by the Committee and management in regards to this change.

The arrival of Mike Asplet as the Commission's Director of Finance and Administration greatly improved our management capabilities by taking work that was outsourced and bringing it in-house. This enabled Commissioners to receive more accurate information in a timelier fashion. With the position of Director of Finance and Administration deemed as permanent and the implementation of the Sage 300 accounting software, not only do Commissioners now receive financial results each month, but monetary tracking of all projects and time frame is also available. This enables better decision-making.

All TransAqua employees and Commissioners have a duty of care to the people of our communities to ensure that public funds are spent in a manner that ensures value for dollar. With this in mind, a Purchasing Policy has been put in place including our existing three-step purchase orders and adhering to New Brunswick's Public Purchasing Act and Regulation 94-157, as

well as the Crown Construction Contracts Act. Purchasing and authorization limits are included for pre-approved budgeted items and non-budgeted expenditures. This policy also encompasses a tendering process including advertising requirements.

A Records Management Policy was also implemented in 2014 for the classification and retention of documents.

While the Committee has been doing very well in investing the Commission's surplus with more than \$500,000 in interest revenue, an Investment Policy was deemed prudent and has been put in place. The Policy's aim is the preservation of capital while investing in specific financial institutions and the creation of a contingency reserve. Establishing a distinct Investment Policy was also recommended by the Auditor General of New Brunswick.

Respectfully submitted,

Chanel Michaud
Chair

5.3 Executive Committee

The Executive Committee consists of the Chair, Secretary, Treasurer and General Manager (ex officio). The Committee meets regularly, one week prior to the Commission's monthly meeting. The purpose of this meeting is to set the agenda for Commission meeting.

Meetings were also held with the newly appointed external auditors, PricewaterhouseCoopers (PwC). These dealt with: implementation of annual financial reporting systems; reviewing annual financial statements; and discussion of the auditors' financial recommendations.

Respectfully submitted,

Winston Pearce, P.Eng.
Chair

5.4 Technical Committee

The Technical Committee was created to improve communication between the GMWC and the three stakeholder municipalities at the staff engineering level. It was originally created as a committee of the Commission itself, but as a result of third-party recommendations, responsibility for this committee was shifted from Commission's oversight to GMWC technical personnel's responsibility in view of its operational focus.

The committee consists of members Jack MacDonald, P.Eng., City of Moncton; Jacques LeBlanc, P.Eng., City of Dieppe; Michel Ouellette, P.Eng., Town of Riverview; Conrad Allain, P.Eng., GMWC; and was chaired by Bernard LeBlanc, P.Eng., former General Manager of GMWC until his departure in late December 2014. Commission Chair Winston Pearce, P. Eng., has also participated as an observer on this committee.

The committee schedules meetings monthly but meets sometimes more often, sometimes less often, as required to deal with items of mutual interest/concern. In 2014, items dealt with included:

- Upgrades required to comply with new federal Wastewater Systems Effluent Regulations (WSER);
- Strategy to deal with Combined Sewer Overflows (CSO);
- Introduction and implementation of Province of New Brunswick Bill 56, an update of the Clean Environment Act;
- Dieppe's Babineau Creek trunk sewer, Bourque Road forcemain and Bourque/Melanson pumping station;
- City of Moncton's Jonathan Creek culvert;
- Second crossing of Petitcodiac River and Virginia Avenue Pumping Station;

- Tri-Community/GMWC Wastewater Conveyance – Asset Development and Ownership Study (Collector Sewer Policy Study) – including GMWC jurisdiction and involvement in cost-sharing projects with municipalities;
- GMWC's 2014 capital budget, five-year and 20-year Capital Plan;
- Development of GMWC sanitary and combined-sewer guidelines and their incorporation into municipal sewer-use bylaws;
- Provision of input to the New Brunswick Department of Environment and Local Government's Technical Review Committee of the EIA concerning the importation and disposal of flowback water.

In June 2014, the Technical Committee Review and Recommendations, Wastewater Conveyance Asset Development and Ownership Study was finalized, providing final recommendations to the Commission in regards to GMWC jurisdiction and involvement of cost-sharing projects based on tri-community/GMWC common long-term strategies. These committee meetings have provided a great mechanism for getting issues on the table for discussion, exchanging information and dealing with issues of mutual concern while ensuring a common focus on long-term planning considerations and decision-making.

Respectfully submitted,

Conrad Allain, P.Eng.
Chair

6. TREASURER'S REPORT

In 2014, the Commission earned an impressive annual surplus of \$6.3 million for the fiscal year ended December 31, 2014. Compared to the budgeted surplus of \$5.6 million, this represents an increased surplus of \$718,000.

These results were a combination of increased revenues and expense controls. The favourable over-budget categories were interest income at more than \$92,000 and septic haulers at \$111,000.

Our plant and operating expenses were \$513,000 under budget mainly due to salaries and benefits, consulting engineering, maintenance, governance and office expenses.

A prior adjustment of \$676,000 had to be applied to the 2013 results which impacted on our non-financial capital assets of 2014. This non-cash correction was due to improper classification of some assets and not calculating depreciation in the year of purchase.

TransAqua remains in an excellent financial position again at the end of fiscal year 2014 with no long-term debt and a very strong capital base. We now have \$23 million in guaranteed investments, including a \$5-million contingency reserve. We also have more than \$9 million in our operating accounts bearing a very favourable daily interest paid monthly.

A significant portion of these funds will eventually be invested in major projects, including upgrading our infrastructure.

Respectfully submitted,

Chanel Michaud
Treasurer



7. COMMISSION MEMBERS



JULIE THÉRIAULT

Representing Dieppe

Current term to Sept. 2016

- Member of Commission

CLARENCE SWEETLAND

Representing Riverview

Current term to July 2015

- Secretary
- Member of Executive Committee

DAVID MUIR

Representing Riverview

Current term to Oct. 2017

- Member of Commission

GEORGE SOMERS

Representing Moncton

Current term to Oct. 2016

- Chair of Human Resources Committee

CHANEL MICHAUD

Representing Dieppe

Current term to Sept. 2015

- Treasurer
- Chair of Finance, Audit and Governance Committee
- Member of Executive Committee

WINSTON PEARCE

Representing Moncton

Current term to Oct. 2016

- Chair of Commission
- Member of Executive Committee

8. AUDITED FINANCIAL STATEMENTS

GREATER MONCTON WASTEWATER COMMISSION

(FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members of Greater Moncton Wastewater Commission
(formerly Greater Moncton Sewerage Commission)

We have audited the accompanying financial statements of Greater Moncton Wastewater Commission (formerly Greater Moncton Sewerage Commission), which comprise the statement of financial position as at December 31, 2014 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, the financial statements present fairly, in all material respects, the financial position of Greater Moncton Wastewater Commission (formerly Greater Moncton Sewerage Commission) as at December 31, 2014 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other matter

The financial statements of Greater Moncton Wastewater Commission (formerly Greater Moncton Sewerage Commission) for the year ended December 31, 2013 (prior to the restatement of the comparative information as described in note 3 to the financial statements) were audited by another auditor who expressed an unmodified opinion on those financial statements on February 20, 2014.

As part of our audit of the financial statements of Greater Moncton Wastewater Commission (formerly Greater Moncton Sewerage Commission) for the year ended December 31, 2014, we also audited the adjustments described in note 3 that were applied to restate the financial statements for the year ended December 31, 2013. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements of Greater Moncton Wastewater Commission (formerly Greater Moncton Sewerage Commission) for the year ended December 31, 2013 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended December 31, 2013 taken as a whole.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Moncton, NB
March 19, 2015

GREATER MONCTON WASTEWATER COMMISSION

(FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	2014	2013 (as restated, note 3)
Financial assets		
Cash		
Operating	\$ 5,475,082	\$ 2,098,662
Reserve funds (schedule II)	4,239,045	8,534,546
Accounts receivable		
General	24,686	19,373
Federal government and its agencies (note 4)	55,049	143,790
Accrued interest receivable (schedule II)	89,765	103,858
Other (note 5)	–	280,447
Investments (note 6 and schedule II)	23,000,000	18,200,000
	32,883,627	29,380,676
Financial liabilities		
Accounts payable and accrued liabilities	1,090,349	656,093
Holdbacks payable	94,491	135,395
Deferred revenue	–	2,789,963
	1,184,840	3,581,451
Net financial assets	31,698,787	25,799,225
Non-financial assets		
Tangible capital assets (notes 3 and 10)	42,476,185	42,123,906
Prepaid expenses and deposits	145,511	86,480
	42,621,696	42,210,386
Accumulated surplus	74,320,483	68,009,611

APPROVED BY:



Winston Pearce, P.Eng., Chair



Chanel Michaud, Treasurer

GREATER MONCTON WASTEWATER COMMISSION

(FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31, 2014

	2014 Budget (Unaudited)	2014 Actual	2013 Actual (as restated, note 3)
Revenue			
User fees			
City of Moncton	\$ 7,685,415	\$ 7,685,419	\$ 7,352,919
Town of Riverview	1,583,055	1,583,055	1,513,998
City of Dieppe	2,274,738	2,274,739	2,168,861
	<u>11,543,208</u>	<u>11,543,213</u>	<u>11,035,778</u>
Septic hauler and compost income	268,900	380,606	244,213
Interest income (schedule II)	447,358	539,101	453,262
	<u>12,259,466</u>	<u>12,462,920</u>	<u>11,733,253</u>
Expenses			
Plant and operating expenses			
Easement and property taxes (note 5)	378,336	325,753	83,552
Salaries and benefits	1,696,957	1,540,539	1,376,037
Amortization of tangible capital assets (note 3)	1,690,536	1,632,295	1,660,279
Electricity	599,613	564,950	549,742
Telephone	41,376	33,400	34,099
Insurance	181,377	169,010	172,906
Maintenance and operating	1,548,390	1,470,661	1,592,053
Consulting engineering	171,688	82,838	404,435
Discontinued capital projects (note 3)	–	–	556,194
Vehicle expense	35,628	25,190	29,909
Miscellaneous	22,754	9,060	21,068
	<u>6,366,655</u>	<u>5,853,696</u>	<u>6,480,274</u>
General expenses			
Marketing and communications	141,702	134,834	58,243
Commission expense	9,312	7,098	2,810
Office expenses	50,684	26,504	59,060
Travel	–	2,169	19,800
Governance	49,128	34,658	12,571
Interest and bank charges	5,915	3,994	5,014
Professional fees and consulting	43,030	89,095	32,317
	<u>299,771</u>	<u>298,352</u>	<u>189,815</u>
Total expenses	<u>6,666,426</u>	<u>6,152,048</u>	<u>6,670,089</u>
Annual surplus	<u>5,593,040</u>	<u>6,310,872</u>	<u>5,063,164</u>
Accumulated surplus – beginning of year as originally presented		68,685,630	63,872,888
Prior period adjustment (note 3)		(676,019)	(926,441)
Accumulated surplus – beginning of year (as restated)		<u>68,009,611</u>	<u>62,946,447</u>
Accumulated surplus – end of year		<u>74,320,483</u>	<u>68,009,611</u>

The accompanying notes are an integral part of these financial statements.

GREATER MONCTON WASTEWATER COMMISSION
 (FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2014

	2014	2013 (as restated, note 3)
Annual surplus	\$ 6,310,872	\$ 5,063,164
Acquisition of tangible capital assets	(2,139,899)	(1,581,670)
Amortization of tangible capital assets	1,632,295	1,660,279
Loss on sale of tangible capital assets	39,706	13,189
Proceeds on sale of tangible capital assets	115,619	105,000
Write-down of tangible capital assets	–	556,194
	(352,279)	752,992
Change in prepaid expenses	(59,031)	22,769
Change in net financial assets	5,899,562	5,838,925
Net financial assets – Beginning of year	25,799,225	19,960,300
Net financial assets – End of year	\$ 31,698,787	\$ 25,799,225

GREATER MONCTON WASTEWATER COMMISSION
 (FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

STATEMENT OF CASH FLOWS
 For the year ended December 31, 2014

	2014	2013 (as restated, note 3)
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 6,310,872	\$ 5,063,164
Charges (credits) to income not involving cash		
Amortization of tangible capital assets (note 3)	1,632,295	1,660,279
Loss on sale of tangible capital assets	39,706	13,189
Write-downs of tangible capital	—	556,194
	<u>7,982,873</u>	<u>7,292,826</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	377,968	(317,592)
Decrease (increase) in prepaid expenses	(59,031)	22,769
Increase (decrease) in accounts payable and accrued liabilities	434,256	(110,072)
Decrease in holdback payable	(40,904)	(109,292)
Increase (decrease) in deferred revenue	(2,789,963)	124,072
	<u>5,905,199</u>	<u>6,902,711</u>
Investing activities		
Purchase of investments	(4,800,000)	(3,200,000)
Proceeds on sale of tangible capital assets	115,619	105,000
Cash used to acquire tangible capital assets	(2,139,899)	(1,581,670)
	<u>(6,824,280)</u>	<u>(4,676,670)</u>
Financing activities		
Debt repayment	—	(79,000)
	<u>(919,081)</u>	<u>2,147,041</u>
Net change in cash during the year	(919,081)	2,147,041
Cash – Beginning of year	10,633,208	8,486,167
Cash – End of year	\$ 9,714,127	\$ 10,633,208
Cash consist of:		
Cash in bank – operating	5,475,082	2,098,662
Cash in bank – reserve funds	4,239,045	8,534,546
	<u>\$ 9,714,127</u>	<u>\$ 10,633,208</u>

The accompanying notes are an integral part of these financial statements.

GREATER MONCTON WASTEWATER COMMISSION

(FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2014

1. Purpose of organization

The Greater Moncton Wastewater Commission (the “Commission”) is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act and the Clean Environment Act. As a municipality, the Commission is exempt from income tax under section 149(1)(c) of the Income Tax Act of Canada.

The Commission operates a wastewater treatment plant in Riverview, New Brunswick and provides wastewater treatment for the cities of Moncton and Dieppe and the town of Riverview.

2. Summary of significant accounting policies

The financial statements of the Commission are prepared in accordance with Canadian public sector accounting standards (PSAS) and reflect the accounting policies enumerated below.

The focus of PSAS 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.

Reporting entity

The 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.

Budget

The budget figures contained in these financial statements were approved by the Commission on November 21, 2013 and submitted to the Minister of Local Government and have not been audited.

Revenue recognition

The Commission recognizes revenues from user fees, septic hauler and compost income as the services are rendered or the goods are sold, the price is fixed or determinable and collection is reasonably assured. Interest income is recognized on an accrual basis and recorded in the statement of reserve fund balances as a direct increase to the reserve fund.

GREATER MONCTON WASTEWATER COMMISSION (FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2014

2. Summary of significant accounting policies (continued):

Use of estimates

The preparation of the financial statements in conformity with PSAS requires management to make estimates that affect the reported amounts 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 expenses during the reporting period. Actual results may differ from those estimates.

Financial instruments

The Commission's financial assets consist of cash, accounts receivable and investments. The Commission's financial liabilities consist of accounts payable and accrued liabilities, holdbacks payable and deferred revenue. The Commission's financial assets and liabilities are initially measured at fair value and subsequently carried at amortized cost with interest recorded in the statement of operations as earned.

Fair value

It is management's opinion that the carrying amount of cash, accounts receivable, accounts payable and accrued liabilities, holdbacks payable and deferred revenue approximate their fair value due to their short-term maturities.

Credit risk

Credit risk arises from the potential that a debtor will be unable to meet its obligations. The Commission conducts a thorough assessment of its debtors prior to granting credit and actively monitors the financial health of its debtors on a continuous basis. Credit risk arises primarily from cash, accounts receivable and investments. There are no significant concentrations of credit risk.

Interest rate risk

Interest rate risk arises from the potential that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Commission's investments bear interest at fixed interest rates. Fluctuations in market interest rates could impact the fair value of these investments. The Commission has not entered into any financial instruments to hedge this exposure.

Cash

Cash includes cash on hand and cash in banks not subject to other restrictions.

GREATER MONCTON WASTEWATER COMMISSION
(FORMERLY GREATER MONCTON SEWERAGE COMMISSION)
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2014

2. Summary of significant accounting policies (continued):

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. The Commission provides for amortization at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. Annually, amortization is calculated using the straight-line method over the estimated useful lives as follows:

Operations centre	10 - 60 years
Treatment facilities	5 - 60 years
Collection System	10 - 75 years
Fleet	5 - 20 years
Computer hardware and software	3 - 5 years

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

Accrued sick leave

The Commission provides for sick leave that accumulates at 1.25 days per month worked for full-time employees. The employees can accumulate up to a maximum of 120 days. On retirement or resignation after being employed for at least 60 months, any employee having accrued sick leave will receive an allowance equal to fifty percent of the value at a rate of pay effective immediately prior to retirement or resignation.

The sick leave is an unfunded benefit. As such, there are no applicable assets. Benefits are paid out of general revenue as they come due. The unfunded liability at December 31, 2014 of \$133,406 (2013 - \$129,758) is recorded in accounts payable and accrued liabilities.

3. Restated comparative information

In 2014, Management determined that the Commission had incorrectly reported its tangible capital assets by deferring amortization until the annual period subsequent to the related assets' acquisition. Management has recalculated the amortization expense for all assets recorded on the Commission's statement of financial position to properly reflect an amortization charge from the acquisition date. As part of this process, management identified \$541,029 of assets that were reported as Construction in Process that had been placed into operation (note 10). The correction of these errors has resulted in adjustments to the financial statements as follows:

- Amortization of tangible capital assets for the year ended December 31, 2013 has decreased by \$240,422;
- Discontinued capital projects expense for the year ended December 31, 2013 has decreased by \$10,000;
- Tangible capital assets as at December 31, 2013 have decreased by \$676,019; and
- Accumulated surplus at January 1, 2013 has decreased by \$926,441.

GREATER MONCTON WASTEWATER COMMISSION

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2014

4. Due from Federal government and its agencies

	2014	2013
Canada Revenue Agency (HST refund)	\$ 55,049	\$ 143,790

5. Other receivables

In the prior year, the Commission appealed to the Province of New Brunswick on property tax assessments for the years 2008 to 2013. The Commission claimed the amounts assessed for their properties were in excess of the actual values. In the 2013 fiscal year, this appeal was settled for \$278,440, all of which was included as other receivables at December 31, 2013.

6. Investments

The details of the investments held by the Commission are as follows:

	2014	2013
Guaranteed investment certificate (2.14%, maturing November 2015)	\$ 10,000,000	\$ 10,000,000
Guaranteed investment certificate (2.14%, maturing November 2015)	5,000,000	5,000,000
Guaranteed investment certificate (1.694%, maturing July 2014)	–	3,200,000
Guaranteed investment certificate (1.50%, maturing October 2015)	4,995,000	–
Guaranteed investment certificate (1.60%, maturing July 2015)	3,000,000	–
Guaranteed investment certificate (1.50%, maturing October 2015)	5,000	–
	\$ 23,000,000	\$ 18,200,000

7. Short-term borrowings and compliance

Short-term borrowings outstanding

The Commission has obtained credit in the amount of \$50,000 for a credit card held with Bank of Montreal. The Commission has set the limit on the credit card at \$10,000. This credit card is unsecured and has interest at a rate of 18.4%. The Commission pays the balance owing on the credit card on a monthly basis.

Short-term borrowings compliance

As of December 31, 2014, the Commission had no borrowings outstanding. As a result, the Commission was in compliance with all required municipal ratios noted below.

Interim borrowing for capital

The Commission does not have any short term borrowing in excess of cash as of December 31, 2014.

Operating borrowing

As prescribed in the Municipalities Act, the borrowing to finance its utility operations is limited to 50% of the Commission's operating budget. In 2014, 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 a capital project. The amounts payable between funds are in compliance with the requirements.

GREATER MONCTON WASTEWATER COMMISSION (FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2014

8. Post-employment benefits payable

The Commission sponsors an RRSP plan for substantially all its employees. The plan allows for RRSP contributions of 7% of employee salaries. The employee is not required to pay into the RRSP plan in order to obtain this benefit. There is no unfunded liability associated with this post-employment benefits payable.

9. Accumulated surplus

The accumulated surplus noted on the statement of financial position is the result of the excess of revenue over expenditures from the commencement of the Commission's operations to the date of financial position. The accumulated surplus is made up of the following:

	2014	2013 (as restated, note 3)
Net financial assets	\$ 31,698,787	\$25,799,225
Non-financial assets	42,621,696	42,210,386
	\$ 74,320,483	\$68,009,611

The net financial assets consist of cash flows necessary for day-to-day operations and reserve funds held for future capital expenditures. The non-financial assets consist of tangible capital assets and prepaid expenses that the Commission has purchased or had constructed as of the end of the year.

GREATER MONCTON WASTEWATER COMMISSION

(FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2014

10. Tangible capital assets

	Land \$	Operations centre \$	Treatment facilities \$	Collection system \$	Fleet \$	Computer hardware and software \$	Assets under construction \$	Total \$
COST								
Balance –								
Beginning								
of year	517,785	2,743,575	44,491,291	33,401,045	\$1,501,552	–	4,364,047	87,019,295
Adjustment (note 3)	–	–	540,026	11,000	(449)	–	(541,029)	9,548
Balance –								
Beginning								
of year	517,785	2,743,575	45,031,317	33,412,045	1,501,103	–	3,823,018	87,028,843
(as restated)								
Net additions during the year	–	–	217,502	87,500	336,471	68,997	1,429,429	2,139,899
Disposals during the year	–	–	–	–	(245,842)	–	–	(245,842)
Transfer in the year	–	–	2,784,099	–	–	–	(2,784,099)	–
Balance								
End of year	517,785	2,743,575	48,032,918	33,499,545	1,591,732	68,997	2,468,348	88,922,900
ACCUMULATED AMORTIZATION								
Balance –								
Beginning of year	–	2,197,952	29,566,366	11,901,956	553,096	–	–	44,219,370
Adjustment (note 3)	–	24,633	379,544	242,123	39,267	–	–	685,567
Balance –								
Beginning of								
year (as restated)	–	2,222,585	29,945,910	12,144,079	592,363	–	–	44,904,937
Amortization during the year	–	49,267	1,001,974	482,195	91,960	6,899	–	1,632,295
Accumulated amortization disposals	–	–	–	–	(90,517)	–	–	(90,517)
Balance –								
End of year	–	2,271,852	30,947,884	12,626,274	593,806	6,899	–	46,446,715
Net book value of tangible capital assets 2013 (as restated)	517,785	520,990	15,085,407	21,267,966	908,740	–	3,823,018	42,123,906
Net book value of tangible capital assets 2014	517,785	471,723	17,085,034	20,873,271	997,926	62,098	2,468,348	42,476,185

GREATER MONCTON WASTEWATER COMMISSION

(FORMERLY GREATER MONCTON SEWERAGE COMMISSION)

SCHEDULE OF REGULATORY REPORTING REQUIREMENTS

For the year ended December 31, 2014

The Department of Local government of New Brunswick has requested disclosures in addition to Canadian public sector accounting standards for monitoring purposes. The Commission has provided these disclosure requirements in the following pages.

I. Reconciliation of annual surplus

	General fund \$	Capital Fund \$	Reserve Fund \$	Total \$
2014 annual surplus	7,452,761	(1,632,295)	490,406	6,310,872
Adjustments to annual surplus for funding requirements				
Second previous year surplus	4,702,094	–	–	4,702,094
Transfer from operating to capital	(2,139,899)	2,139,899	–	–
Amortization expense	–	1,632,295	–	1,632,295
Total adjustments to 2014 annual surplus	2,562,195	3,772,194	–	6,334,389
2014 annual fund surplus	10,014,956	2,139,899	490,406	12,645,261

II. Statement of reserves

	2014 \$	2013 \$
Capital reserve		
<u>Assets</u>		
Cash	4,239,045	8,534,546
Accrued interest receivable	89,765	103,858
Investments	23,000,000	18,200,000
Accumulated surplus	27,328,810	26,838,404
<u>Revenue</u>		
Interest	490,406	388,204
Transfers from operating funds	–	11,200,000
Annual surplus	490,406	11,588,204

GREATER MONCTON WASTEWATER COMMISSION

SCHEDULE OF REGULATORY REPORTING REQUIREMENTS

For the year ended December 31, 2014

III. Operating Budget to Public Sector Accounting

	Operating \$	Amortization \$	Other \$	Transfers \$	Total \$
Revenue					
User fees	11,543,208	-	-	-	11,543,208
Interest and miscellaneous	716,258	-	-	-	716,258
	12,259,466	-	-	-	12,259,466
Expenses					
Plant and Operating Expense					
Easement and property taxes	378,336	-	-	-	378,336
Salaries and benefits	1,696,957	-	-	-	1,696,957
Amortization of tangible capital assets	-	1,690,536	-	-	1,690,536
Electricity	599,613	-	-	-	599,613
Telephone	41,376	-	-	-	41,376
Insurance	181,377	-	-	-	181,377
Interest on capital lease payments	-	-	-	-	-
Maintenance and operating	1,548,390	-	-	-	1,548,390
Consulting engineering	171,688	-	-	-	171,688
Discontinued capital projects	-	-	-	-	-
Vehicle expense	35,628	-	-	-	35,628
Miscellaneous	22,754	-	-	-	22,754
	4,676,119	1,690,536	-	-	6,366,655
General					
Marketing and communications	141,702	-	-	-	141,702
Commission expense	9,312	-	-	-	9,312
Office expenses	50,684	-	-	-	50,684
Travel	-	-	-	-	-
Governance	49,128	-	-	-	49,128
Interest and bank charges	5,915	-	-	-	5,915
Professional fees and consulting	43,030	-	-	-	43,030
	299,771	-	-	-	299,771
Fiscal services					
Transfer from operating fund to capital fund	8,785,560	-	-	8,785,560	-
Transfer from operating fund to reserve fund	3,200,110	-	-	3,200,110	-
Second previous surplus	(4,702,094)	-	-	(4,702,094)	-
	7,283,576	-	-	7,283,576	-
	12,259,466	1,690,536	-	7,283,576	6,666,426
Annual surplus	-	(1,690,536)	-	7,283,576	5,593,040



TransAqua

▶ GREATER MONCTON
WASTEWATER
COMMISSION

▶ COMMISSION
DES EAUX USÉES
DU GRAND MONCTON

355 Hillsborough Road
Riverview NB E1B 1S5
Canada

Tel: 506-387-7977
Fax: 506-387-7389
information@transaqua.ca
www.transaqua.ca