



Greater Moncton Sewerage Commission
Commission d'épuration des eaux usées du Grand Moncton



ANNUAL REPORT **2013**

TABLE OF CONTENTS

1. Looking Back	3
2. Chair's Report	4
3. Secretary's Report	5
4. General Manager's Report	6
4.1 2013 Overview.....	6
4.2 2014 to 2018 Strategic Plan.....	8
4.3 Existing Assets and Condition.....	9
4.4 Wastewater Operations.....	10
4.5 Composting Operations.....	11
4.6 Human Resources Initiatives and Succession Planning.....	13
4.7 Public Outreach.....	13
4.8 Capital Works Program.....	14
4.9 Advanced Biological Wastewater Treatment.....	15
4.10 Composting Facility	17
4.11 Energy Sustainability	17
5. Committee Reports	18
5.1 Human Resources Committee	18
5.2 Finance, Audit and Governance Committee.....	18
5.3 Executive Committee.....	19
5.4 Technical Committee.....	19
6. Treasurer's Report	20
7. Commission Members	21
8. 2013 Audited Financial Statements	23

1. LOOKING BACK

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 35-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.

The GMSC 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. Under the direction of Bernard LeBlanc, P.Eng., General Manager, the operations and maintenance team continues to meet current expectations and aims to anticipate future needs.

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 GMSC meet these new requirements by 2020.



Aerial view of GMSC's Wastewater Treatment Facility in Riverview.

2. CHAIR'S REPORT

Last year, I said that 2012 was a year of change for the Greater Moncton Sewerage Commission (GMSC). Subsequently, 2013 could perhaps be said to be a year of consolidation and implementation

- The provincial government's changes to the Clean Environment Act, enacted in 2012, saw many changes in operations and governance implemented in 2013.
- Federal Wastewater Systems Effluent Regulations (WSER), enacted in July 2012, set in motion major capital projects to be completed before 2020.
- The 15-year \$120-million capital plan established in 2012 has been re-focused onto the shorter-term upgrade of the Wastewater Treatment Facility to a Biological Treatment Plant. Planning and design of that facility have begun.
- \$26.8 million of capital reserves have been put in place to deal with the planned capital program.
- The organizational structure proposed in 2012 has been implemented.
- With the hiring of a new General Manager, the Commission has continued to reinforce the clear and distinct functional divisions between the Commission's governance and staff's operational/administrative responsibilities.
- The year ended within budget and with a surplus of \$4.8 million available to be moved into capital reserves.
- A study designed to prepare the Commission for its next 30 years was completed this year. It made recommendations on GMSC's legal structure, on governance and transparency issues and its organization. It also delved into the GMSC's collector system of the future, dealt with anticipated wastewater treatment objectives and recommended cost allocations among all stakeholders.
- Action has been taken to improve communication with all of our stakeholders: municipal, provincial and federal. Minutes of meetings have been published on the GMSC website. Transparency has been greatly increased. A Public Information and Engagement Plan was produced and branding recommendations developed as part of a project undertaken by XYZ Stratégie-Communication, Bricor Communications and Branch Graphic Design.

- Construction of a new Compost Facility Operations Centre has been substantially completed. As well, construction of a new compost pad is underway to accommodate increased demand.
- The Commission's Long-term Sustainable Wastewater Treatment Strategy moved forward with the Commission's acceptance of a Conceptual Design Report for a Biological Nutrient Removal Secondary Wastewater Treatment Facility.

Looking forward into 2014 we see:

- Completion of preliminary and detailed engineering design for a 2015 start on an estimated \$60-million Wastewater Treatment Facility upgrade.
- An \$8-million capital construction season.
- Additional funds being added to the capital reserves to deal with heavy demands beyond 2014.
- Annual rate increases projected to be no greater than inflation, into the future.

Special thanks to our stakeholders – the City of Dieppe, City of Moncton and Town of Riverview – and to the Commissioners and staff of the GMSC. All of them have assisted myself and the Commission in making significant improvements to GMSC's plant and operations this year. A special word of appreciation to Treasurer Doug Baker who stepped down from the Commission in 2013 after many years of service.

Respectfully submitted,

Winston Pearce, P.Eng.

Chair

3. SECRETARY'S REPORT

The Greater Moncton Sewerage Commission (GMSC) saw a very active year in 2013 in regards to the governance and administrative aspects of its activities.

Wastewater commissions, such as the GMSC, are regulated under the Province of New Brunswick's Clean Environment Act which Bill 56 amended in 2012. The same year, new federal fisheries regulations were implemented and established new effluent discharge regulations with which the GMSC must comply by 2020 at the latest.

In late 2012 and early 2013, the GMSC was provided with two key reports which it had commissioned. These related to:

- Human resources and organizational structure (Battah & Associates)
- Wastewater Conveyance Asset Development and Ownership Study – Preparing the Commission for Its Next 30 Years (Crandall Engineering Ltd.)

Both studies recommended modifications to the organizational structure as well as governance enhancements. The Commission members worked through these reports and initiated changes as a result. One significant change was the creation and recruitment for two new positions – General Manager and Director of Finance and Administration – focused on the operational aspects of the GMSC's activities. Other changes involved modification of the organizational structure as well as making the Technical Committee report to the General Manager rather than to the Commission itself due to its operational nature as opposed to Commission oversight.

As well, the GMSC implemented an Executive Committee consisting of the Chair, Secretary and Treasurer whose main function was to meet on a monthly basis in preparation for regular Commission meetings.

Commission committees overseeing the various aspects of the governance and administration then consisted of:

- Finance, Audit and Governance Committee
- Human Resources Committee
- Executive Committee

Greater Moncton Sewerage Commission Bylaw No. 1 was modified to allow for delegation of specific responsibilities to management. As well, a significant effort was put into the development of a five-year Strategic Plan which identified compliance and regulatory requirements as a top priority and focus for the GMSC.

The next few years will be critical ones for the Commission as it focuses its efforts on delivering on its mandate in an effective manner benefiting all its stakeholders while ensuring compliance to new regulatory requirements. It should also be noted that Chanel Michaud assumed a combined Secretary and Treasurer role in 2013 up until July when Clarence Sweetland took on the Secretary role.

Respectfully submitted,

Clarence Sweetland
Secretary

4. GENERAL MANAGER'S REPORT

4.1 2013 OVERVIEW

On June 3, 2013, I took on the newly created role of General Manager with the Greater Moncton Sewerage Commission. As part of an initial 90-day plan, I was able to gain a much better understanding of GMSC operational strengths and challenges, staff skill sets and gaps, as well as Commission and stakeholder needs and wants.

The initial focus was on tackling key GMSC priorities already in the works. These included:

- The hiring of a Financial Analyst to assist with the development of the 2014 budget
- The initiation and development of a five-year Strategic Plan
- The hiring of a marketing/communications consultant for a Public Information and Engagement Plan and compost commercialization project

As a result of the above activities, management – together with the Commission – was able to not only develop a 2014-2018 Strategic Plan but also introduce it to our three stakeholder municipal councils as part of our 2014 budget review efforts. More information on this critical document is included as part of this annual report.

One crucial component of the Strategic Plan was the reprioritizing of activities such that meeting the new federal effluent legislation by 2020 became **the priority and target** for the Greater Moncton Sewerage Commission.

A key component of the GMSC's success is the ability to interact with its municipal partners and work with them to ensure that we meet their expectations and long-term needs. For this purpose, the GMSC established a Technical Committee which meets with senior municipal partner engineers on a monthly basis. This initiative has been essential in ensuring that the GMSC is cognizant of, and focuses on, their priorities. I would like to take this opportunity to thank the municipalities for supporting this initiative. Particularly, I would like to thank Jack MacDonald, Jacques LeBlanc and Michel Ouellet for their participation and truly valuable contributions to the Technical Committee meetings.

Essential to the above undertakings was the staff at the GMSC. Their technical strength as well as their willingness to participate in this new direction and initiate change were key to our ability to meet the priority deadlines we had set and to achieve the desired outcomes.

The result of these contributions and hard work was that the following was achieved in 2013, over and above their regular work responsibilities:

- Implementation and rollout of 2014-2018 Strategic Plan

- Implementation and rollout of 2014 budget, Capital Plan and 20-year Capital Plan
- Development and implementation of GMSC's first Employee Guide (human resources policies)
- Development and implementation of GMSC's first Safety Manual
- Development and implementation of a GMSC Public Information and Engagement Plan.
- Request for proposals and award of an IT support contract
- Request for proposals and award of a Sage 300 Accounting Software procurement and implementation project
- Tender and award of contract for construction of a third compost pad
- Initiation of a request for proposals for the preliminary design, costing, and detailed design of a Biological Nutrient Removal Secondary Treatment Process

This was also a year of significant change for the Commission in terms of employee succession planning, recruitment and retirement. Following a few years of restraint in hiring new personnel, the GMSC now had to ensure that it had the necessary resources over the next decade not only to prepare itself for significant construction activities and process upgrades but also to buffer upcoming retirements as a result of an aging internal workforce. Also, as a result of implementing a new organizational structure, we needed to ensure that any newly created positions (e.g. financial/accounting) were filled with technically strong candidates.

This resulted in the following changes to the organization in 2013 with the hiring of:

- **Cory Babineau** – Operator
- **Shawn Hackett** – Industrial Mechanic
- **Gordon Buck** – Electrical/SCADA Coordinator
- **Michael Asplet** – Director of Finance and Administration

Also, two key technical personnel took on new roles and more focused activities within the GMSC:

- **Conrad Allain** took on responsibility for capital projects and the technical aspects of the operation as Director of Technical Services.
- **Marc Hebert** was given added responsibility for maintenance and personnel oversight as well as for our Compost Production Facility as Manager of Solid Systems and Maintenance.



We also need to acknowledge and thank all other personnel for their assistance and contributions during this time of change in focus and direction. These include:

- **Stella Richard** – Administrative Assistant
- **Candace Jonah** – Laboratory Technician
- **Peter Brown** – Chief Operator
- **Cole Belliveau** – Mechanic
- **Ralph Green** – Operator
- **Burtis Hayes** – Industrial Mechanic
- **Jordan Welsh** – Compost Operator
- **Lawton Hicks** – Compost Operator
- **Patria Casas** – Process Specialist



- **Gordon Buck** – Electrical and SCADA System Coordinator
(absent at time of group photo)

We also had one key employee leave us in 2013 with the retirement of **Valerie Cormier**. We would like to take this opportunity to thank him for his contributions over his 20 years with the Commission and his oversight of our collector sewer system and electrical systems. Best wishes in your retirement, Val!

Last but not least, from my perspective in the new role of General Manager, I would like to also thank the members of the Commission who – as a result of their focused commitment to the organization – made my job much easier and allowed the management team to move quickly on delivery of priority items and key initiatives. Their supportive approach and valuable contributions and insights allowed us to accomplish more in my first seven months at the GMSC than what could take several years with other organizations or boards.

Many thanks for your support and commitment to the GMSC and its stakeholders.

Looking forward to a successful 2014!

Bernard LeBlanc, P.Eng.
General Manager

4.2 2014-2018 STRATEGIC PLAN

During the summer of 2013, the Greater Moncton Sewerage Commission management, staff and Commission members worked diligently on developing a five-year Strategic Plan that best reflected the GMSC's strategic priorities for this time frame.

To do so, the GMSC ensured that it incorporated stakeholder and community feedback, as well as new regulatory requirements and financial realities. Following a decade of evaluation of the next desirable step in terms of treatment of the area's wastewater, the new federal regulations now clearly outlined the minimum compliance requirements. As well, the new and potential recreational uses of the Petitcodiac River also set a benchmark in terms of desirable outcomes and community interest.



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

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

GMSC Strategic Priorities



4.3 Existing Assets and Condition

Currently, GMSC infrastructure consists of eight Remote Pumping Stations, 35 km of trunk sewers and tunnels, the Main Pumping Station located in Riverview, the Wastewater Treatment Facility (WWTF) also located at Outhouse Point in Riverview and a Composting Facility located in Moncton on a 140-hectare property.

Collector Sewer System

The 35 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 (5.5 ft) tunnel and is 22 m (72 ft) below the ground surface.

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.

Wastewater Treatment Facility (WWTF)

The pre-treatment building houses screening equipment, grit tanks, grit handling equipment, chemical storage and feeding equipment. Three 39 m in 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.

Composting Facility

The composting process used by the GMSC 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 material to compost. 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 the advanced biological treatment anticipated increase in volume of biosolids and 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.

Compost is available to the public at the GMSC's Compost Facility on Delong Drive.



4.4 Wastewater Operations

In 2013, the WWTF processed more than 23.8 million m³ of wastewater or an average of 65,257 m³ per day. At this flow rate, one 8 m in diameter above-ground pool would be filled every 90 seconds.

The existing enhanced primary treatment is designed to remove primary suspended solids. In 2013, the removal rate was measured at 70.4%. Biological oxygen demand (BOD) is a measure of organic biodegradable matter which is partially removed (approximately 40-45%) with the current process. The planned plant upgrades to biological treatment would bring these removal rates to more than 95%.

Approximately 2.8 million litres of septage and grey water collected from rural communities surrounding Greater Moncton (50-km radius) were also treated at the WWTF. Inorganic solids such as sand and gravel particles and screenings are removed in preliminary treatment through the screening and grit removal process and transported to the Regional Service Commission 7 (Westmorland-Albert Solid Waste Commission) waste management facility for disposal.

Chemically assisted primary treatment uses chemical coagulants to increase capture of settleable solids. Sludge is dewatered by centrifuge to increase dryness. Lime is then added to produce lime-stabilized biosolids. In 2013, 10,376 tonnes of biosolids were shipped from the WWTF to the Composting Facility.

Chemical consumption:

- Primary treatment chemicals: 49,906 kg
- Dewatering polymers: 12,919 kg
- Hydrated lime for biosolids treatment: 133,585 kg

Total GMSC power consumption for 2013 was 5,846 MW hours – or an average of 16,020 KW hours per day, the equivalent to approximately 350 homes. More than 90% of this consumption was for the WWTF alone.



4.5 Composting Operations

Wastewater treatment byproducts, or biosolids, are used as a key ingredient in the GMSC composting system.

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

Upon arrival at the Composting Facility, it is mixed with green waste consisting of bark (from sawmills), ground forestry waste, wood chips and other green waste.

In 2013, 10,376 tonnes or 11,528 m³ of treated biosolids were processed along with 23,057 m³ of green waste. The initial mix produced 40 windrows that 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° Celsius. The windrows are then moved and grouped into lots of three initial windrows 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, 2013's production will be available for use in 2014.

Processing and product usage in 2013 involved screening of the 2012 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. Significant amounts of compost were also used by the City of Dieppe on sections of the walking trail and adjoining properties.



Usage Summary:

2012 Product (available in 2013)	approx. 10,300 m ³
Public Pick-up Bins	5,000 m ³
Landscapers	644 m ³
City of Moncton	53 m ³
City of Dieppe	1,261 m ³
Town of Riverview	20 m ³
Community Projects	160 m ³
Compost for Topsoil Blend	850 m ³
Miscellaneous GMSC Usage	500 m ³



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

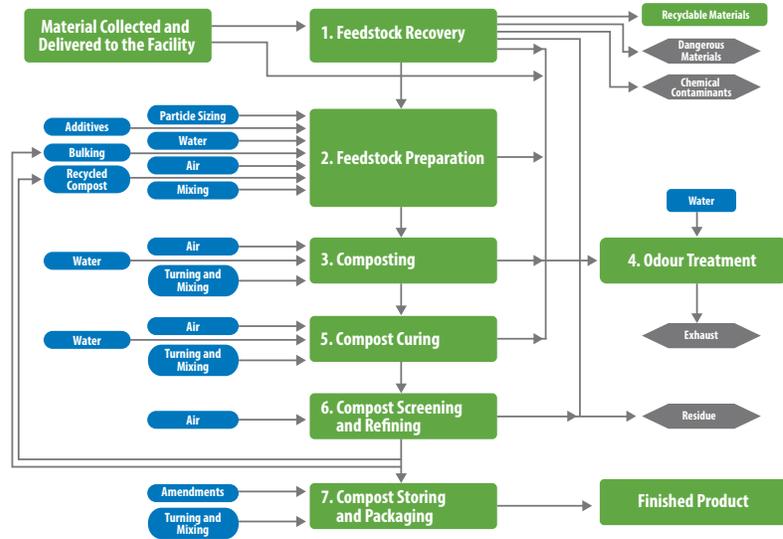
The product used includes Lots 2012-1 to 2012-12, with each tested in order to confirm product quality. Lots 2012-9 and 2012-12 remained on site at the end of the season and are available for use.

BNQ Compost Certification

GMSC'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.

GMSC 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.



CQA Certification

GMSC 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. Operators can receive certification through this organization.



New Compost Facility Operations Centre and Garage.



4.6 Human Resources and Succession Planning

GMSC currently employs 16 people. The overall system of collector sewers and pumping stations, the WWTF and Composting Facility are overseen by the General Manager, Bernard LeBlanc, P.Eng.

He is supported by a management team, WWTF operators, maintenance personnel for mechanical and electrical systems, as well as heavy equipment operators for the Composting Facility. Process Operations and Development is overseen by a process specialist and a laboratory technician. An administrative assistant oversees day-to-day matters and administrative activities.

The management team 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), and the Manager of Solid Systems and Maintenance (with oversight of composting activities as well as overall maintenance requirements).



4.7 Public Outreach

The GMSC plays a significant role in raising awareness of the importance of wastewater treatment and environmental protection in general.

Numerous technical tours are provided on a regular basis to school classes, technical colleges, universities and others. The GMSC maintains a website which provides information on operations.

Open houses have been held in the past for milestone events such as the start-up of major project components and anniversaries.

Students from universities have done undergraduate and graduate research projects under the monitoring of GMSC staff.

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

4.8 Capital Works Program

Long-term Strategy

A Long-term Wastewater Collection and Treatment Strategy was completed in 2010 (R.V. Anderson Associates Limited).

It was developed on the basis of the requirements of the Canadian Council of Ministers of the Environment's (CCME) Canada-wide strategy for management of municipal wastewater effluent. As a follow-up to the CCME strategy, the federal government enacted the new Wastewater Systems Effluent Regulations (WSER-2012) under the Fisheries Act in 2012.

In 2013, a full review of the proposed long-term capital spending was undertaken in coordination with the development of the five-year Strategic Plan. This resulted in the reprioritization of capital spending with an initial focus and emphasis on meeting federal effluent regulations prior to the 2020 deadline. As a result, a 20-year Capital Works Plan was drafted and kept this objective in mind.

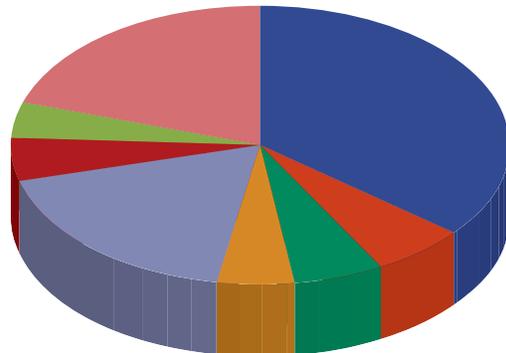
The five-year Capital Works Plan is aimed at meeting a higher level of treatment and improving management of combined sewer overflows (CSO). The projects are to be implemented in a coordinated effort to phase in new assets to the existing operation while continuing to meet regulatory compliance. This has also meant delaying the construction of a second river tunnel to convey separated flows from Dieppe and Moncton until after completion of enhanced treatment upgrades at the GMSC's WWTF.

Collector System

The major elements of the long-term strategy relative to the collection system involves a second river crossing from Virginia Avenue in Dieppe to the WWTF in Riverview, as well as a new major Pumping Station at Virginia Avenue.

These new conveyance components will allow the GMSC to initially redirect all flows originating within the City of Dieppe directly to the WWTF and subsequently bring online the Humphrey area of Moncton, the Vision Lands and the North End of Moncton. These areas are all separated and thus contain little surface runoff or infiltration water. The main tunnel connected to downtown Moncton is heavily combined and services the majority of Moncton east and south of Wheeler Boulevard. In view of the high cost and impracticality of separating combined sewers in older and high-density areas, the GMSC will deal with combined sewer overflows (CSO) using high-rate pumping and rapid treatment systems during extreme high-flow events.

Implementation of Long-term Capital Works Plan 2014-2033



- Biological Treatment Upgrades (\$73M)
(To meet federal regulations by 2020)
- Pre-treatment Expansion (\$12.16M)
- Second River Crossing (\$12.18M)
- Virginia Avenue Pumping Station (\$10.44M)
- CSO Facilities and Remote Pumping (\$37.51M)
- CSO Treatment (\$10.5M)
- Compost Facility (\$7.82M)
- Other Projects - Cost Sharing/Pumping Station (\$41.41M)

The proposed Pumping Station at Virginia Avenue will have a cylindrical underground concrete structure with wastewater-receiving chambers on one side and the pump room on the dry side. It will be designed to withstand a severe flooding/river-surge event should that happen.

The second river crossing will consist initially of a 600 mm in diameter PVC continuously fused pipe. Construction will be by directional-drilling method which minimizes surface work in the environmentally sensitive wetlands.

Preliminary engineering for both projects, including geotechnical and environmental work, has been completed in 2012 and 2013. The GMSC anticipates proceeding with these two projects in the 2018-2023 timeframe following completion of the wastewater treatment plant biological treatment upgrading project.

4.9 Advanced Biological Wastewater Treatment

The Wastewater Treatment Facility (WWTF) was initially constructed on the basis of an advanced chemically assisted primary process able to meet the regulatory discharge limits under the Approval to Operate.

Environmental Risk Assessment

Under the new regulatory framework, the GMSC needed to complete an environmental risk assessment (ERA) which is now in the review process with the provincial Department of Environment and Local Government. This work consisted of characterizing the effluent and determining effluent discharge objectives considering the impact on the receiving stream. The ERA will be used in setting the basis of design for the biological process and also in developing the combined sewer overflow (CSO) treatment strategy.

Environmental Impact Assessment

An environmental impact assessment (EIA) process was initiated in 2010 with the filing of the EIA registration document. This first step was needed to present the overall project (Long-term Sustainable Wastewater Collection and Treatment Strategy) focusing on treatment, conveyance and CSO elements and their potential environmental impacts, benefits and mitigation measures. Public meetings were also held to present the overall long-term strategy. As the project evolves, individual projects will be filed as well and screened as per the EIA process. Further public consultations through open houses will be held as needed and for more specific projects having a direct impact on a neighbourhood or the region.

Biological nutrient removal GMSC Pilot Plant.



Pilot Plant

Even though the new regulations came into effect in June 2012, the GMSC had been evaluating processes to determine the best suited and most sustainable approach to meet new regulatory limits well ahead of this. A report entitled Advanced Biological Treatment Process Selection by Conestoga-Rovers & Associates dated April 2010 outlines the options, considerations and basis for the recommendation to implement an advanced biological process, namely a biological nutrient removal (BNR) in the

MLE (Modified Ludzack-Ettinger) or A2O (anaerobic-anoxic-aerobic) configuration.

In 2013, the Commission completed the pilot testing program in association with Conestoga-Rovers & Associates. This was followed by the compilation and analysis of all data, computer modelling and drafting of the basis of design along with tank layouts and equipment capacity determination.

Preliminary Design

The above-described pilot work and development of the design basis was used as the framework for a request for proposals (RFP) to consulting engineering companies to undertake the preliminary design and detail design of the plant upgrade to biological treatment. The GMSC issued the RFP in November 2013. Award of this contract is to be in early 2014 for the preliminary design phase and to be followed by detail design once the funding and procurement approach have been established. The objective is to complete this construction by 2018-2019 prior to the 2020 regulatory compliance deadline. The preliminary design phase of the project will look at tank configuration, equipment review, process control, hydraulics, plant retrofit, etc.

The new Wastewater Systems Effluent Regulations (WSER) made official in 2012 require 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 15°C ±1°C

The GMSC is thus moving forward with the pre-design of the biological treatment upgrade along with associated processes as a first phase and then proceeding to a detailed design stage based on the outcome of the pre-design and subject to the procurement/funding approach chosen for implementation. Upon completion of the design phase, construction is anticipated to take place in the 2015-2019 timeframe.

In view of the significant anticipated cost of this project and upgrade, estimated to be in the \$50 to \$80 million range, the GMSC is considering all possible construction and delivery models whether they be in terms of P3, design/build, or standard bid and construction approaches.

Image of possible site upgrading as a result of biological nutrient removal secondary treatment upgrades.



4.10 Composting Facility

The GMSC will soon bring online an advanced biological wastewater treatment process capable of very high removal rates. By-products of wastewater treatment, also referred to as biosolids, are now fully used within the large composting operation producing a Type “AA” quality product. The GMSC must ensure that its composting system is sustainable, considering the increased volumes of byproducts that are expected.

In 2012, the GMSC awarded a contract for the construction of an Operations Centre which provides staff facilities, equipment bays and heavy equipment maintenance capability. This project is expected to be completed and turned over to the GMSC in 2014.

In late 2013, the GMSC also awarded a contract for construction of a third compost pad. This will bring the overall processing capacity close to 30,000 tonnes per year or close to 15,000 tonnes of biosolids, considering year-round continuous operation. This is anticipated to be completed in the spring of 2014 and provide additional compost production capabilities in preparation for the additional sludge volume to be generated by the proposed advanced biological treatment process. The GMSC plans to continue gradually adding processing and curing capacity over the next few years until the project is fully completed.



Construction of third compost pad.

4.11 Energy Sustainability

Currently, the GMSC’s annual expenditures on electricity range from \$500,000 to \$600,000. This is the cost spent by the Commission on a third-party provider of energy, namely NB Power. The GMSC has previously expressed a desire to become a leader in energy efficiency by actively pursuing the goal of becoming energy neutral as part of its Long-term Wastewater Collection and Treatment Strategy.

In order to accomplish this goal, the GMSC will require a combination of energy efficiency measures, harnessed natural energy where cost effective, and energy recovery within the treatment system.

A new opportunity is currently being explored and tested in terms of a heat-recovery system from wastewater using heat pump technology and an innovative heat exchanger system at the WWTF in Riverview. This equipment was purchased in 2013 and will be installed and commissioned in 2014.

A heat-recovery system from the composting operations in Moncton is also being developed and has been incorporated into the construction of our new Operations Centre and Garage Complex. Future opportunities may include sludge digestion and co-generation from biogas.

5. COMMITTEE REPORTS

5.1 Human Resources Committee

The Human Resources (HR) Committee's main task in 2013 was to hire a General Manager. Although the most important position in the organization, there had never been a General Manager since the GMSC was formed in 1983.

With the assistance of Battah & Associates, the GMSC designed the qualifications and job description, then advertised for the position of General Manager in the spring. It subsequently conducted interviews in May with four highly qualified finalists before recommending that the Commission hire Bernard LeBlanc. Mr. LeBlanc began his appointment in June. After a six-month probationary period, the HR Committee evaluated Mr. LeBlanc's performance and recommended to the Commission that he become a permanent General Manager effective December 6, 2013.

The process that led to the hiring of a General Manager actually began at the end of 2012 with an administrative reorganization recommended by the committee. This included the termination of one administrative position and the redesign of another position. Conrad Allain transitioned from

5.2 Finance, Audit and Governance Committee

The year 2013 was quite active for the committee. Meetings were held with the external auditors, AC Stevenson & Partners, for the purpose of reviewing the annual financial statements, discussing their financial recommendations, and reviewing results of the prior year audit. The Greater Moncton Sewerage Commission (GMSC) has now transitioned to Public Sector Accounting Board accounting principles.

A search was undertaken for a term financial consultant to assist with the preparation of the annual budget and capital plan. The GMSC then determined that it would be best served by having full-time, in-house financial capabilities such that the new role of Director of Finance and Administration was created and filled by Michael Asplet in December 2013.

Much of the financial work previously done on the GMSC's behalf by an outside accounting firm was brought in house and fulfilled via our own resources. Although a Simply Accounting package was initially used, a decision was made to move to the more robust Sage 300 Accounting Software. Hardware and software were purchased in 2013 to make this transition, with the planned use of this system for all 2014 reporting. This also complements and supports the significant anticipated investment in assets and plant upgrading over the next decade. Monthly reporting and statements are now provided to Commission members within three weeks of month-end rather than a month later has had been historically done.

Director of Operations to Director of Technical Services. A third position – the Financial Consultant – was filled on a temporary contract basis over the summer, and the final decision was put on hold until the General Manager had been in place and had the opportunity to determine the wisdom of a full-time or part-time accountant based on his perception of the organization's needs in light of the upcoming major capital investments. In December, as recommended by the General Manager, Michael Asplet was hired as the GMSC's full-time Director of Finance and Administration.

Finally, the HR Committee asked the General Manager to review the corporation's HR policies, notably the employees' health benefits and premiums, to ensure an effective and motivated staff and the corporation's financial sustainability. It also asked Battah & Associates to review the corporation's vehicle allowance policy to determine if it is still warranted and, if so, if the policy needs revisions.

Daniel Bourgeois

Chair - Human Resources Committee

Historically, all Commission payables were reviewed, approved for payment and cheques signed on a monthly basis by Commission members. In October 2013, the GMSC significantly modified this approach in that it delegated this responsibility, subject to appropriate checks and balances and specified limits of authority, to management. This meant a transition to an online banking approach with implementation of vendor payments via electronic fund transfer (EFT) and Commission Executive Committee oversight via visibility of bank accounts and transactions and a monthly payable summary to allow for reconciliations.

A further move was made to a standardized procurement process through the use of request for proposals, request for quotations, or public tenders as appropriate. Larger purchases were solicited through the Province of New Brunswick's web-based procurement site (New Brunswick Opportunities Network – NBON).

A five-year Strategic Plan and Capital Plan were approved and are now permanent financial planning tools of the Commission. Efforts were also initiated to develop a 20-year Capital Plan and forecasting horizon.

Respectfully submitted,

Chanel Michaud

Chair – Finance, Audit and Governance Committee

5.3 Executive Committee

The Executive Committee consists of the Chair, Secretary, Treasurer and General Manager (ex officio). Following the appointment of the new General Manager in June, the Committee instituted a policy of meeting each month, one week prior to the Commission's monthly meeting. The purpose of this meeting was to set the agenda for that meeting.

5.4 Technical Committee

The Technical Committee was created to improve communication between the GMSC and the three stakeholder municipalities at the staff engineering level.

The committee consists of members Jack MacDonald, P.Eng., City of Moncton; Jacques LeBlanc, P.Eng., City of Dieppe; Michel Ouellet, P.Eng., Town of Riverview; Conrad Allain, P.Eng., GMSC; and is chaired by Bernard LeBlanc, P.Eng., and General Manager of GMSC. Commission Chair Winston Pearce, P. Eng., has also participated as an observer on this committee and served as chair until July 2013. As a result of third-party recommendations, responsibility for this committee was shifted from Commission oversight to General Manager responsibility in view of its operational focus.

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

- Introduction of the Canadian Council of Ministers of Environment strategy and regulations
- Implementation of the new federal Wastewater Systems Effluent Regulations
- Strategy to deal with combined sewer overflows
- Introduction and implementation of Province of New Brunswick Bill 56, an update of the Clean Environment Act
- City of Dieppe Sewer Master Plan 2012
- Dieppe's Babineau Creek trunk sewer

Meetings were also held with the external auditors, AC Stevenson & Partners. These dealt with: the transfer of accounting services in house; creation of an internal financial capability and definition of that position; implementation of annual financial reporting systems; reviewing annual financial statements; and discussion of the Auditor's financial recommendations.

Winston Pearce, P.Eng.

Chair – Executive Committee

- Dieppe's application to move the serviced development boundary in the Fox Creek area, requiring GMSC confirmation that its facilities will accommodate this expansion
- City of Moncton's Jonathan Creek culvert
- Second crossing of Petitcodiac River and Virginia Avenue Pumping Station
- Tri-Community/GMSC Wastewater Conveyance – Asset Development and Ownership Study (Collector Sewer Policy Study) – including GMSC jurisdiction and involvement in cost-sharing projects with municipalities
- GMSC's 2014 capital budget, five-year and 20-year Capital Plan
- Development of sanitary and combined sewer guidelines for incorporation into municipal bylaws

The committee's recent focus has been on finalizing recommendations for the Commission in regards to a possible updating of jurisdiction and/or consideration of situations where cost-sharing of projects could be entertained by the Commission. 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,

Bernard LeBlanc, P.Eng.

Chair – Technical Committee

6. TREASURER'S REPORT

The Commission earned an annual surplus of \$4,812,742 in the fiscal year ended December 31, 2013. This compares with the surplus earned in 2012 of \$4,981,058. A surplus of \$4,742,577 had been budgeted for the 2013 year.

Operating results of the Commission, when compared to the budget for the year, reveal very favourable interest income of \$453,262 earned for the year versus \$245,506 in the prior year. This favourable budget item is a direct result of the Commission's actions in repositioning the cash resources reserved for future capital projects in order to maximize the investment rate of return on these funds.

Actual plant and operating expenses incurred were \$307,310 higher than budgeted expenditures for the year. The major negative variance in expenditures is primarily related to the Commission's revisiting of its long-term capital plan and the decision to delay the construction of a second river crossing and pumphouse, and instead focus on upgrading the treatment facility to meet federal regulations by 2020. This resulted in the reclassification of capital as an expense and is identified as a \$566,194 expense on the financial statements.

There was also a major positive impact as the result of the settlement of a property tax appeal dating back to 2008. Expense categories with a majorly favourable under-budget experience include insurance, vehicle expense miscellaneous expenses, as well as governance and travel expenses as a result of the Commission's continued focus on controllable expense categories.

There was also a prior year adjustment to tangible capital assets of \$278,964 required as a result of incorrect depreciation treatment in 2011, thereby requiring adjustments to 2012 and 2013 statements.

In summary, the Commission remains in excellent financial condition, has no long-term debt, and has a strong financial capital base as it prepares to embark on one of Greater Moncton's largest municipal infrastructure projects in regards to our treatment plant upgrading project.

Respectively submitted,

Chanel Michaud
Treasurer

7. COMMISSION MEMBERS



BRIAN HICKS

*Representing
Moncton*

Current term
to Sept. 2014

- Member of
Commission

CLARENCE SWEETLAND

*Representing
Riverview*

Current term
to July 2015

- Secretary
- Member
of Executive
Committee

JULIE THÉRIAULT

*Representing
Dieppe*

Current term
to Sept. 2016

- Member
of Commission

WINSTON PEARCE

*Representing
Riverview*

Current term
to Sept. 2016

- Chair of
Commission
- Chair of
Executive
Committee

CHANEL MICHAUD

*Representing
Dieppe*

Current term
to Sept. 2015

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

DANIEL BOURGEOIS

*Representing
Moncton*

Current term
to June 2014

- Chair of Human
Resources
Committee



8. AUDITED FINANCIAL STATEMENTS

GREATER MONCTON SEWERAGE COMMISSION

FINANCIAL STATEMENTS
DECEMBER 31, 2013

INDEX

	Page
INDEPENDENT AUDITORS' REPORT	24
FINANCIAL STATEMENTS:	
Statement of Financial Position	26
Statement of Operations and Accumulated Surplus	27
Statement of Changes in Net Financial Assets	28
Statement of Cash Flows	29
Summary of Significant Accounting Policies and Other Explanatory Information	30
Schedules of Regulatory Reporting Requirements	35

INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Greater Moncton Sewerage Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Moncton Sewerage Commission, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Member's and Management's Responsibility for the Financial Statements

Members and management are 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 members and management determines is necessary to enable the preparation of 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 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greater Moncton Sewerage Commission as at December 31, 2013, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Stevenson + Partners
Chartered Accountants

Riverview, NB
February 20, 2014

GREATER MONCTON SEWERAGE COMMISSION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

Statement 1

Financial Assets

	2013	2012
Cash in bank - operating	\$ 2,098,662	\$ 8,288,736
Cash in bank - reserve funds (Schedule 2)	8,534,546	197,431
	10,633,208	8,486,167
Accounts receivable		
- General	19,373	46,520
- Federal Government and its agencies (Note 2)	143,790	127,041
- Accrued interest receivable	103,858	51,888
- Other (Note 3)	280,447	4,427
Investments (Note 4 and Schedule 2)	18,200,000	15,000,000
	29,380,676	23,716,043

Liabilities

Accounts payable and accrued liabilities	526,335	664,724
Holdback payable	135,395	244,687
Deferred revenue (Note 5)	2,789,963	2,665,891
Obligation Under capital lease (Note 7)	-	79,000
Accrued sick leave (Note 6)	129,758	101,441
	3,581,451	3,755,743
Net financial assets - Statement 3	25,799,225	19,960,300

Non-Financial Assets

Tangible capital assets (Note 12)	42,799,925	43,803,339
Prepaid expenses and deposits	86,480	109,249
	42,886,405	43,912,588
Accumulated surplus - Statement 2	\$ 68,685,630	\$ 63,872,888

APPROVED BY:

Winston Pearce, *P.Eng., Chair*

Chanel Michaud, *Treasurer*

GREATER MONCTON SEWERAGE COMMISSION

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2013

Statement 2

	2013 Budget (Unaudited)	2013 Actual	2012 Actual
Revenue:			
User fees:			
City of Moncton	\$ 7,352,919	\$ 7,352,919	\$ 6,919,360
Town of Riverview	1,513,998	1,513,998	1,427,032
City of Dieppe	2,168,861	2,168,861	1,996,980
	11,035,778	11,035,778	10,343,372
Septic hauler and compost income	295,000	244,213	299,453
Interest income	25,000	453,262	245,506
Total revenue	11,355,778	11,733,253	10,888,331
Expenses:			
Plant and Operating Expense			
Easement and property taxes (Note 3)	350,000	83,552	336,209
Salaries and benefits	1,366,000	1,376,037	1,195,179
Amortization of tangible capital assets	1,900,701	1,900,701	1,852,603
Electricity	593,000	549,742	501,572
Telephone	36,000	34,099	32,126
Insurance	205,000	172,906	181,096
Interest on capital lease payments	-	-	4,493
Maintenance and operating	1,552,500	1,592,053	1,306,636
Consulting engineering	302,000	404,435	373,247
Discontinued capital projects	-	566,194	-
Vehicle expense	37,000	29,909	20,974
Miscellaneous	92,000	21,068	9,209
	6,434,201	6,730,696	5,813,344
General:			
Marketing and communications	51,000	58,243	4,232
Commission expense	16,000	2,810	1,602
Office expenses	17,000	59,060	11,317
Travel	27,000	19,800	21,000
Governance	26,000	12,571	-
Interest and bank charges	6,000	5,014	5,130
Professional fees and consulting	36,000	32,317	50,648
	179,000	189,815	93,929
Total expenses	6,613,201	6,920,511	5,907,273
Annual surplus	\$ 4,742,577	4,812,742	4,981,058
Accumulated surplus at beginning of year, as previously stated		64,151,852	59,170,794
Prior period adjustment (Note 10)		(278,964)	(278,964)
Accumulated surplus at beginning of year, as restated		63,872,888	58,891,830
Accumulated surplus at end of year Statement 1 (Note 11)		\$ 68,685,630	\$ 63,872,888

GREATER MONCTON SEWERAGE COMMISSION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013

Statement 3

	2013	2012
Annual surplus - Statement 2	\$ 4,812,742	\$ 4,981,058
Acquisition of tangible capital assets	(1,581,670)	(2,372,589)
Amortization of tangible capital assets	1,900,701	1,852,603
Loss on sale of tangible capital assets	13,189	-
Proceeds on sale of tangible capital assets	105,000	-
Write downs of tangible capital	566,194	-
	<u>1,003,414</u>	<u>(519,986)</u>
Change in prepaid expenses	22,769	45,545
Change in net financial assets	5,838,925	4,506,617
Net financial assets at beginning of year	19,960,300	15,453,683
Net financial assets at end of year - Statement 1	<u>\$ 25,799,225</u>	<u>\$ 19,960,300</u>

GREATER MONCTON SEWERAGE COMMISSION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013

Statement 4

	2013	2012
Operating Transactions		
Annual surplus - Statement 2	\$ 4,812,742	\$ 4,981,058
Amortization of tangible capital assets	1,900,701	1,852,603
Change in prepaid expenses	22,769	45,545
Change in deferred revenue	124,072	320,188
Other	(536,956)	417,307
Cash provided by operating transactions	<u>6,323,328</u>	<u>7,616,701</u>
Capital transactions		
Proceeds on sale of tangible capital assets	105,000	-
Loss on sale of capital assets	13,189	-
Write downs of tangible capital	566,194	-
Cash used to acquire tangible capital assets	(1,581,670)	(2,372,589)
Cash applied to capital transactions	<u>(897,287)</u>	<u>(2,372,589)</u>
Investing transactions		
Purchase of investments	(3,200,000)	(15,000,000)
Cash applied to investing transactions	<u>(3,200,000)</u>	<u>(15,000,000)</u>
Financing transactions		
Debt repayment	(79,000)	(25,204)
Cash applied to financing transactions	<u>(79,000)</u>	<u>(25,204)</u>
Increase in cash and cash equivalents	2,147,041	(9,781,092)
Cash and cash equivalents at beginning of year	8,486,167	18,267,259
Cash and cash equivalents at end of year	<u>\$ 10,633,208</u>	<u>\$ 8,486,167</u>
Cash and cash equivalents consist of:		
Cash in bank - operating	2,098,662	8,288,736
Cash in bank - reserve funds	8,534,546	197,431
	<u>\$ 10,633,208</u>	<u>\$ 8,486,167</u>

GREATER MONCTON SEWERAGE COMMISSION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AND OTHER EXPLANATORY INFORMATION

DECEMBER 31, 2013

Purpose of organization:

The Greater Moncton Sewerage 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 Canadian Income Tax Act as a Public Service Body.

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

1. 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 governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of Public Sector Accounting 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.

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

(a) 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.

Interdepartmental and organizational transactions and balances are eliminated.

(b) Budget

The budget figures contained in these financial statements were approved by the Commission on November 15, 2012 and was submitted to the Minister of Local Government.

(c) Revenue recognition

User fee revenue

User fees are recorded as they are earned. A portion is recorded as deferred revenue (Note 5) as it is paid in advance for a 6 month period.

Interest and miscellaneous revenue

Interest and miscellaneous revenue is recorded on an accrual basis.

Interest income

Interest income is recognized on an accrual basis in the reserve funds. They are recognized on the statement of reserve fund balances as a direct increase to the reserve fund.

GREATER MONCTON SEWERAGE COMMISSION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

DECEMBER 31, 2013

1. Summary of significant accounting policies (continued):

(d) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in annual surplus in the period in which they become known. Actual results may differ from those estimates.

(e) Financial instruments

The Commission's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Commission is subject to credit risk through accounts receivable. The Commission maintains a provision for credit losses, and minimizes credit risk through on going credit management.

(f) Cash and cash equivalents

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

(g) 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 is amortized on a straight line basis over the estimated useful life as follows:

Operations centre	- 10 - 60 years
Treatment facilities	- 10 - 60 years
Collection System	- 10 - 75 years
Fleet	- 10 - 20 years

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

(h) Post employment benefits

The Commission has sick leave liability as documented in Note 6.

2. Due from Federal government and its agencies

	2013	2012
Canada Revenue Agency (HST refund)	\$ 143,790	\$ 127,041

GREATER MONCTON SEWERAGE COMMISSION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AND OTHER EXPLANATORY INFORMATION

DECEMBER 31, 2013

3. Other receivables

The Commission has previously appealed to the Province of New Brunswick on property tax assessments for the year 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 and the property assessment recalculated for the above years. The amount of \$278,440 related to this has been included in other receivables. As the decision on the overpaid property tax amounts was only made in the 2013 fiscal year, it has been included as a current year reduction of property tax expenses.

4. Investments

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

	2013	2012
Guaranteed investment certificate <i>(2.14%, maturing February 2015)</i>	\$ 10,000,000	\$ 10,000,000
Guaranteed investment certificate <i>(2.14%, maturing February 2015)</i>	5,000,000	5,000,000
Guaranteed investment certificate <i>(1.694%, maturing July 2014)</i>	3,200,000	-
	\$ 18,200,000	\$ 15,000,000

5. Deferred revenue:

The Commission continues to recognize its fiscal billing period to the Municipalities being the twelve month period of April 1 to March 31.

Deferred revenue at December 31 represents the pro rata share of payments received, covering the period of October 1 to March 31.

6. Accrued sick leave

The Commission provides 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 was \$101,441 on December 31, 2012; and \$129,758 on December 31, 2013.

GREATER MONCTON SEWERAGE COMMISSION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND OTHER EXPLANATORY INFORMATION
DECEMBER 31, 2013

7. Obligations under capital lease

	2013	2012
Capital lease payable	\$ -	\$ 79,000

In January 2013 the commission purchased the piece of equipment which was leased for its residual value.

8. 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, 2013 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, 2013

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 2013, 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.

9. Post employment benefits payable

The Commission sponsors an RRSP plan for substantially all its employees. The plan allows for RRSP contributions of 7% of the employees salary. 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.

10. Prior period adjustment

In the year it was determined that the depreciation taken on certain of the Commission's tangible capital assets was done incorrectly in the December 31, 2011 fiscal year. As a result, Tangible Capital Assets for 2013, 2012 and 2011 have been reduced by \$278,964. Also the opening accumulated surplus was reduced by \$278,964 in the 2013 and 2012 fiscal years to reflect the additional depreciation necessary.

GREATER MONCTON SEWERAGE COMMISSION
 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 AND OTHER EXPLANATORY INFORMATION
 DECEMBER 31, 2013

11. 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 Commissions operations to the year end date. The accumulated surplus is made up of the following:

	2013	2012
Net financial assets	\$ 25,799,225	\$ 19,960,300
Non-financial assets	42,886,405	43,912,588
	\$ 68,685,630	\$ 63,872,888

The net financial assets consist of cash flows necessary for day to day operations and reserve funds held for future capital expenditures (Note 2). 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 SEWERAGE COMMISSION
 SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
 DECEMBER 31, 2013

12. Schedule of Tangible Capital Assets

	Land	Operations Centre	Treatment Facilities	Collection System	Fleet	Assets Under Construction	Total
COST							
Balance, beginning of year	\$ 517,785	\$ 2,743,575	\$ 44,491,291	\$ 33,401,045	\$ 1,684,224	\$ 3,351,293	\$ 86,189,213
Add:							
Net additions during the year	-	-	-	-	2,722	1,578,948	1,581,670
Disposals during the year	-	-	-	-	(185,394)	(566,194)	(751,588)
Balance, end of year	517,785	2,743,575	44,491,291	33,401,045	1,501,552	4,364,047	87,019,295
ACCUMULATED AMORTIZATION							
Balance, beginning of year	-	2,100,722	28,328,783	11,417,186	539,183	-	42,385,874
Add:							
Amortization during the year	-	97,230	1,237,583	484,770	81,118	-	1,900,701
Accumulated amortization disposals	-	-	-	-	(67,205)	-	(67,205)
Balance, end of year	-	2,197,952	29,566,366	11,901,956	553,096	-	44,219,370
Net Book Value of Tangible Capital Assets 2013	517,785	545,623	14,924,925	21,499,089	948,456	4,364,047	42,799,925
Net Book Value of Tangible Capital Assets 2012	\$ 517,785	\$ 642,853	\$ 16,162,508	\$ 21,983,859	\$ 1,145,041	\$ 3,351,293	\$ 43,803,339

The Commission has tangible capital assets under capital lease, included in the above, as follows:

	Cost	2013 Accumulated Amortization	Net Book Value	2012 Net Book Value
Fleet	\$ -	\$ -	\$ -	\$ 177,516

GREATER MONCTON SEWERAGE COMMISSION

SCHEDULES OF REGULATORY REPORTING REQUIREMENTS

DECEMBER 31, 2013

The Department of Local Government of New Brunswick has requested some disclosures in addition to Canadian Public Sector Accounting Standards for monitoring purposes. The Commission has provided these disclosure requirements in the following pages

1. Reconciliation of Annual Surplus

	General Fund	Capital Fund	Reserve Fund	Total
2013 annual surplus	\$ 6,325,239	\$ (1,900,701)	\$ 388,204	\$ 4,812,742
<i>Adjustments to annual surplus for funding requirements</i>				
Second previous year surplus	3,297,294	-	-	3,297,294
Transfers between funds				
Transfer from operating to capital	(1,581,670)	1,581,670	-	-
Transfer from operating to reserve	(11,200,000)	-	11,200,000	-
Discontinued capital projects	566,194	-	-	566,194
Amortization expense	-	1,900,701	-	1,900,701
Lease payments	(79,000)	-	-	(79,000)
Non capital items	-	-	-	-
Total adjustments to 2013 annual surplus	(8,997,182)	3,482,371	11,200,000	5,685,189
2013 annual fund surplus	\$ (2,671,943)	\$ 1,581,670	\$ 11,588,204	\$ 10,497,931

2. Statement of reserves

	2013	2012
Capital reserve		
<i>Assets</i>		
Cash	\$ 8,534,546	\$ 197,431
Accrued interest receivable	103,858	51,888
Investments	18,200,000	15,000,000
Accumulated Surplus (Deficit)	\$ 26,838,404	\$ 15,249,319
<i>Revenue</i>		
Interest	\$ 388,204	\$ 171,280
Transfers from operating funds	11,200,000	3,348,820
Annual surplus	\$ 11,588,204	\$ 3,520,100

GREATER MONCTON SEWERAGE COMMISSION
 SCHEDULES OF REGULATORY REPORTING REQUIREMENTS
 DECEMBER 31, 2013

3. Operating Budget to Public Sector Accounting

	Operating	Amortization	Other	Transfers	Total
REVENUE:					
User fees	\$ 11,035,778	\$ -	\$ -	\$ -	\$ 11,035,778
Interest and miscellaneous	320,000	-	-	-	320,000
	<u>11,355,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,355,778</u>
EXPENSES:					
Plant and Operating Expense					
Easement and property taxes	350,000	-	-	-	350,000
Salaries and benefits	1,366,000	-	-	-	1,366,000
Amortization of tangible capital assets	-	(1,900,701)	-	-	1,900,701
Electricity	577,000	-	(16,000)	-	593,000
Telephone	35,000	-	(1,000)	-	36,000
Insurance	205,000	-	-	-	205,000
Maintenance and operating	1,524,500	-	(28,000)	-	1,552,500
Pilot projects and enhancements	294,000	-	(8,000)	-	302,000
Vehicle expense	37,000	-	-	-	37,000
Miscellaneous	265,000	-	173,000	-	92,000
	<u>4,653,500</u>	<u>(1,900,701)</u>	<u>120,000</u>	<u>-</u>	<u>6,434,201</u>
General:					
Bio solids marketing	50,000	-	(1,000)	-	51,000
Commission expense	16,000	-	-	-	16,000
Office expenses	17,000	-	-	-	17,000
Travel	26,000	-	(1,000)	-	27,000
Governance	25,000	-	(1,000)	-	26,000
Interest and bank charges	6,000	-	-	-	6,000
Professional fees and consulting	35,000	-	(1,000)	-	36,000
	<u>175,000</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>179,000</u>
FISCAL SERVICES					
Transfer from operating fund to capital fund	4,461,500	-	-	4,461,500	-
Transfer from operating fund to reserve fund	5,363,072	-	-	5,363,072	-
Second previous surplus	(3,297,294)	-	-	(3,297,294)	-
	<u>6,527,278</u>	<u>-</u>	<u>-</u>	<u>6,527,278</u>	<u>-</u>
	<u>11,355,778</u>	<u>(1,900,701)</u>	<u>116,000</u>	<u>6,527,278</u>	<u>6,613,201</u>
ANNUAL SURPLUS	\$ -	\$ 1,900,701	\$ (116,000)	\$ (6,527,278)	\$ 4,742,577



Greater Moncton Sewerage Commission
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