

# Service New Brunswick

Annual Report  
**2015–2016**

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Annual Report 2015–2016**

Province of New Brunswick  
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## Transmittal Letters

### From the Minister to the Lieutenant-Governor

The Honourable Jocelyne Roy Vienneau  
Lieutenant-Governor of New Brunswick

May it please your Honour:

It is my privilege to submit the Annual Report of Service New Brunswick for the fiscal year April 1, 2015, to March 31, 2016.

Respectfully submitted,



Dr. Ed Doherty, M.D.  
Minister

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### From the Board of Directors to the Minister

Dr. Ed Doherty, M.D.  
Minister of Service New Brunswick

Dear Minister Doherty:

On behalf of the Board of Directors, I am pleased to submit the Annual Report of Service New Brunswick for the fiscal year 2015–2016.

Respectfully submitted,



Elizabeth Webster  
Board Chair

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# Chief Executive Officer's Message

On behalf of the management and staff at Service New Brunswick (SNB), I am pleased to present our 2015–2016 Annual Report.

This year marks an important milestone in common service delivery. On October 1, 2015, FacilicorpNB, the New Brunswick Internal Services Agency (NBISA), the Department of Government Services (DGS), and Service New Brunswick officially merged into a new organization. This streamlined Service New Brunswick will consolidate and modernize business processes throughout government, allowing our organization to provide a consistent level of service to our customers. This restructuring has resulted in \$2.4 million in annualized savings.

I am also pleased to report that in this fiscal year our organization, in concert with our departmental colleagues, generated \$26.5 million in savings to government through strategic procurement efforts. Through Lean Six Sigma projects, Waste Walks and other process improvement efforts, SNB exceeded its savings target for continuous improvement, demonstrating our commitment to eliminate waste and duplication. Many of these project ideas came directly from our employees, who continue to share suggestions about how we can make our work more efficient.

In addition to the work we are doing to build an efficient organization, SNB is tasked with leading the Government of New Brunswick's Smart Province Initiative. The goal of this project is to build the first truly digital government in North America, through which we deliver the best and most cost-effective services to New Brunswickers. It will also provide a platform on which private-sector companies can build cutting edge products and services they can then market world-wide. Our work on the Common Services business case, Smart Province, and ERP Solution Initiatives will be the primary focus of SNB in the coming year and beyond.

I am proud of the commitment that SNB employees demonstrate in providing services to the public and to government, and I want to take this opportunity to thank them for their contribution. I would also like to thank our partners and stakeholders, and our Boards of Directors for their work throughout this memorable year.



Gordon Gilman  
Chief Executive Officer

# Introduction

The 2014 Liberal Party Platform, *Moving New Brunswick Forward*, contained commitments relating to fiscal responsibility. In January 2015, the Strategic Program Review Secretariat was created to find measures to eliminate the province's deficit and the Common Services Review was launched. Government vowed to "eliminate duplication by centralizing functions that are common across all departments of government, including: communications, financial, human resources, information technology and policy development services" and save \$30 million a year.

In three months, commencing February 2015, a high-level business case, operating model and implementation plan were finalized and approved, and a governance structure describing roles and responsibilities was established.

As a result, the *Service New Brunswick Act* was proclaimed on October 1, 2015, which formalized the amalgamation and created the new Service New Brunswick by merging the following four organizations:

- Department of Government Services, which provides common services internal to government departments (Part 1) and external to the public and other organizations;
- Service New Brunswick, which serves clients external to government on behalf of government departments, in addition to delivering its own services;
- New Brunswick Internal Services Agency, which serves clients internal to government; and
- FacilicorpNB Ltd., which serves clients from Part 3 (hospitals) and nursing homes.

As a result of this amalgamation, three Boards of Directors were reduced to one and two executive management teams became one. This change will result in a savings of \$2.4 million per year beginning April 1, 2016.

In the months following the amalgamation, a second phase of the Common Services Initiative was successfully completed, which will result in the transfer of all Information Technology services and resources from departments to Service New Brunswick on April 1, 2016.

Service New Brunswick now provides common services to Part 1 and Part 3 entities as well as to Part 2 (schools) and Part 4 (agencies/corporations) where agreements have been established. Common services include Information Technology, Supply Chain/Procurement, and parts of Financial Services and Human Resources. Each of these services has been defined in a new Specified Services Regulation, which prescribes which departments/agencies receive each service.

This Annual Report, the first for the newly formed Service New Brunswick, presents the financial statements for the partial fiscal year the corporation existed (October 1, 2015 to March 31, 2016) and the financial statements for FacilicorpNB, NBISA and SNB for the period April 1, 2015 to September 30, 2015.

# Governance of the Corporation

Service New Brunswick's Board of Directors endorses the principle that sound corporate governance practices are essential for the proper functioning of the corporation and for enhancing the interest of its sole shareholder, the Government of New Brunswick.

The Board discharges its responsibilities directly and through committees in accordance with the *Service New Brunswick Act*, Service New Brunswick's bylaws, and the Board of Director's Governance Manual. The Board holds at least five scheduled meetings each year, with unscheduled meetings held as required.

## Board Committees

The Board of Directors is responsible for the governance and functioning of the following two committees:

- Audit and Finance Committee is responsible for reviewing and recommending finance, audit and risks items; and
- Governance and Human Resources is responsible for reviewing all governance and human resource items.

The Board committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so.

## Board of Directors

Name	Role	Board meeting attendance	Committee membership	Committee meeting attendance
Roland T. Cormier	Director	2/2	Audit & Finance	2/2
L. Craig Dalton	Director	1/2	n/a	n/a
Roberta Dugas*	Director	1/1	Governance & HR	1/1
Rachelle Gagnon	Director	1/2	Governance & HR	1/1
Gordon A. Gilman	Chief Executive Officer**	2/2	Audit & Finance	2/2
			Governance & HR	1/1
Gilles Lanteigne	Director	2/2	Audit & Finance	2/2
Garth Lawson	Director	2/2	Audit & Finance	2/2
John McGarry	Director	1/2	Governance & HR	1/1
Mary-Eileen O'Brien	Director	2/2	Governance & HR	1/1
Gérald Richard	Director	2/2	Governance & HR	1/1
Mireille Saulnier	Director	1/2	Audit & Finance	2/2
Judy Wagner	Director	2/2	Audit & Finance	2/2
Elizabeth Webster	Board Chair	2/2	Audit & Finance	2/2
			Governance & HR	1/1

\* Roberta Dugas was appointed to the Board of Directors on December 16, 2015.

\*\* Ex officio, non-voting.

# Strategic Priorities

## Strategy Management

The Government of New Brunswick (GNB) uses a formal management system built on leading business practices with the purpose to develop, communicate and review strategy. This process provides the public service with a proven methodology to execute strategy and continuously drive improvement.

The development of the strategy, using the formal management system, starts with a strategic vision of *Moving New Brunswick Forward*. This vision is anchored in four strategic themes which include:

1. **More jobs** — Creating the best environment for jobs to be generated by New Brunswickers, by businesses, by their ideas, by their entrepreneurial spirit, and by their hard work. This includes providing seamless support to businesses, leveraging new technologies and innovation by supporting research and development, and developing a skilled workforce by improving literacy and education.
2. **Fiscal responsibility** — Getting New Brunswick's fiscal house in order through a balanced approach to decrease costs and increase revenues.
3. **Best place to raise a family** — Designing social programs to make life more affordable and make New Brunswick the best place to raise a family.
4. **Smarter government** — Providing taxpayers with better value for their money by transforming the culture of government by eliminating waste and duplication, adopting new innovations in technology to improve services and savings, and improving accountability measures.



# Highlights

**During the 2015–2016 fiscal year, Service New Brunswick focused on GNB's strategic priorities through the following:**

Creation of the new Service New Brunswick (SNB) on October 1, 2015, brought together the New Brunswick Internal Services Agency, FacilicorpNB, the Department of Government Services, and the former SNB, resulting in \$2.4 million in annualized savings.



Employees, in partnership with Part 1 departments and agencies, focused efforts on readying Service New Brunswick for consolidation of IT resources and services, another step toward bringing common services under one organization.



As part of New Brunswick's Smart Province Initiative, SNB formed the first public / private partnership in Canada focused on achieving the goal of building the first truly digital government in North America. Known as nb+, this partnership is between SNB and TechImpact, an organization made up of local technology business leaders.



Working with client departments, Strategic Procurement saved \$26.5 million (hard and soft savings) for GNB, for a total of \$99.2 million since the initiative began in 2012.



SNB's Print Optimization program led to government savings of approximately \$3.34 million in 2015-2016.



The *Review of the Right to Information and Protection of Privacy Act (RTIPPA) – Ministers Report* was released with 14 recommendations resulting from consultations with stakeholders. The purpose of the review was to ensure that this important piece of legislation remains effective and continues to serve the needs of New Brunswickers.



SNB implemented an online e-licensing solution, making it easier for users to obtain Department of Natural Resources fishing licences. In addition, an e-licensing solution provided on behalf of Transport Canada for the Government of Canada now allows customers across the country to obtain licensing for their watercraft online.



SNB (Land Information Secretariat), the Department of Public Safety, Ambulance New Brunswick and the municipalities of Fredericton, Moncton and Saint John were awarded a GTEC Distinction Award for Collaboration in Provincial Public Sector for their work on the New Brunswick Road Network initiative.

# Performance Measures

Smarter Government	Measures
Eliminate waste and duplication	Dollars saved through continuous improvement
Optimize delivery of services	SNB Customer Satisfaction Index
Enhance employee involvement, commitment and productivity	Average number of sick leave days
	Percentage of employee performance reviews completed

## Smarter Government

**Objective of the measure**  
*Eliminate waste and duplication.*

**Measure**  
*Dollars saved through continuous improvement*

**Description of measure**  
This measure targets savings achieved through Lean Six Sigma projects and other process improvement efforts.

*Dollars saved through continuous improvement (\$M)*

Reporting Year	Dollars Saved (\$M)
2012–2013	0.22
2013–2014	1.20
2014–2015	1.67
2015–2016	1.09

**Overall performance**  
Service New Brunswick achieved its savings target for the year.

- Baseline: \$1.7 million
- - - Target: \$1.0 million
- Actual: \$1.1 million

### Why do we measure this?

This measure includes all formal continuous improvement activities, including Lean Six Sigma, Waste Walks, and Kaizen events.

It is an indicator of increased process efficiency and waste reduction, which ultimately results in reduced costs for our organization. Involving employees in continuous improvement projects and training helps to promote an organizational culture that constantly seeks ways to improve.

### What initiatives or projects were undertaken in the reporting year to achieve the outcome?

Lean Six Sigma projects were conducted in various parts of the organization, including Accounts Payable, Laundry Services, Property Assessment Services, and Customer Care. In addition to savings achieved through these projects, Waste Walks contributed \$306,000 to overall results.

This year, we utilized Lean Six Sigma methodologies to identify projects that were included in GNB’s Strategic Program Review, and to establish critical baseline data as we move information technology resources to Services New Brunswick under the Common Services initiative. These activities will help our organization achieve 2016–2017 targets.

## Smarter Government

### Objective of the measure

*Optimize delivery of services.*

### Measure

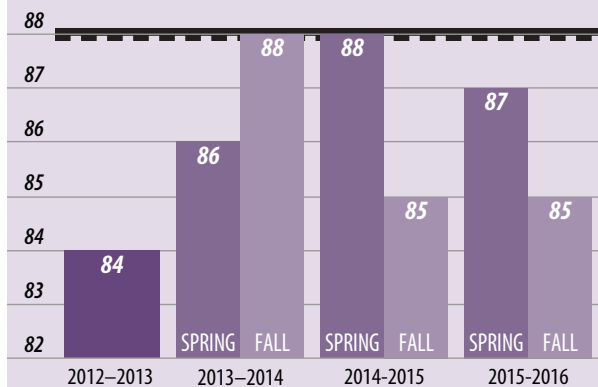
*SNB Customer Satisfaction Index*

### Description of measure

A random telephone survey is conducted with New Brunswickers and businesses to determine their satisfaction with services provided through SNB. The survey is conducted twice a year (in spring and fall).

*Per cent of SNB customers satisfied with services provided*

89



### Overall performance

Results in the third quarter showed a two per cent improvement in customer satisfaction levels in the spring, bringing it to one per cent below target. This was followed by a two per cent drop in the fall survey results.

### Why do we measure this?

Customer satisfaction is a reflection of the quality of services being delivered to individuals and businesses. A high degree of satisfaction indicates that customers were satisfied with the ease and timeliness of service received, and the competence and helpfulness of SNB employees providing the service.

### What initiatives or projects were undertaken in the reporting year to achieve the outcome?

In the summer of 2015, SNB upgraded debit payments from dial-up service to high-speed connection at its three largest service centres (Saint John, Moncton and Fredericton), resulting in quicker transaction times.

The fall decrease in customer satisfaction could be related to the closure of service centres in seven communities in September 2015, bringing the total number of centres from 39 to 32. In addition, SNB standardized hours of service, which resulted in shorter operating hours at some locations.

## Smarter Government

### Objective of the measure

Enhance employee involvement, commitment and productivity.

### Measure

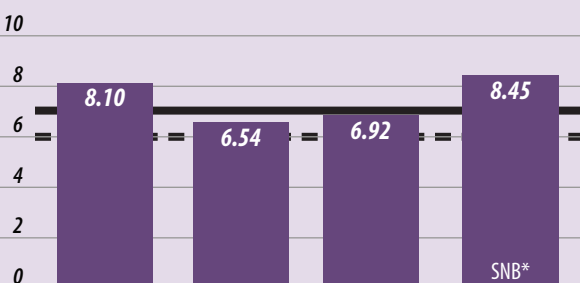
Average number of sick leave days

### Description of measure

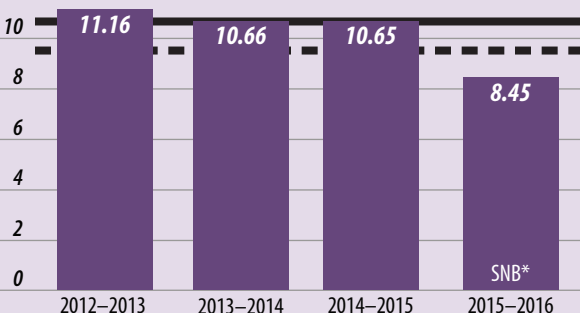
The number of sick leave days taken, on average, per full-time Service New Brunswick employee

Number of sick leave days

#### Government Services (SNB, NBISA, DGS)



#### FacilicorpNB



\* The 2015-2016 SNB results are combined figures from Government Services and FacilicorpNB, reflecting the restructuring that occurred within the fiscal year.

### Overall performance

The target for number of sick leave days taken was not met.

	Government Services	FacilicorpNB
—	Baseline: 6.54 days/year	10.66 days/year
- - - -	Target: 6.00 days/year	9.50 days/year
	Actual: 6.92 days/year	10.65 days/year

### Why do we measure this?

The Department of Human Resources (DHR) determined there is a high absenteeism rate in GNB, resulting in excessive cost to government. A reduction in absenteeism would help reduce costs associated with lost productivity as well as staff replacements. As a result, GNB set an aggressive reduction target in sick leave usage to be achieved by all departments.

### What initiatives or projects were undertaken in the reporting year to achieve the outcome?

In this fiscal year, sick leave results for FacilicorpNB remained virtually unchanged, while Government Services results rose slightly. We now have a new overall baseline of 8.45 days/year established for SNB, and in the coming year we will set a revised target for the entire organization.

## Smarter Government

### Objective of the measure

Enhance employee involvement, commitment and productivity.

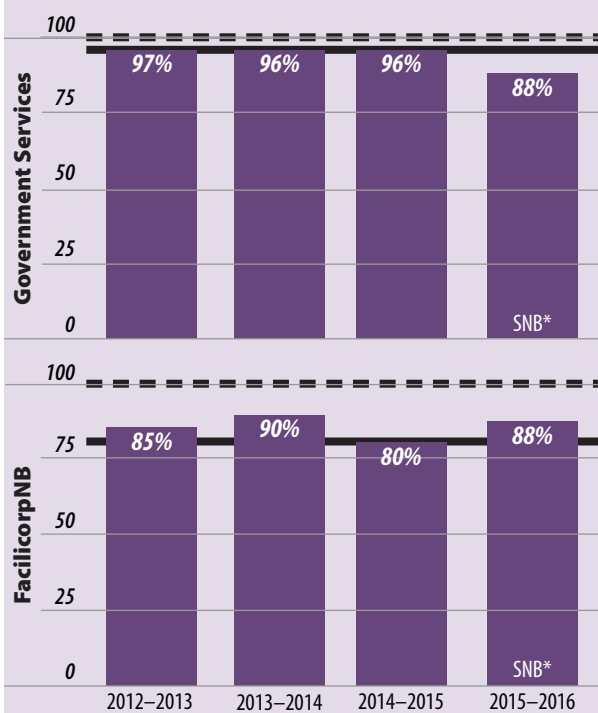
### Measure

Percentage of employee performance reviews completed

### Description of measure

The number of performance reviews completed divided by the total number of reviews planned

Employee performance reviews completed (%)



\* The 2015-2016 SNB results are combined figures from Government Services and FacilicorpNB, reflecting the restructuring that occurred within the fiscal year.

### Overall performance

The percentage of employee performance reviews completed did not meet the target.

	Government Services	FacilicorpNB
—	Baseline: 96%	90%
- - - - -	Target: 100%	100%
	Actual: 96%	80%

### Why do we measure this?

Performance reviews allow managers and employees to discuss and review the completion of work objectives, competencies, training, and career goals. Performance reviews provide an opportunity for one-on-one discussion of strategic and organizational goals and how an individual's performance contributes to overall performance of the organization.

### What initiatives or projects were undertaken in the reporting year to achieve the outcome?

In this fiscal year, results for completed performance reviews declined for FacilicorpNB while Government Services results remained the same. We now have a new overall baseline of 88 per cent established for SNB, and will examine what areas of the organization require assistance to achieve the target of 100 per cent completion in the coming year.

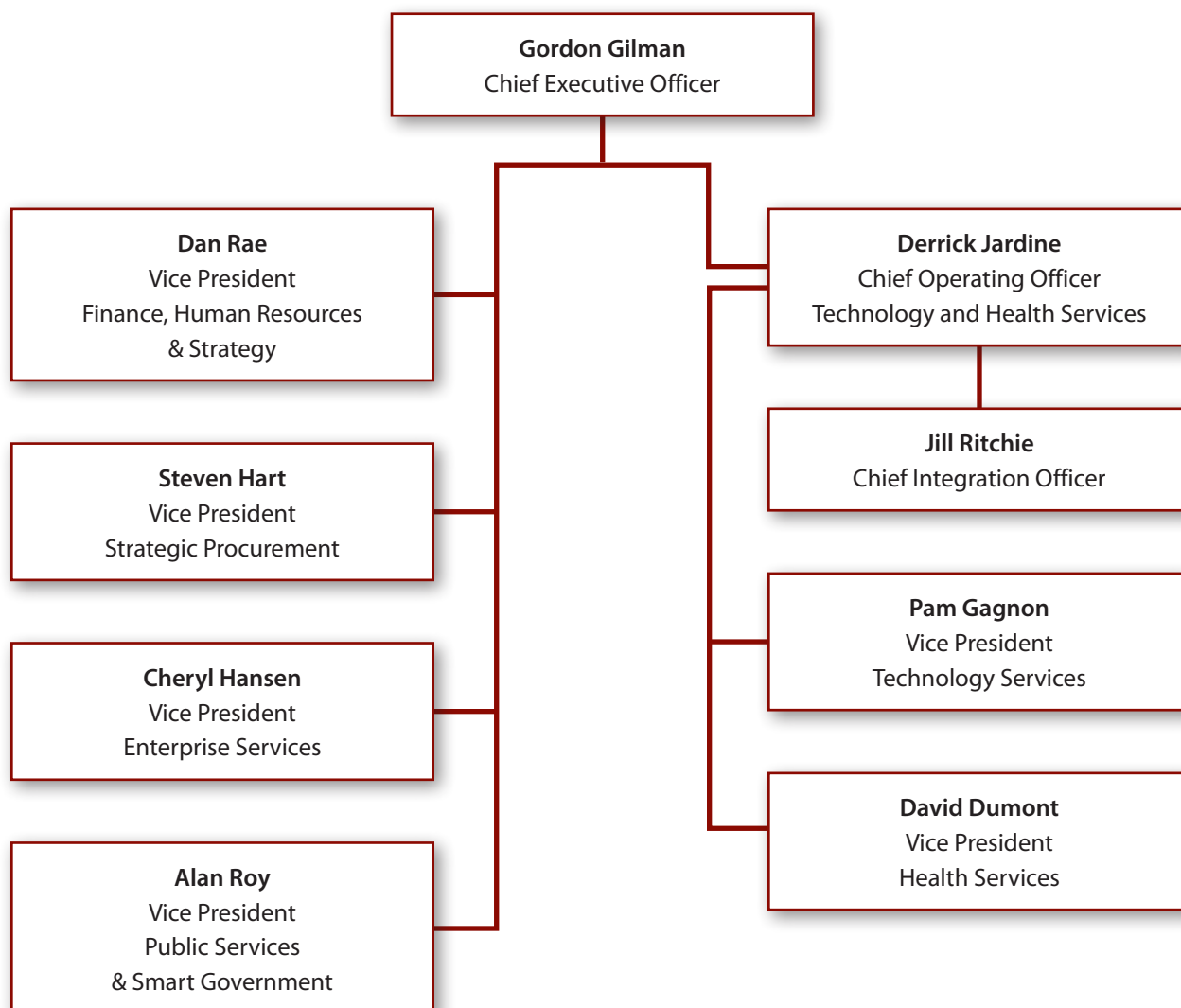
# Overview of Organizational Operations

Service New Brunswick is a Part 1 Crown Corporation created to deliver shared services for the Government of New Brunswick with the express purpose of standardizing services and reducing costs. The *Service New Brunswick Act* provides the context for the activities of the corporation. Our mandate is to provide high-quality, innovative public services for customers with a focus on value for all New Brunswickers.

We fulfil our mandate by delivering high-quality services, standardizing processes and products, adopting best practices, and leveraging greater critical mass in the procurement of goods and services. Our operations are funded through a combination of regulated fees for registry services, payments from GNB and municipalities, grants that GNB provides to deliver service on its behalf, and sales of products and services.

Service New Brunswick employs approximately 2,200 people, with a budget of \$212 million.

## High-level Organizational Chart



# Division Overview and Highlights

## Finance, Human Resources and Strategy

### Finance

Finance provides both financial and operational reporting and analysis; internal controls; accounting for receivables, payables and assets; coordination of internal and external audits; and the preparation of financial statements. The branch also provides budgeting, ordinary and capital expenditure management, and coordination of the budget and forecast process with the Department of Finance; and facilities management services, including lease administration, office relocation and renovations. Fulfilment of organizational administrative requirements and the redistribution and disposal of surplus government assets (furniture and equipment) also fall under the responsibility of the branch. The Audit Services Unit conducts internal compliance reviews with respect to cash management at SNB's service centres, audits automobile dealerships enrolled in the Online Dealer program, and performs IT security reviews.

### Human Resources

Human Resources is responsible for employee recruitment and retention; human resources planning and management; workforce planning; employee engagement; classification; employee and labour relations; performance management, training and development; and the coordination of a variety of employee programs.

### Strategy and Organizational Performance

This branch is responsible for the day-to-day communication needs of Service New Brunswick including maintenance of the employee Intranet site and websites that provide information and services to clients; leading the strategic planning process, including developing and monitoring of business plans, annual action plans and performance metrics using the balanced scorecard methodology; implementation of process-

based methodologies to enable increased operational effectiveness and efficiency through facilitation of Lean Six Sigma, Kaizen, Daily Management and Waste Walk initiatives; and for advancing the organization's legislation and corporate policies.

The Information Access and Privacy Unit supports government departments and other public bodies in administering and responding to Right to Information requests and in protecting the privacy of individuals by providing training, expert advice and leadership.

The branch also includes the Corporate Client Relationship Management Unit, responsible for developing and monitoring service level agreements between Government Services and clients such as departments, agencies and municipalities, which outline the services offered and the performance expectations. This branch also undertakes client engagement and collaboration as well as measurement of service delivery performance and client satisfaction.

## Strategic Procurement

### Strategic Sourcing

The role of Strategic Sourcing is to maximize competition to achieve the best value for money while ensuring that all suppliers who wish to compete for government contracts have a fair and open opportunity to do so. Competitive quotes or formal bids are solicited for goods and services except in specific circumstances, which are exempted from the normal process by legislation.

Strategic Sourcing employs a comprehensive approach to public procurement focused on stakeholder collaboration, modern sourcing techniques and sound management practices. The strategic sourcing team works together with client departments to source the business requirements of GNB utilizing a Category Management methodology.

## Procurement Enablement

Procurement Enablement is responsible for the administration of provincial procurement legislation and trade agreements; policy, process, training and outreach; contract management, business intelligence and the systems that support Strategic Sourcing, client departments, Crown corporations and government-funded bodies in New Brunswick. Through its Central Tendering office, it is also responsible for receiving and logging bids and for conducting public tender openings for goods and services tenders on behalf of Strategic Procurement. The Procurement Enablement team works together to ensure the entire procurement process functions efficiently and effectively for clients and vendors.

Statistics at a glance	2015–2016	2014–2015	Change
Procurement transactions	4432	3,046	1,386
Electronic bids on NBON	19%	20%	(1%)
Purchase orders, goods	\$266,019,958	\$148,074,524	\$117,945,434
Purchase orders, services	\$1,102,511,454	\$330,155,952	\$772,355,502
Total purchase value*	\$1,368,531,412	\$478,230,476	\$890,300,936

\* In 2015–2016 several high-value procurements were awarded, as reflected in the Total Purchase Value increase from the previous year. These high-value procurements include the renewal of three multi-year contracts with Shannex Inc. for nursing home beds in Quispamsis, Fredericton and Riverview, and the multi-year contract with Bell Mobility for the Provincial Radio Communications System.

## HIGHLIGHTS

- Working with client departments, Strategic Procurement savings of more than \$26.5 million was achieved in 2015–2016. These savings include both soft savings, such as negotiated price discounts and cost increase avoidance, and hard savings such as year-over-year price reductions.

- Strategic Procurement successfully completed its annual Procurement Planning exercise, meeting with senior officials from 12 client departments to discuss their major upcoming procurement requirements. This pro-active approach to procurement resulted in the identification of 137 procurement opportunities across all departments.

## Health Services

### Clinical Engineering

Health-care professionals use a wide array of diagnostic and therapeutic medical equipment in their day-to-day work. This equipment can be complex and costly. Clinical Engineering works with customers to plan for and evaluate new and existing health care technologies. Responsibilities include inspecting and maintaining the equipment, and ensuring the technology complies with all applicable regulations. Staff also support the investigation of incidents related to medical equipment and participate actively in the training and education of technical and medical personnel regarding its use.

Finally, Clinical Engineering helps to determine when equipment has reached end-of-life status, and plays a significant role in the decommissioning process.

Statistics at a glance	2015–2016	2014–2015	Change
Work orders*	66,845	68,466	(1,621)
Preventative maintenance service orders**	21,598	23,652	(2,054)
Equipment alerts requiring action***	520	733	(213)

\* Total number of work orders has decreased; however, the total number of documented support hours increased by 5.6 per cent due to improvements in Clinical Engineering's Computerized Maintenance Management System Resource Management Software (RMS).

\*\* The number of preventative maintenance work orders decreased due to a new feature in RMS that allows a technologist to set scheduled tasks. In addition, standardization of maintenance procedures and frequencies resulted in efficiency gains that decreased the number of maintenance work orders.

\*\*\* The number of alerts varies from year to year as they are dependent on the quantity of equipment in service, and the details of the published alert.



## Strategic Procurement Health and Supply Chain

On a day-to-day basis, a wide variety of equipment, supplies and services are used in the delivery of health care in New Brunswick. Supply Chain supports health care professionals by ensuring the right goods and services are available at the right time and place. Responsibilities include sourcing, procurement, storage, delivery and distribution of all equipment, supplies and services for the health system throughout New Brunswick.

Statistics at a glance	2015–2016	2014–2015	Change
Purchase orders	130,601	123,235	7,366
Value of purchase orders	\$301M	\$259M	\$42M
Contracts	1,444	1,366	78
RFPs/tenders	78	83	(5)
Average inventory turnover	1.04	1.08	(0.04)

## Laundry and Linen Services

New Brunswick’s many health care facilities and nursing homes require a wide variety of clean and sterile linen on a daily basis. Laundry provides complete services, including pick-up of soiled linen and delivery of clean items throughout the province.

Statistics at a glance	2015–2016	2014–2015	Change
Poundage of laundry processed	22,299,333	22,419,372	(120,039)
Number of customers	80	79	1*

\* Boiestown Nursing Home (October 2015)

## Energy Management

Energy Management is responsible for energy consumption in everyday health care facility operations while maintaining or improving patient comfort and indoor air quality. A continual improvement approach is used to optimize energy use, which is an essential solution to rising energy costs and greenhouse gas emissions. Health Services actively supports the Regional Health Authorities and laundry operations in the identification, prioritization, and execution of energy savings initiatives. Successful collaboration with the Department of Transportation and Infrastructure’s Energy Efficiency Program has resulted in a significant increase in energy efficiency project investments.

Statistics at a glance	2015–2016	2014–2015	Change
Energy benchmarking	21	21	0
Energy management plans	6	5	1
Energy management information systems	8	5	3
Actual cost avoidance	\$1.65M	\$1.1M	\$550,000
Investments in energy efficiency projects*	\$4.25M	\$300,000	\$3.95M

\* Investments in-year will realize energy cost avoidances in the 12 months following completion.

## HIGHLIGHTS

- ♦ The Supply Chain Branch in concert with Regional Health Authorities, consolidated eight instances of the Materials Management module that is connected to the Financial module of the Meditech Health Information system.

## Enterprise Services

### Project Management Office

The Project Management Office (PMO) is dedicated to professional project management. It delivers transformational and IT projects that are strategically vital to Government Services and Government of New Brunswick in achieving sustainability and living within our means. The mission of the PMO is to “ensure every project is successful.”

The PMO is a full-service project management office that employs full-time project managers professionally certified in multiple disciplines, Lean Six Sigma practitioners, System and Business Analysts, and a Chartered Professional Accountant (CPA). The PMO provides support for SNB, GNB departments, and the Regional Health Authorities. It has experience in leading a variety of change initiatives: shared service projects, continuous service improvements, and value for money program reviews. The PMO has successfully delivered transformational and IT projects that have resulted in tens of millions of dollars in savings over the past two years.

## Corporate Marketing Services

Corporate Marketing Services provides a range of marketing support services to more than 30 client departments and agencies, including:

- graphic design and photography;
- website development and management of [www.gnb.ca](http://www.gnb.ca) and associated sites;
- media planning and buying;
- government media monitoring services;
- government brand management; and
- content development and management.

The branch also maintains a list of pre-qualified vendors for these services and acquires external marketing communications services for departments and agencies when required.

Statistics at a glance	2015–2016	2014–2015	Change
Graphic design projects	405	415	(10)
Media buys	314	307	7
Websites maintained	38	37	1
Vendor contracts	14	9	5

## Translation Bureau

The Translation Bureau provides written translation, interpretation and other linguistic services. The work performed by the Translation Bureau helps departments and agencies meet GNB's obligations under the *Official Languages Act* Subsection 16(2) of the *Canadian Charter of Rights and Freedoms*.

Statistics at a glance	2015–2016	2014–2015	Change
Translation requests processed by employees	10,887 requests 5.5M words	11,221 requests 5.6M words	(334 requests) (0.1M words)
Translation requests processed externally	4,302 requests 8.0M words	3,192 requests 7.3M words	1,100 requests 0.7M words
Days of simultaneous and/or consecutive interpretation provided by employees	608	625	(17)
Days of simultaneous and/or consecutive interpretation provided externally	1,238	1,471	(233)

## Accounts Payable and Collections Services

Accounts Payable manages the delivery of standard payables as well as transactions associated with numerous Client and Case Management Systems used to deliver programs for client departments. The unit is responsible for transactional services as well as ensuring compliance with purchasing policies and regulations, administration of the purchase-card and i-Expense processes, supplier maintenance, payment processing, and delivering services in accordance with Key Performance Indicators established as part of service agreements. The team provides end-user guidance, publishes procedural documentation, and offers general process support to clients.

Collections Services manages debt owed to GNB by collecting on overdue property tax accounts that are more than 90 days in arrears.

Statistics at a glance	2015–2016	2014–2015	Change
Account payable transactions processed	500,000	500,000	---
Debt collected	\$45.9M*	\$28.1M	\$17.8M

\* Payment arrangements may extend up to 36 months; therefore, the 2015–2016 debt collection results include some payments that began in the previous fiscal year.

## Managed Print and Distribution

The Printing Services unit of Managed Print and Distribution is the resource centre for the production and distribution of government documents. It provides high-speed digital printing and finishing services for both black and white and colour print requests.

Through its Print Optimization program, efficient printing devices are employed throughout GNB and centrally managed.

The Postal Services unit provides centralized mail and delivery services to GNB clients from its main processing facility in Fredericton. Regional inter-office mail services are also provided throughout the province.

Managed Print and Distribution also provides an employee/agent identification card service and administers GNB's surplus assets.

Statistics at a glance	2015–2016	2014–2015	Change
<b>Printing Services</b>			
Internal print jobs	1,875	1,904	(29)
Third-party print jobs	258	346	(88)
<b>Print Optimization</b>			
Device count	3,842	3,822	20
Impressions	198,031,969	209,625,718	(11,593,749)
<b>Postal Services</b>			
Pieces metered	4,246,334	3,362,154	884,180
Pieces shipped	19,370	19,996	(626)

## Payroll and Benefits

Payroll and Benefits is responsible for making payroll and benefits payments to about 10,000 civil servants and 1,100 casual employees as well as pension payments to about 31,000 retirees on behalf of the Department of Human Resources. Payroll and Benefits is also responsible for maintaining employee records and leave entry, and reporting for accounting and regulatory compliance.

Statistics at a glance	2015–2016	2014–2015	Change
Transactions processed	136,405	132,000	4,405
Employee self-service leave requests	140,000 e-leave requests (93% of all leave submitted)	150,000 e-leave requests (95% of all leave submitted)	(10,000) (2%)

## HIGHLIGHTS

- ◆ Several process improvement initiatives allowed Accounts Payable and Collection Services Branch to eliminate overtime payments in its Trade operations and achieve more than \$200,000 of soft savings in its Client and Case operations.
- ◆ As a result of 15 Collective Agreements being signed, payroll processed retroactive pay for 9,215 employees and 984 Payouts In Lieu of Retirement Allowance.
- ◆ Corporate Marketing Services converted approximately 85 per cent of [www.gnb.ca](http://www.gnb.ca) web pages to responsive design, providing for easier navigation and optimal viewing across all devices. Additional accessibility improvements were made, providing all users, especially those with visual and auditory disabilities, easier access to government web-based information.

## Technology Services

### IT Customer Service

The IT Customer Service team is focused on the day-to-day interactions with users of Technology Services. Responsibilities of this team include Service Desk, IT buying and contract administration, and Client Relationship Management. This group is primarily concerned with ensuring that customers and users have access to the appropriate services to support their business functions. Based on the type and nature of the request, the appropriate mix of resources and skills are assigned to resolve an issue or request.

### Enterprise Architecture and Operational Security

The Enterprise Architecture and Operational Security team is responsible for developing strategies that align with business objectives and are enabled with technology. It coordinates the corporation's technology investments with business visions and works toward the elimination of redundant investments by replacing them with standardized and cost effective common IT services/systems and by coordinating activities across organizational units to drive common approaches. The team is responsible for leading the development and management of the Technology Services Risk Register including mitigation strategies and plans. In collaboration with the Office of the Chief Information Officer (OCIO) and internal stakeholders, it is also responsible for developing and managing the IT Security program and ongoing operational IT security needs.

### Infrastructure Operations

The Infrastructure Operations team is responsible for the procurement, implementation, evergreen, maintenance, support and housing of the underlying Information Technology infrastructure used by the Government of New Brunswick. This includes operations and support of government employee devices such as laptops and smart phones, the government email system as well as provincial networks and data centres. This team works in partnership with the Applications Solutions team to provide the necessary infrastructure to support the business applications used by government.

## Application Solutions

The Application Solutions branch provides services related to the development, implementation, enhancement, maintenance and support of a large portfolio of applications utilized by the Regional Health Authorities, Department of Health and Service New Brunswick.

Teams support a variety of applications including clinical and decision-support systems used to treat patients and administer health services as well as a large suite of corporate applications that are used by the public online and in the SNB service centres. The primary objective of the branch is to ensure that each organization achieves maximum benefits from its application investments.

### HIGHLIGHTS

- ♦ *IT Customer Service supported 35,000 employees and managed more than 22,000 desktop and laptop devices across government.*
  - ♦ *The IT Service Desk seamlessly transitioned support for several IT services from a third party vendor to SNB contributing to improved security, enabling opportunities for process improvement and resulting in savings for Service New Brunswick.*
  - ♦ *The Regional Health Authorities financial systems consolidation projects were completed for each RHA with the goal to achieve savings, reduce the number of systems from eight to two, and improve access to timely and accurate information for better decision-making.*
  - ♦ *Technology Services contributed to the development of the Business Implementation Plan and Request For Proposal for a new Human Resource Management System.*
  - ♦ *Enhanced IT security service delivery approaches were developed in collaboration with the Office of the Chief Information Officer and the private sector.*
  - ♦ *Government department and Regional Health Authority technology platforms were consolidated to allow inter-operability on services such as networks, wireless and desktop video conferencing.*
  - ♦ *The Regional Health Authority legacy data entry system was replaced with a modern and sustainable application that captures information electronically.*
- ♦ *Two major Clinical Information Systems upgrades have been completed, providing health system clients with the latest software features, enhancements and application capabilities to address their business needs and improve operational efficiencies.*

## Public Services and Smart Government

### Customer Care

Service New Brunswick is the gateway for the public to a number of government services offered through a multichannel service delivery network. Customer convenience is a key factor in service delivery. To meet New Brunswickers' expectations, SNB offers three channels of delivery:

- in person, through a network of 32 service centres offering the most common services, while 13 provide the full range of services;
- over the telephone (TeleServices) at 1-888-762-8600; and
- online at [www.snb.ca](http://www.snb.ca).

A range of services are delivered on behalf of various departments and agencies including the federal government. SNB also accept payments on behalf of 62 municipalities.

Services include:

- Motor vehicle — driver's licences, registration, placards for disabled persons;
- Recreation — hunting and fishing licences, online tickets for some major attractions;
- Government forms — Medicare, lottery registration;
- Federal government — pleasure craft licensing; and
- Municipalities — water and sewage payments.

Service Delivery Transactions			
Volume by partner	2015–2016	2014–2015	Change
<b>Provincial, federal and municipal include:</b> Provincial (all government departments); federal (Pleasure Craft Licensing); municipalities (62 to date)	3,429,098	2,770,766	658,322
<b>SNB:</b> Property Assessment Services, Corporate Registry, Personal Property Registry, Land Registry, Rentalsman, Vital Statistics and SNB Products	2,403,118	2,362,403	40,715
<b>Other Partners:</b> Payment taking for NB Power, Regional Health Authorities, WorkSafeNB and others	116,968	122,446	(5,478)
<b>TOTAL TRANSACTIONS</b>	<b>5,949,184*</b>	<b>5,255,615</b>	<b>693,569</b>

\* Increase in transaction volume is attributable to expansion of services provided on behalf of partners such as Department of Natural Resources e-licensing.

## Office of the Rentalsman

The Office of the Rentalsman provides an alternative dispute resolution service outside of the traditional court process.

The Rentalsman is appointed to carry out duties prescribed by the *Residential Tenancies Act*. The activities include:

- holding, in trust, all security deposits paid by tenants pursuant to a residential tenancy lease (the only Canadian jurisdiction to perform this function);
- mediating mutual agreements or, where mediation is not possible, arbitrating disputes between parties regarding the disbursement of security deposits;
- mediating or arbitrating complaints by both landlords and tenants regarding breach of a tenancy agreement or failure to adhere to the *Residential Tenancies Act*; and
- providing information with regards to residential tenancies.

Statistics at a glance	2015–2016	2014–2015	Change
Security deposits accepted	16,178	13,953	16%
Value of security deposits held in trust	\$24.3M	\$22.9M	6%
Applications for return of security deposits processed	11,993	10,384	12%
Applications for assistance or disputed claims received	3,984	2,578	55%*

\* A community outreach program resulted in more requests for assistance and reinforced the Office of the Rentalsman's role as mediator for renters and landlords.

## Land Information Infrastructure Secretariat, Business Opportunities and Digital Services

SNB is the lead agency for coordination of geomatics and base mapping in New Brunswick. The activities of the Land Information Infrastructure Secretariat include:

- managing an inter-agency governance framework to facilitate collaboration on geomatics across GNB;
- implementing inter-agency projects such as the development of provincial standards and data sets, and creation of authoritative road, water and imagery data sets;
- developing and operating the GeoNB infrastructure which allows for discovery, access, storage, and dissemination of geographic data and related applications on behalf of partners; and
- coordinating geomatics educational and outreach activities.

Statistics at a glance	2015–2016	2014–2015	Change
GeoNB hosted datasets*	53	48	5
GeoNB hosted applications**	16	15	1
GeoNB visits	146,000	120,000	21%
Datasets hosted on the Cloud via ArcGIS Online	11,150	---	---
Outreach / Education	6	---	---

\* New hosted datasets: forest; non-forest; forest soils; bedrock geology; eco-sites.

\*\* New application: New Brunswick Crown Land Conservation Areas.

## Property Assessment Services

SNB is responsible for the valuation and classification of all “real property” in New Brunswick. Property Assessment is a vital component in the processes of real property taxation and municipal financing.

The *Assessment Act* states that all property in the province is to be assessed at its real and true value (“market value”) as of January 1 of the year for which the assessment is determined. Individual property assessments are then compiled to produce municipal and provincial assessment bases.

These bases are shared with the Department of Environment and Local Government, which produces the tax bases for each municipality, rural community and local service district.

Individual property assessments are also provided to the Department of Finance. These are then used, along with municipal and provincial property tax rates, to produce an annual property tax bill.

Property assessors are responsible for maintaining an inventory of all real property information as well as administering many property tax-related benefits.

Property Assessment Statistics					
Tax year	Number of properties	Assessment base (Billion \$)	Request for review	Per cent of property accounts	Appeals (Assessment Board)
2015	465,500	61.4	7,951	1.7	319
2014	464,000	60.0	6,947	1.5	242
2013	462,013	58.2	7,316	1.6	224
2012	460,236	56.3	5,642	1.2	247
2011	457,151	53.9	5,338	1.2	187
2010	454,426	51.4	8,691	1.9	258
2009	451,416	49.1	8,558	1.9	214
2008	448,224	46.7	5,526	1.2	174
2007	444,341	43.4	5,518	1.2	155
2006	441,161	40.5	6,598	1.5	250

## Registries

Land Registry maintains a network of 13 Land Registry Offices where legal plans and documents such as deeds, mortgages and wills relating to the ownership of real property can be registered.

Registry records date back to the original Crown grants more than 200 years ago and are available for public scrutiny. The unit maintains the PLANET system, which allows users to conduct land-based transactions efficiently and accurately through this comprehensive, integrated online source of land registration, assessment, mapping, and information services. Land Registry also maintains a province-wide Global Positioning System-based survey network that includes a series of continuously operating Global Positioning System stations (Active Control Stations), which provides observations to users via the SNB website.

Personal Property Registry maintains a computerized, province-wide registry service where users can serve public notice of their security interests, judgments, and other claims affecting personal property such as automobiles, recreational vehicles, furniture, and business inventory. It also offers individuals and businesses the opportunity to determine if there is a registered security interest on a personal property by providing the means to search the Personal Property Registry, primarily through the Atlantic Canada Online portal and SNB’s Lien Check service.

Corporate Registry administers incorporation of New Brunswick-based business corporations and non-profit companies, registering partnerships and business names and registering extra-provincial corporations and businesses conducting business in New Brunswick. The registry maintains publicly available, up-to-date

information on business and non-profit corporations and unincorporated business entities. Internet users are able to access information on past and existing businesses and non-profit companies through the registry.

Vital Statistics is responsible for registering, maintaining, verifying, and disseminating birth, death, stillbirth, and marriage data (vital events). Vital Statistics can search records, issue certificates of a vital event, distribute marriage licences, approve and register changes of name, and maintain an index of marriage officiants and churches / religions authorized to solemnize marriages in New Brunswick.

Condominiums are administered by the *Condominium Property Act* which sets out the rules for developing, operating and managing condominiums in New Brunswick. This area also provides approval for condominium corporations incorporated under the *Condominium Property Act* and accepts information on reserve funds, financial statements, insurance, and directors filed by condominium corporations.

Activity	2015–2016	2014–2015	Change
<b>Land Registry</b>			
Registrations	89,008	86,482	2,526
Searches	39,549	34,773	4,776
Certificate of Registered Ownership sold	26,629	26,815	(186)
<b>Personal Property Registry</b>			
Registrations	155,672	142,191	13,481
Searches	66,943	66,688	255
<b>Corporate Registry</b>			
Incorporations	2,775	2,373	402
Registrations	3,203	2,956	247
Annual Return	39,231	39,362	(131)
Certificate of Status/ certified copies	3,654	4,050	(306)
<b>Vital Statistics</b>			
Certificates issued (all types)	31,952	33,313	(1,361)
Change of name processed	383	264	119
Amendments processed	1,126	838	288
Vital events registered	17,119	18,390	(1,271)
<b>Condominiums</b>			
New corporations	7	11	(4)
New units approved	61	156	(95)

## Provincial Archives

Provincial Archives is responsible for the long-term information assets of all bodies accountable to the provincial government, and identifying any records that would further the understanding and interpretation of the province's past.

It fulfils this role by acquiring, preserving, and making accessible public and private sector records of legal, administrative and historical significance to meet the needs of GNB, researchers, and the public. For government bodies, it performs this function through information governance and by applying standards and systems to manage traditional and electronic records through the scheduling and disposition of records. It works with the public through the identification of private sector, personal and family records for acquisition.

Provincial Archives also provides secure storage and conservation capacity for all such records and facilities for the public and government to conduct research on the province's past.

Statistics at a glance	2015–2016	2014–2015	Change
Website pages viewed	28M*	54M	(26M)
Website visitors	1.2M	910,000	290,000
Public inquiries email and mail	3,140	2,869	271
Public inquiries in person	3,237	2,861	376
Requests for archival records processed	14,086	13,500	586

\* The application of a filter to reduce inclusion of illegitimate traffic from website reports resulted in the reduction in website pages viewed.

# Financial Overview

## 2015–2016 Consolidated Financial Discussion and Analysis

The 2015–2016 Consolidated Financial Discussion and Analysis document brings together the financial results for the fiscal year 2015–2016. This document consolidates the results of the former FacilicorpNB, New Brunswick Internal Services Agency, Service New Brunswick, and the Department of Government Services for the period

of April 1 to September 30, 2015, along with the financial results for newly formed Service New Brunswick from October 1, 2015, to March 31, 2016. This discussion will focus on providing variance analyses between the Budget and Actual amounts for 2015–2016.

### Significant Financial Variances

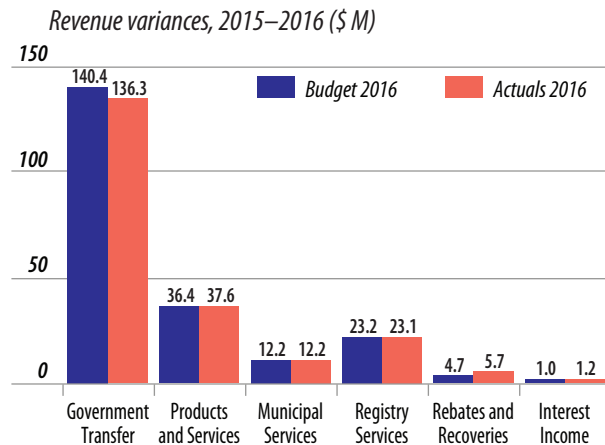
The following table compares actual financial results to budgeted figures for 2015–2016.

Financial Statement Analysis for the year ended March 31: Statement of Operations (\$)			
	Budget 2016	Actuals 2016	Budget Variance
<b>Revenues</b>			
– Government Transfers	140,349,891	136,268,538	(4,081,353)
– Products and Services	36,431,402	37,593,279	1,161,877
– Municipal Services	12,151,984	12,226,216	74,232
– Registry Services	23,206,806	23,065,481	(141,325)
– Rebates and Recoveries	4,716,634	5,694,084	977,450
– Investment Income	950,000	1,168,811	218,811
<b>Revenue from Operations</b>	<b>217,806,717</b>	<b>216,016,409</b>	<b>(1,790,308)</b>
Gain from Restructuring	-	97,334,138	97,334,138
<b>Total Revenue</b>	<b>217,806,717</b>	<b>313,360,547</b>	<b>95,553,830</b>
<b>Expenses</b>			
– Executive Administration	3,184,694	2,778,744	(405,950)
– Finance, Human Resources and Strategy	19,794,791	18,162,272	(1,632,519)
– Strategic Procurement	2,560,057	2,238,224	(321,833)
– Technology Services	88,118,622	86,935,205	(1,183,417)
– Health Services	38,218,749	36,192,863	(2,025,886)
– Enterprise Services	28,774,110	29,319,752	545,642
– Public Services and Smart Government	36,952,644	35,119,071	(1,833,573)
<b>Total Expense</b>	<b>217,603,667</b>	<b>210,746,131</b>	<b>(6,857,536)</b>
<b>ANNUAL SURPLUS</b>	<b>203,050</b>	<b>102,614,416</b>	<b>102,411,366</b>



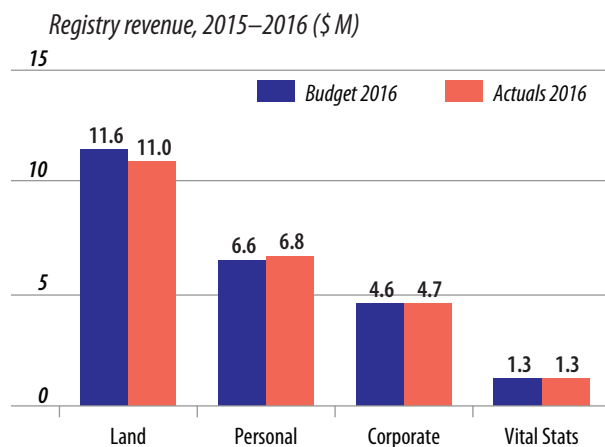
## Revenue Variances

Total revenue for 2015–2016 is \$1.8M less than budgeted due to the transfer of responsibility for reporting employee benefits to the Province of New Brunswick thereby lowering Government Transfers by \$4.1M. This decrease was partially offset by increases in revenue from Products and Services, Rebates and Recoveries, and Investment Income totaling \$2.3M.



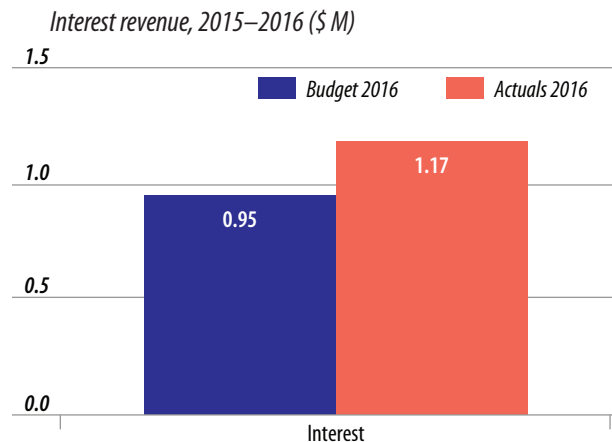
**Products and Services** — Revenues resulting from the sale of products and services came in at \$1.2M more than budget for 2015–2016. Most of the change in revenues is attributable to the fees associated with the implementation of the DNR e-licensing system, and also more revenue than anticipated due to new business at the Print and Postal Branch.

**Registries** — Registry revenue totals were \$0.1M less than budgeted for 2015–2016. This variance is largely due to a decrease in transaction volumes for the Land Registry. The performance of the land registry is heavily dependent on the strength of the economy, and the degree to which consumers are selling and purchasing real property.



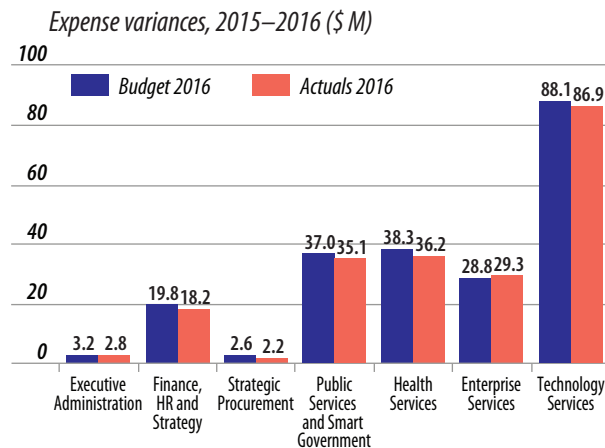
**Rebates and Recoveries** — This includes revenues resulting from contracts with suppliers that have a rebate negotiated for meeting specified targets as well as funds received for completing projects on behalf of other departments and federal partners plus salary recovered for services provided to external entities. For 2015–2016 this revenue came in at \$1.0M more than budget.

**Interest Income** — Interest revenues exceeded budget expectations by \$0.2M in 2015–2016. Growth in interest income is contingent upon the amount of money invested, term of the investment and interest rates. For 2015-2016 SNB was able to retain a higher amount invested along with prior year investments continuing to provide higher rates of return than currently available.



## Expense Variances

Total expenses for 2015–2016 are \$6.9M less than budgeted. This decrease from budget is related primarily to managing vacancies (\$2.8M) as well as \$1.4M in savings generated by the merger of former FacilicorpNB, New Brunswick Internal Services Agency, Department of Government Services, and Service New Brunswick on October 1, 2015. The remainder of the variance (\$2.7M) is spread throughout expense categories such as Professional Services, Training, Travel, Amortization and Office Expenses.



**Executive Administration** — Total expenses for 2015–2016 were \$0.4M less than budgeted. This decrease was due to savings in Professional Services (\$0.25M) and merger saving of (\$0.15M).

**Finance, Human Resources and Strategy** — Total expenses for 2015–2016 were \$1.6M less than budgeted. This decrease was due to merger savings of \$0.3M and savings related to managing vacancies of \$1.3M.

**Strategic Procurement** — Total expenses for 2015–2016 were \$0.3M less than budgeted. This decrease was due to Professional Services fees being under spent by \$0.2M and savings related to managing vacancies of \$0.1M.

**Public Services and Smart Government** — Total expenses for 2015–2016 were \$1.8M less than budgeted. This decrease was due to managing vacancies within the division.

**Health Services** — Total expenses for 2015–2016 were \$2.0M less than budgeted. This decrease was due to managing vacancies for \$1.0M, Energy saving of \$0.3M with the remaining \$0.7M spread across lease expenses, office expenses, travel, and training.

**Enterprise Services** — Total expenses for 2015–2016 were \$0.6M more than budgeted. Decreases related to merger savings (\$0.3M) and managing vacancies (\$0.3M) were offset by expenditures in the areas of Postage (\$0.5) due to new business being added, Office Expenses (\$0.2M) and Central Stores of (\$0.5M).

**Technology Services** — Total expenses for 2015–2016 were \$1.2M less than budgeted. This decrease was due to merger savings of \$0.5M, and savings related to managing vacancies of \$2.4M. These decreases were offset by expenditures in Equipment of \$0.8M, Professional Services of \$0.5M and an additional \$0.4M spread throughout Office Expenses, Software and Licenses, and Communications.

# Summary of Staffing Activity

Employee type	2015*
Permanent	93
Temporary	86
<b>TOTAL</b>	<b>179</b>

\* Based on staffing activity from October 1, 2015 to March 31, 2016.

# Summary of Legislation and Legislative Activity

Bill #	Name of legislation	Date of Royal Assent	Link to bill
46	<i>An Act to Amend the Right to Information and Protection of Privacy Act</i>	June 5, 2015	<a href="http://www.gnb.ca/legis/bill/pdf/58/1/Bill-46.pdf">http://www.gnb.ca/legis/bill/pdf/58/1/Bill-46.pdf</a>
55	<i>Service New Brunswick Act</i>	June 5, 2015	<a href="http://www.gnb.ca/legis/bill/pdf/58/1/Bill-55.pdf">http://www.gnb.ca/legis/bill/pdf/58/1/Bill-55.pdf</a>
3	<i>An Act to Amend the Service New Brunswick Act</i>	February 11, 2016	<a href="http://www.gnb.ca/legis/bill/pdf/58/2/Bill-3.pdf">http://www.gnb.ca/legis/bill/pdf/58/2/Bill-3.pdf</a>
4	<i>An Act to Amend the Assessment Act</i>	February 11, 2016	<a href="http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1201&amp;legi=58&amp;num=2">http://www1.gnb.ca/legis/bill/editform-e.asp?ID=1201&amp;legi=58&amp;num=2</a>

# Summary of Official Languages Activities

Service New Brunswick recognizes its obligations under the *Official Languages Act* and is committed to actively offering and providing quality services in both official languages.

Three official complaints were filed under the Act in 2015–2016. All three complaints were deemed to be founded. The issues surrounding each were reviewed and addressed.

## Introduction

During 2015–2016, Service New Brunswick continued to ensure its obligations under the *Official Languages Act* were met across all parts of the organization. Below are associated activities that were carried out on an ongoing basis during the year in question.

### Focus 1

*Ensure access to service of equal quality in English and French throughout the province:*

- Review and discuss Language of Service policy and guidelines with new employees at time of group and individual orientation.

### Focus 2

*An environment and climate that encourages, for all employees, the use of the official language of their choice in their workplace:*

- As part of the annual Performance Review process, all employees are required to review the Language of Service and Language of Work policies and discuss with their managers.

### Focus 3

*Ensure that new and revised government programs and policies took into account the realities of the province's official language communities:*

- Presentations on Official Languages are part of the orientation for new employees.

### Focus 4

*Ensure public service employees have a thorough knowledge and understanding of the Official Languages Act, relevant policies, regulations, and the Province's obligations with respect to official languages:*

- The Service New Brunswick Intranet site has a section on Official Languages that provides employees with links to the *Official Languages Act* and policies.

## Conclusion

During 2015–2016, Service New Brunswick continued to apply tools that help employees work in the language of their choice. The organization will be developing corporate initiatives to address the objectives set out in the government-wide *Official Languages Action Plan*.

# Summary of Recommendations from the Office of the Auditor General

Name and year of audit area	Total	Adopted
Matters arising from the Audit of the Financial Statements of Service New Brunswick, 2015–2016	8	0

## Summary of matters arising from the Audit of the Financial Statements of Service New Brunswick (“the Corporation”), 2015–2016

- 1. Requirement for New Accounting and Payroll Systems:** the Corporation is currently using three financial reporting systems for recording and reporting its financial information and three payroll systems for processing its payroll. This creates various inefficiencies and causes duplication of effort.

*Recommend the Corporation proceed as quickly as possible in implementing new accounting and payroll systems. If an extended timeframe for completing these projects is expected, the Corporation should seriously consider combining systems and transactions into one system to reduce the risks associated with operating multiple systems as well as help eliminate duplication and inefficiencies existing in the current processes.*

- 2. Inconsistent Accounting Policies and Procedures:** Due to the fact the Corporation was formed by amalgamating four separate entities there are areas where various accounting policies and procedures are inconsistent.

*Recommend the Corporation develop consistent Public Sector Accounting Standard compliant accounting policies and procedures for all amounts recorded by the Corporation.*

- 3. Accounting Concerns:** Various accounting concerns were noted during the audit, most of which were caused by the complexities encountered regarding items 1 and 2 above along with truncated timelines to complete the financial statements and audit.

*Recommend the Corporation review and resolve the accounting concerns identified for the next fiscal year-end process.*

- 4. Weaknesses in Internal Control Process:** Various weaknesses in internal control processes were identified which increase the risk of fraud and error in accounting records.

*Recommend the Corporation review the internal control weaknesses identified and put processes in place to resolve the issues identified.*

- 5. Corporate Fraud Risk:** Although SNB has prepared a business risk register which is presented to its Board, there is no formal documented fraud risk assessment in place.

*Recommend the Corporation develop a process for identifying and responding to fraud risk.*

**6. Investments and Accumulated Surplus:** the Corporation has a large amount of accumulated surplus and a portion of this is invested in guaranteed investment certificates which are earning a return that is lower than the rate the Province is borrowing from the market.

*Recommend the Corporation consider entering into an agreement with the Province to transfer the amount of the investments currently held by the Corporation to the Province to reduce the cost of borrowing for the Province.*

**7. Unsigned Agreements:** There are instances where the Corporation does not have signed agreements with all of its significant business partners.

*Recommend the Corporation work with business partners who have unsigned agreements to address any necessary amendments so that signed agreements are in place to cover the cost of services provided.*

**8. Cost Recovery Method:** The expenses related to the chargeback cost recovery models are not always easily identifiable to specific revenue items within the accounting records.

*Recommend the Corporation prepare a cost recovery analysis for service delivery revenue.*

## Report on the *Public Interest Disclosure Act*

Service New Brunswick has policies and processes designed to manage public interest disclosures as required by the *Public Interest Disclosure Act*. In 2015–2016, no claims or disclosures of wrongdoing were received by Service New Brunswick.

# Appendices

## **A: Financial Statements – Service New Brunswick** **October 1st, 2015 to March 31st, 2016**

### **Service New Brunswick**

#### **Management Report**

The preparation of financial information is an integral part of management's responsibilities and the accompanying consolidated financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with Canadian Public Sector Accounting Standards (PSAS).

The Corporation maintains accounting systems and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with PSAS.

It is the responsibility of the Board of Directors to oversee management's performance of its financial reporting responsibilities and to review and approve the consolidated financial statements. It is assisted in its responsibilities by the Audit and Finance Committee. This committee reviews and recommends approval of the consolidated financial statements, and meets periodically with management and the external auditors concerning internal controls and matters related to financial reporting. Upon the recommendation of the Audit and Finance Committee, these consolidated financial statements for the six month period ending March 31, 2016 are approved by the Board of Directors.



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Gordon Gilman  
Chief Executive Officer



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Dan Rae, CPA, CGA  
Chief Financial Officer

Fredericton, N.B., Canada  
June 22, 2016



## INDEPENDENT AUDITOR'S REPORT

To the Chair and members of the Board of Directors of Service New Brunswick

I have audited the accompanying consolidated financial statements of Service New Brunswick, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and change in accumulated surplus, change in net financial assets and statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

### *Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Service New Brunswick as at March 31, 2016, and the results of its operations and changes in its accumulated surplus, its cash flows, and changes in its net financial assets for the six months then ended in accordance with Canadian public sector accounting standards.

Kim MacPherson, CPA, CA  
Auditor General

Fredericton, NB  
June 22, 2016



# Service New Brunswick

## Consolidated Statement of Financial Position

As at March 31, 2016

	2016
<b>Financial Assets</b>	
Cash and Cash Equivalents	\$ 998,581
Due from Province of New Brunswick	11,284,656
Short-Term Investments	22,000,000
Restricted Assets (Note 6)	13,371,490
Accounts Receivable and Advances (Note 7)	21,579,429
Long-Term Investments	30,000,000
<b>Total Financial Assets</b>	<b>99,234,156</b>
<b>Liabilities</b>	
Accounts Payable and Accrued Liabilities (Note 8)	\$ 18,493,520
Partner Liabilities (Note 9)	7,809,237
Deferred Receipts	973,117
Land Titles Assurance (Note 10)	5,562,253
<b>Total Liabilities</b>	<b>32,838,127</b>
<b>Net Financial Assets</b>	<b>\$ 66,396,029</b>
<b>Non-Financial Assets</b>	
Tangible Capital Assets (Note 11)	\$ 26,582,172
Inventory	91,687
Prepaid Expenses	7,175,193
<b>Total Non-Financial Assets</b>	<b>33,849,052</b>
<b>Accumulated Surplus</b>	<b>\$100,245,081</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

Contingent Liabilities (Note 13)

Subsequent Event (Note 16)

Commitments (Note 14)

**Approved on Behalf of the Board**



Elizabeth Webster  
Chair - Board of Directors



Gordon Gilman  
Chief Executive Officer

# Service New Brunswick

## Consolidated Statement of Operations & Change in Accumulated Surplus

For the six months ended March 31, 2016

	Budget Note 3	2016
<b>Revenue</b>		
Government Transfers	\$ 72,186,327	\$ 68,835,288
Products and Services	17,522,957	18,746,595
Municipal Services	6,075,992	6,150,224
Registry Services	12,022,403	11,393,092
Rebates and Recoveries	3,306,859	3,678,436
Investment Income	475,000	601,050
<b>Revenue from Operations</b>	<b>111,589,538</b>	<b>109,404,685</b>
Gain from Restructuring (Note 15)	-	97,344,138
<b>Total Revenue</b>	<b>111,589,538</b>	<b>206,748,823</b>
<b>Expense</b>		
Executive Administration	2,046,156	1,290,651
Finance, Human Resources and Strategy	9,206,839	8,755,594
Strategic Procurement	1,301,357	1,056,487
Technology Services	45,237,792	44,447,715
Health Services	19,450,116	18,147,706
Enterprise Services	14,889,346	15,981,614
Public Services and Smart Government	18,664,843	16,823,975
<b>Total Expense</b>	<b>110,796,449</b>	<b>106,503,742</b>
<b>Surplus</b>	793,089	100,245,081
<b>Accumulated Surplus, Beginning of Period</b>		-
<b>Accumulated Surplus, End of Period</b>		<b>\$ 100,245,081</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Service New Brunswick

## Consolidated Statement of Change in Net Financial Assets

For the six months ended March 31, 2016

	<b>2016</b>
<b>Net Financial Assets, Beginning of Period</b>	\$ -
Surplus	100,245,081
Tangible Capital Assets Transferred (Note 15)	(27,940,326)
Acquisition of Tangible Capital Assets (Note 11)	(2,104,096)
Disposal of Tangible Capital Assets (Note 11)	388,007
Amortization of Tangible Capital Assets	3,074,243
Net Changes in Prepaid Expenses	(7,175,193)
Net Changes in Inventory	(91,687)
<b>Increase in Net Financial Assets</b>	<b>66,396,029</b>
<b>Net Financial Assets, End of Period</b>	<b>\$ 66,396,029</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Service New Brunswick

## Consolidated Statement of Cash Flows

For the six months ended March 31, 2016

	<b>2016</b>
<b>Cash and Cash Equivalents Generated by (used in):</b>	
<b>Operating Transactions</b>	
Surplus	\$100,245,081
Amortization of Tangible Capital Assets	3,074,243
	<b>103,319,324</b>
Changes in Non-Cash Working Capital Balances	
Accounts Receivable and Advances (Note 7)	(21,579,429)
Due from Province of New Brunswick	(11,284,656)
Accounts Payable and Accrued Liabilities (Note 8)	18,493,520
Prepaid Expenses	(7,175,193)
Land Titles Assurance (Note 10)	5,562,253
Partner Liabilities (Note 9)	7,809,237
Deferred Receipts	973,117
Inventory	(91,687)
Restricted Assets (Note 6)	(13,371,490)
	<b>82,654,996</b>
<b>Capital Transactions</b>	
Tangible Capital Assets Transferred (Note 15)	(27,940,326)
Acquisition of Tangible Capital Assets (Note 11)	(2,104,096)
Proceeds from Disposal of Tangible Capital Assets (Note 11)	388,007
	<b>(29,656,415)</b>
<b>Investing Transactions</b>	
Short-Term Investments	(22,000,000)
Long-Term Investments	(30,000,000)
	<b>(52,000,000)</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>998,581</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>-</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 998,581</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

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### 1. Description of Operations

Service New Brunswick (hereafter referred to as "the Corporation") is a non-taxable Crown Corporation established under the *Service New Brunswick Act* (hereafter referred to as "the Act") which was proclaimed and came into force October 1, 2015.

The Corporation has no share capital and the Act does not provide for this. However, the Act does stipulate that any profits may be appropriated by the Crown at the discretion of the Minister of Finance. The Corporation is not subject to any externally imposed capital requirements and has the ability to borrow funds when necessary.

The Corporation was formed as a result of the restructuring of the former common services organizations, the New Brunswick Internal Services Agency, Service New Brunswick, the Department of Government Services and FacilicorpNB into one common services organization Service New Brunswick. Its mission is providing high quality, innovative public services for customers with a focus on value for all New Brunswickers. The restructuring also resulted in Service New Brunswick being the sole shareholder of Contract Management Services Limited ("CMSL") which is a New Brunswick based group purchasing organization designed to achieve discounted pricing by leveraging collective buying power and standardizing product use. CMSL financial results are consolidated with Service New Brunswick.

### 2. Summary of Significant Accounting Policies

#### *General*

These consolidated financial statements are prepared by management using the Corporation's accounting policies stated below, which are in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board.

#### *Basis of Consolidation*

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the Corporation and its wholly owned subsidiary CMSL. All inter-departmental and inter-entity accounts and transactions between these entities are eliminated upon consolidation.

#### *Due from Province of New Brunswick*

Represents amounts due to/from the Province of New Brunswick ("the Province").

#### *Investments*

The Corporation holds investments in the form of short-term and long-term Guaranteed Investment Certificates of varying interest rates. Short-term investments mature within the subsequent fiscal year while long-term investments are held to a maximum of 5 years.

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

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### *Asset Classification*

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but instead are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include prepaid expenses and tangible capital assets.

### *Restricted Assets*

Management holds cash and receivables equal to the amount of Partner Liabilities (Note 9) and the amount accumulated under Land Titles Assurance (Note 10).

### *Tangible Capital Assets*

Tangible capital assets are assets owned by the Corporation which have useful lives greater than one year. For practical purposes certain dollar thresholds have been established for each asset.

Tangible capital assets are reported at cost and amortized on a straight-line basis over their estimated useful lives.

In the year of acquisition and disposal, one-half of the annual amortization expense will be recorded.

### **Thresholds and Amortization Rates**

<b>Class</b>	<b>Cost Thresholds</b>	<b>Amortization Rate</b>
Land	Any	n/a
Buildings	\$ 100,000	40 years
Leasehold Improvements	\$ 100,000	Lease Term
Capital Leases (various classes)	As per related class	Lease Term
Computer Hardware	\$ 100,000	5 years
Computer Software	\$ 100,000	5 years
Motor Vehicles	\$ 15,000	5 – 10 years
Major Equipment	\$ 100,000	5 – 15 years
Databases and Systems	\$ 100,000	5 – 15 years
First Time Equipping of New Buildings	\$ 100,000	5 years
Assets Under Construction	As per related class	n/a

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

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### *Revenues*

Government transfers are provided by the Province in the form of appropriations and operating grants in accordance with Government's Main Estimates process. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations & change in accumulated surplus as the liabilities are settled.

Other revenues, including gains, are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Gains are generally recognized when realized. Items not practicably measurable until cash is received would be accounted for at that time.

### *Deferred Receipts*

Monies received in consideration for the development of Tangible Capital Assets such as systems are initially accounted for as deferred receipts, and recognized as revenue in the period in which the asset is completed and deployed.

### *Pension Contributions*

The Corporation has shared risk pension plans in accordance with New Brunswick's *Pension Benefits Act*. Certain employees of the Corporation are entitled to receive benefits under these plans. Employer pension contributions are accounted for by the Province on behalf of the Corporation. The Corporation is not responsible for any unfunded liability nor does it have access to any surplus with respect to its employee pensions.

The Corporation's employer contributions are made by the Province as described below.

### *Expenses Paid by Other Parties*

Employer expenses for Pension contributions, Canada Pension Plan contributions, Retirement Allowance payments, Sick Leave Liability Accrual, Group Life Insurance, Worksafe Liability Accrual and Supplementary Employee Retirement Program payments are accounted for by the Province on behalf of the Corporation. These expenses and any related asset/liability balances, as well as vacation liability, are not presented in these consolidated financial statements. Under the agreed operating terms of the Corporation, these benefit plan balances are obligations/assets of the Province and are not assumed by the Corporation.

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

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### *Financial Instruments*

Financial assets and liabilities are initially recognized at fair value and their subsequent measurement is dependent on their characteristics, the purpose for which the financial instruments were acquired or issued, and how they are evaluated or managed.

All financial assets and liabilities, not including Deferred Receipts, are subsequently measured at cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

### *Measurement Uncertainty*

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the useful lives of tangible capital assets for amortization, allocation of costs as well as the accrual of certain service delivery revenues and the gain from restructuring. Actual results could differ from management's estimates as additional information becomes available in the future.

### *Inventory*

Inventory includes paper stock and supplies used in the Print Centre, postage on hand in Postal Services and is recorded at the lower of cost or net realizable value.

### *Prepaid Expenses*

Prepaid expenses include maintenance and support amounts which are charged to expense over the periods expected to benefit from it.

### *Restructuring Transactions*

Effective October 1, 2015, the Corporation adopted PS 3430 – *Restructuring Transactions*. This new standard applies to restructuring transactions that occur in fiscal years beginning on or after April 1, 2018, however, early adoption is permitted. The effect of the adoption of this standard on the 2016 consolidated financial statements is detailed in Note 15.



# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

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### 3. Budget

The budget figures for the six month period included in these consolidated financial statements are unaudited and have been derived from management's estimates.

### 4. Risk Management

The carrying value of the Corporation's financial instruments are assumed to approximate their fair amounts because of their short term to maturity.

An analysis of significant risk from the Corporation's financial instruments is provided below:

#### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Accounts receivable balances as described in Note 5 are due from related entities of the Province and are considered low risk due to excellent collection history. The Corporation's maximum exposure to credit risk at March 31, 2016 is equal to the accounts receivable balance of \$21,579,429 and the balance in the Due from Province of New Brunswick account of \$11,284,656. Credit risk is not disbursed as related entities of the Province comprise a significant portion of the accounts receivable balance.

#### b) Liquidity risk

Liquidity risk is the risk of not being able to settle or meet an obligation on time or at a reasonable price. The Corporation manages liquidity risk by maintaining sufficient cash and cash equivalent balances to meet operating and capital requirements.

#### c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Corporation's management considers exposure to interest rate risk to be insignificant.

#### d) Currency risk

Currency risk arises on financial instruments denominated in a foreign currency. The Corporation is exposed to currency risk on purchases and that are denominated in a currency other than the Corporation's functional currency, primarily in US Dollars (USD). The Corporation's foreign currency transactions are normally settled in the short term, therefore management considers exposure to currency risk to be insignificant.

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

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### 5. Related Entity Transactions

The Corporation is controlled by and is economically dependent on the Province of New Brunswick.

The Consolidated Statement of Financial Position contains the following Province of New Brunswick related entity amounts.

	<u>2016</u>
Due from Province of New Brunswick	\$ 11,284,656
Accounts Receivable	15,132,832
Accounts Payable and Accrued Liabilities	(2,942,798)
Partner Liabilities (Note 9)	(7,809,237)
<b>Net Due to the Corporation</b>	<b>\$ 15,665,453</b>

The Consolidated Statement of Operations & Change in Accumulated Surplus contains the following amounts that were received from or paid to the Province of New Brunswick related entities:

	<u>2016</u>
Revenue	\$ 87,151,041
Gain from Restructuring (Note 15)	97,344,138
Expense	(2,593,760)
<b>Net Revenue</b>	<b>\$181,901,419</b>

### 6. Restricted Assets

Restricted Assets consist of the following amounts:

	<u>2016</u>
Partner Liabilities (Note 9)	\$ 7,809,237
Land Titles Assurance (Note 10)	5,562,253
	<b>\$ 13,371,490</b>

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# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

### 7. Accounts Receivable and Advances

	<u>2016</u>
Accounts Receivable	\$ 20,961,425
Advances	22,320
Accrued Interest	667,320
Provision for Doubtful Accounts	<u>(71,636)</u>
	<u>\$ 21,579,429</u>

### 8. Accounts Payable and Accrued Liabilities

	<u>2016</u>
Accounts Payables and Accrued Liabilities	\$ 15,098,886
Salary and Benefits Payable	<u>3,394,634</u>
	<u>\$ 18,493,520</u>

### 9. Partner Liabilities

The Corporation collects amounts on behalf of the Province of New Brunswick and other business partners. The following amounts were payable to the Province and other partners at the end of the period.

	<u>2016</u>
Province of New Brunswick	\$ 7,025,793
Other Partners	<u>783,444</u>
	<u>\$ 7,809,237</u>

### 10. Land Titles Assurance

Under the *Land Titles Act*, the Province guarantees title to real property registered under Land Titles. The Corporation has established a charge, based on an actuarial estimate, to cover potential claims pertaining to indemnification pursuant to the *Land Titles Act*. An assurance fee of \$3.00 is charged for each registration in the Land Titles registry:

	<u>2016</u>
Transferred Balance (Note 15)	\$ 5,444,373
Assurance Fees Collected	<u>117,880</u>
	<u>\$ 5,562,253</u>

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

### 11. Tangible Capital Assets

Estimated Useful Life (Years)	Computer Hardware and Software	5 Years	Buildings 40 Years	5 - 15 Years	Motor Vehicles	5 - 10 Years	Major Equipment	Leasehold Improvements	First Time Equipping of New Buildings	Assets Under Construction	March 31 2016 Total
	Cost										
Opening Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transferred (Note 15)	19,211,581	3,214,627	49,079,069	165,280	9,833,243	5,905,998	1,794,274	2,856,034	92,060,106	184,125	2,104,096
Additions	914,446	-	-	27,261	978,264	-	-	-	-	(388,007)	(388,007)
Disposals	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Cost</b>	<b>20,126,027</b>	<b>3,214,627</b>	<b>49,079,069</b>	<b>192,541</b>	<b>10,811,507</b>	<b>5,905,998</b>	<b>1,794,274</b>	<b>2,652,152</b>	<b>93,776,195</b>		

### Accumulated Amortization

Opening Accumulated Amortization	-	-	-	-	-	-	-	-	-	-	-
Transferred (Note 15)	10,004,229	3,004,852	39,619,064	9,040	6,773,680	2,914,641	1,794,274	-	64,119,780	-	3,074,243
Amortization Expense	1,791,854	3,521	755,684	12,783	190,286	320,115	-	-	-	-	-
<b>Closing Accumulated Amortization</b>	<b>11,796,083</b>	<b>3,008,373</b>	<b>40,374,748</b>	<b>21,823</b>	<b>6,963,966</b>	<b>3,234,756</b>	<b>1,794,274</b>	<b>-</b>	<b>67,194,023</b>		

<b>Net Book Value</b>	<b>\$ 8,329,944</b>	<b>\$ 206,254</b>	<b>\$ 8,704,321</b>	<b>\$ 170,718</b>	<b>\$ 3,847,541</b>	<b>\$ 2,671,242</b>	<b>\$ -</b>	<b>\$ 2,652,152</b>	<b>\$ 26,582,172</b>		
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Assets Under Construction at March 31, 2016 is as follows:

Databases and Systems	\$ 1,986,252
Major Equipment	77,793
Leasehold Improvements	165,923
Computer Hardware and Software	422,184
<b>Total</b>	<b>\$ 2,652,152</b>

Tangible capital assets with a net book value of \$27,940,326 (cost of \$92,060,106 less accumulated amortization of \$64,119,780) were transferred to the Corporation as a result of a Restructuring Transaction (see Note 15).

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

### 12. Expenses by Object

	<u>2016</u>
Personnel Services	\$ 56,289,005
Materials and Supplies	22,564,712
Telecommunications and Computer Services	14,289,744
Professional Services	5,084,378
Facilities	4,170,670
Travel and Meetings	1,030,990
Amortization	3,074,243
	<u>\$106,503,742</u>

### 13. Contingent Liabilities

The Corporation does not carry general liability insurance on its assets. Any successful liability claims against the Corporation and any replacement of lost or damaged property are charged to expense in the year of settlement or replacement. Any material exposure of risk or loss is minimal.

### 14. Commitments

The Corporation has commitments related to technology agreements, office space leases, and service fees under an integrated pharmaceutical supply chain agreement. Minimum payments for these commitments are estimated as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 27,971,464
2018	16,059,822
2019	14,933,797
2020	13,046,638
2021	12,914,305
Thereafter	<u>25,444,057</u>
	<u>\$110,370,083</u>

### 15. Restructuring Transactions

On October 1, 2015 new Service New Brunswick legislation was proclaimed which resulted in a new corporation being formed. As such, Service New Brunswick was created from the restructuring of the former New Brunswick Internal Services Agency, Service New Brunswick, the Department of Government Services and FacilicorpNB, all of which were controlled by the Province of New Brunswick. The Corporation was created as a result of the Platform Commitment - "eliminating duplication by centralizing functions that are common across all departments of government, including: communications, financial, human resources, information technology and policy development services". Provisions of the *Service New Brunswick Act* provided for the transfer to Service New Brunswick of all the assets, liabilities, rights and

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

obligations of the predecessor organizations which includes contingent liabilities (Note 13) and contracts for leases and other agreements (Note 14) as well as contracts for cleaning, courier, procurement, employment, union, professional services, information technology, management consulting, and service delivery. Due to the volume of contracts the value of the contracts transferred is not practicably determinable. Also transferred along with the assets and liabilities is the responsibility to perform common services for the Province of New Brunswick, such as, Translation Services, Strategic Procurement, Corporate Marketing, Provincial Archives, Accounts Payable and Collection Services, Payroll and Benefits, and Information Technology Services. The Corporation is also responsible for Registry Services, Health Services, Municipal Services, and Collection of fees from the public on behalf of certain Provincial Government Departments.

The restructuring-related costs were minimal and therefore not separately identified. Any restructuring-related costs were charged to operations when incurred.

As a result of the restructuring, assets and liabilities in the following financial statement classifications were recognized by Service New Brunswick at the restructuring date:

	Transferor Carrying Value	Adjustments	
Cash and Cash Equivalents	\$ 7,777,967	\$ -	\$ 7,777,967
Due from Province of New Brunswick	4,194,215	-	4,194,215
Short-Term Investments	11,500,000	-	11,500,000
Restricted Assets	10,129,139	-	10,129,139
Accounts Receivable and Advances	16,934,546	-	16,934,546
Long-Term Investments	41,000,000	-	41,000,000
Tangible Capital Assets	31,224,158	(3,283,832)	27,940,326
Inventory	1,038,384	-	1,038,384
Prepaid Expenses	10,906,737	-	10,906,737
<b>Total Assets Recognized</b>			<b>\$ 131,421,314</b>
Accounts Payable and Accrued Liabilities	19,601,477	(3,209,279)	16,392,198
Partner Liabilities	4,715,768	-	4,715,768
Deferred Receipts	7,524,837	-	7,524,837
Land Titles Assurances	5,444,373	-	5,444,373
Employee Future Benefits	11,244,536	(11,244,536)	-
<b>Total Liabilities Recognized</b>			<b>\$ 34,077,176</b>
<b>Gain Recognized in the Consolidated Statement of Operations &amp; Change in Accumulated Surplus due to Restructuring</b>			<b>\$ 97,344,138</b>

The adjustments noted above occurred to 1) align with the accounting policy of Service New Brunswick relating to the threshold for recognition of Tangible Capital Assets and 2) to reflect the transfer of Employee Future Benefit Liabilities, Sick Leave and Vacation Liabilities to the Province of New Brunswick.

# Service New Brunswick

## Notes to the Consolidated Financial Statements

For the six months ended March 31, 2016

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### 16. Subsequent Event

As of April 1, 2016 Information Technology contracts from 18 Part 1 departments and agencies transferred to Service New Brunswick. This transfer affected 204 employees and an estimated \$31.8 million in associated Information Technology budget (salary and operations).

### 17. Comparative Figures

The corporation commenced operations on October 1, 2015 and these consolidated financial statements cover the six month period ending March 31, 2016. As a result, these consolidated financial statements do not contain comparative figures. As the organization matures prior year figures will be included for comparison.

## **B: Financial Statements – FacilicorpNB**

**April 1st, 2015 to September 30th, 2015**

### **MANAGEMENT REPORT**

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgements and estimates consistent with generally accepted accounting principles in Canada.

The Corporation maintains an accounting system and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian public sector accounting standards.

These financial statements are approved by the Chief Executive Officer.



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Gordon Gilman  
Chief Executive Officer

Fredericton, N.B., Canada  
December 22, 2015



## Independent Auditor's Report

To the Shareholder of FacilicorpNB Ltd./Ltée

We have audited the accompanying consolidated financial statements of FacilicorpNB Ltd./Ltée, which comprise the consolidated statement of financial position as at September 30, 2015, the consolidated statements of financial activities, changes in net financial assets and cash flows for the 6 month period ending September 30, 2015, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*


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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 FacilicorpNB Ltd./Ltée as at September 30, 2015, and the results of its financial performance and its cash flows for the 6 month period ending September 30, 2015 in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants  
December 22, 2015


# FacilicorpNB Ltd./Ltée

## Statement of financial position

As at September 30, 2015

	<u>30-Sep-15</u>	<u>31-Mar-15</u>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 5,035,112	\$ 4,281,905
Accounts receivable and advances (Note 3)	8,840,554	13,134,178
Total financial assets	<u>13,875,666</u>	<u>17,416,083</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	11,316,645	13,830,629
Employee future benefits (Note 7)	3,330,136	3,348,864
Other liabilities (Note 8)	480,289	109,329
Total liabilities	<u>15,127,070</u>	<u>17,288,822</u>
Net financial (debt) assets	<u>(1,251,404)</u>	<u>127,261</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 4)	7,120,391	6,782,813
Prepaid expenses	4,242,315	2,978,125
Total non-financial assets	<u>11,362,706</u>	<u>9,760,938</u>
<b>Accumulated surplus (Note 9)</b>	<b>\$ 10,111,302</b>	<b>\$ 9,888,199</b>

APPROVED BY:



Chief Executive Officer

## FacilicorpNB Ltd./Ltée

### Statement of financial activities

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

	<b>Budget</b>	<b>30-Sep-15</b>	31-Mar-15
	<b>(unaudited)</b>		
<b>Revenue</b>			
Department of Health	\$ 41,354,764	\$ 40,323,940	\$ 79,860,099
Laundry	1,794,244	1,760,879	2,982,510
Rebates and recoveries	1,409,775	1,783,131	10,534,874
Investment income	-	10,250	27,136
<b>Total revenues</b>	<b>44,558,783</b>	<b>43,878,200</b>	93,404,619
<b>Expenses</b>			
Information technology and telecommunications (Note 11)	24,465,293	23,735,086	49,288,072
Supply chain (Note 13)	5,660,495	5,490,452	11,248,933
Laundry (Note 12)	8,270,423	8,008,704	16,565,650
Clinical engineering (Note 14)	4,128,828	3,961,996	8,324,580
Group purchasing and strategic sourcing (Note 16)	583,887	584,004	2,630,330
Administration (Note 15)	1,994,895	1,874,855	3,810,951
<b>Total service cost</b>	<b>45,103,821</b>	<b>43,655,097</b>	91,868,516
<b>Surplus available for investment</b>	<b>(545,038)</b>	<b>223,103</b>	1,536,103
<b>Investments</b>			
Information technology	125,000	-	1,017,183
<b>Total investments</b>	<b>125,000</b>	-	1,017,183
<b>Annual surplus (deficit)</b>	<b>(670,038)</b>	<b>223,103</b>	518,920
<b>Accumulated surplus, beginning of year</b>	<b>9,888,199</b>	<b>9,888,199</b>	9,369,279
<b>Accumulated surplus, end of period</b>	<b>\$ 9,218,161</b>	<b>\$ 10,111,302</b>	\$ 9,888,199

## FacilicorpNB Ltd./Ltée

### Statement of changes in net financial debt

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

	<u>Budget</u> (unaudited)	<u>30-Sep-15</u>	<u>31-Mar-15</u>
<b>Net financial assets (debt), beginning of year</b>	\$ 127,261	\$ 127,261	\$ (267,877)
<b>Changes in year</b>			
Annual surplus (deficit)	(670,038)	223,103	518,920
Acquisition of tangible capital assets	(1,590,200)	(1,658,423)	(2,338,508)
Proceeds on disposal of tangible capital assets			
Amortization of tangible capital assets	1,329,544	1,320,845	2,229,230
Net change in prepaid expenses	-	(1,264,190)	(14,504)
(Decrease) increase in net debt	(930,694)	(1,378,665)	395,138
<b>Net (debt) financial assets, end of period</b>	\$ (803,433)	\$ (1,251,404)	\$ 127,261

## FacilicorpNB Ltd./Ltée

### Statement of cash flows

For the 6 month period ending September 30, 2015  
(with comparatives for the year ended March 31, 2015)

	<u>30-Sep-15</u>	<u>31-Mar-15</u>
<b>Operating activities</b>		
Annual surplus (deficit)	\$ 223,103	\$ 518,920
Non cash items:		
Amortization of tangible capital assets	1,320,845	2,229,230
Employee future benefits	(18,728)	215,399
Change in non-cash working capital balances related to operations:		
Accounts receivable and advances	4,293,624	1,983,418
Prepaid expenses	(1,264,190)	(14,503)
Accounts payable and accrued liabilities	(2,513,984)	218,902
Other liabilities	370,960	(205,664)
	<u>2,411,630</u>	<u>4,945,702</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,658,423)	(2,338,508)
<b>Increase in cash and cash equivalents during the year</b>	<b>753,207</b>	<b>2,607,194</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,281,905</b>	<b>1,674,711</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 5,035,112</b>	<b>\$ 4,281,905</b>

# FacilicorpNB Ltd./Ltée

## Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

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### 1. Description of business

FacilicorpNB Ltd./Ltée (the "Corporation" or "FacilicorpNB") was incorporated and commenced operations in April 2008. The sole shareholder of the Corporation was the Province of New Brunswick (the "Province"). A sole shareholder declaration governed the operations of the Corporation. The business purpose of the Corporation was to establish service efficiencies to reduce the cost of non-clinical services related to the delivery of healthcare in the Province and to reinvest the realized savings in the implementation of leading edge enabling technologies to enhance service efficiencies. The business of the Corporation was limited to providing non-clinical services to Regional Health Authorities (the "RHAs") and their agencies, the Department of Health and its agencies and provincially funded long-term care facilities (the "Healthcare Service Providers") with respect to systems that support the direct delivery of healthcare services within the Province and to assuming the ownership of the associated physical resources and responsibility for the associated human resources of the Healthcare Service Providers necessary to provide these services. Funding for the Corporation was provided by the New Brunswick Department of Health.

The Service New Brunswick Act proclaimed on October 1, 2015 combined four (4) existing entities to create a new Crown corporation named Service New Brunswick. Those four (4) existing entities being the Department of Government Services, the New Brunswick Internal Services Agency, Service New Brunswick and FacilicorpNB were dissolved. As of the proclamation date, all employees, property, claims, rights, liabilities, obligations and privileges of each of those previous entities were transferred to and became vested in Service New Brunswick.

### 2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

#### *Basis of accounting*

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal period that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal period that the events giving rise to the expenses are incurred, resources are consumed and measurable. Through the accrual basis of accounting, expenses include non-cash items such as the amortization of tangible capital assets.

#### *Basis of consolidation*

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the Corporation and its wholly owned subsidiary Contract Management Services Limited ("CMSL"). All inter-departmental and inter-entity accounts and transactions between these entities are eliminated upon consolidation.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid temporary money market instruments with original maturity dates of three months or less. Bank borrowings require the approval of the Province, and are considered to be financing activities.

## FacilicorpNB Ltd./Ltée

### Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

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## 2. Significant accounting policies (continued)

### *Prepaid expenses*

Expenditures determined to have future benefit are recorded as prepaid expenses at the end of the fiscal period and subsequently recorded as an expense in the future period or periods to which the benefit applies. Prepaid expenses consist primarily of information technology licenses and maintenance and support contracts.

### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their characteristics, the purpose for which the financial instruments were acquired or issued, and the how they are evaluated or managed.

Equity securities and derivatives quoted in an active market are required to be subsequently measured at fair value with changes recognized in the statement of remeasurement gains and losses. Currently, FacilicorpNB does not hold any equity securities or derivative positions traded in an active market.

All other financial assets and financial liabilities, including cash and cash equivalents, accounts receivable, accounts payable, and other liabilities are subsequently measured at cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

### *Tangible capital assets*

Tangible capital assets are recorded at cost, which includes the costs directly related to the acquisition, design, construction, development, betterment or improvement of tangible capital assets. Betterments or improvements, that increase or prolong the service life or capacity of the tangible capital assets, are capitalized.

Equipment purchased or constructed, other than for first time equipping of facilities, are capitalized if the cost exceeds \$100,000 and the estimated useful life exceeds one year.

Repairs and maintenance costs are recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Leasehold improvements	Life of lease – straight-line method
Building	20 years – straight line method
Paving	25 years – straight line method
Computer equipment	5 years – straight line method
Laundry equipment	15 years – straight line method
Vehicles	10 years – straight line method

## FacilicorpNB Ltd./Ltée

### Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

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## 2. Significant accounting policies (continued)

### *Funding and revenues*

Funding is provided by the Province in accordance with budget arrangements established by the Department of Health. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of financial activities as the stipulation liabilities are settled. Grants approved but not received at the end of an accounting period are accrued. Operating grants are recorded as revenue in the period to which they relate.

Revenue from laundry operations is recognized when persuasive evidence of an arrangement exists, delivery of the laundry has occurred, the price is fixed or determinable and collection is reasonably assured.

Rebate and recovery revenue is recorded on an accrual basis when collection is reasonably assured. Effective April 1, 2015 rebate revenue from RHA purchasing activity is recorded directly by the RHAs.

### *Employee future benefits*

#### Pension plan

Employees of the Corporation are members of the Province of New Brunswick Public Service Shared Risk Pension Plan. This plan provides pension benefits and other post-retirement benefits upon retirement and is the responsibility of the Province. Contributions made by the Corporation during the period totaled \$1,504,890 (March 2015- \$2,995,503).

#### Sick pay

Employees of the Corporation are entitled to sick pay benefits which accumulate but do not vest. FacilicorpNB recognizes the liability in the period in which the employee renders service.

#### Retirement allowance

Employees with continuous service of five or more years are entitled to receive a lump-sum payment equal to one week of pay for each full year of employment to a maximum of 25 weeks of pay upon retirement or as specified by collective agreements. Funding of these retirement allowances is the responsibility of the Province. Accordingly, no liability for these allowances has been recorded in these consolidated financial statements, with the exception of the amounts noted in the following paragraph.

Prior to the amalgamation date of December 31, 2009, Fundy Linen Service Inc. ("Fundy Linen") employee retirement allowances were funded by Fundy Linen. The total estimated retirement allowance payable at December 31, 2009 has been recognized as a liability. Future funding of these benefits post amalgamation is the responsibility of the Province.



## FacilicorpNB Ltd./Ltée

### Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

## 2. Significant accounting policies (continued)

### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Areas of significant estimate include the useful lives of tangible capital assets, accrued liabilities and the obligation for sick pay and retirement allowances.

## 3. Accounts receivable and advances

	<u>30-Sep-15</u>	<u>31-Mar-15</u>
Department of Health	\$ 6,757,379	\$ 9,412,150
Accounts receivable	1,934,357	2,747,136
HST receivable	132,636	935,425
Advances to employees	16,182	39,467
	<u>\$ 8,840,554</u>	<u>\$ 13,134,178</u>

Funding for the Corporation's services is provided by the Province. The amount due from the Department of Health consists principally of outstanding budget transfers less funds advanced to the Corporation during the year.

## 4. Tangible capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	
			<u>30-Sep-15</u>	<u>31-Mar-15</u>
Land	\$ 66,540	\$ -	\$ 66,540	\$ 66,540
Paving	76,863	54,556	22,307	23,290
Building	3,612,787	3,157,089	455,698	474,356
Vehicles	165,280	9,040	156,240	27,188
Equipment	19,126,848	12,823,920	6,302,928	6,034,450
Leasehold improvements	650,528	533,850	116,678	156,989
	<u>\$ 23,698,846</u>	<u>\$ 16,578,455</u>	<u>\$ 7,120,391</u>	<u>\$ 6,782,813</u>

## 5. Bank facility

The Corporation maintains an authorized line of credit of \$1,500,000 with a Canadian chartered bank, which bears interest at the bank's prime rate less 0.25%. As at September 30, 2015, no amounts were drawn on the line of credit (Mar 2015 - nil).

## FacilicorpNB Ltd./Ltée

### Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

#### 6. Accounts payable and accrued liabilities

	<u>30-Sep-15</u>	<u>31-Mar-15</u>
Accrued liabilities	\$ 3,178,775	\$ 1,415,878
Accrued payroll	3,102,632	2,680,685
Accrued vacation	2,573,540	3,124,378
Accounts payable	2,311,646	6,079,732
Due to RHAs	150,052	529,956
	<u>\$ 11,316,645</u>	<u>\$ 13,830,629</u>

#### 7. Employee future benefits

Employee future benefits consist of a sick pay obligation and a retirement allowance for certain laundry and linen employees:

	<u>30-Sep-15</u>	<u>31-Mar-15</u>
Sick pay obligation	\$ 3,109,500	\$ 3,109,500
Retiring allowance	220,636	239,364
	<u>\$ 3,330,136</u>	<u>\$ 3,348,864</u>

##### *Sick pay*

FacilicorpNB employees accumulate sick leave at varying amounts per month based on the employee group. Unused hours can be carried forward for future paid leave and employees can accumulate a maximum of 1,800 hours. An actuarial estimate for this future liability has been completed based on an actuarial valuation performed as at December 31, 2012 and extrapolated to March 31, 2015.

No material changes in the underlying assumptions have taken place that would affect the sick pay obligation in the time frame from March 31, 2015 to Sept 30, 2015.

An actuarial estimate for this future liability has been completed and forms the basis for the estimated liability reported in these consolidated financial statements.

Significant economic and demographic assumptions used in the actuarial valuation are:

	<u>30-Sep-15</u>	<u>31-Mar-15</u>
Discount rate	2.65%	2.65%
Salary growth rate	3% per annum	3% per annum
Expected average remaining service life	11 years	11 years

## FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

### 7. Employee future benefits (continued)

*Sick pay (continued)*

	<u>30-Sep-15</u>	<u>31-Mar-15</u>
Accrued sick pay obligation	\$ 3,491,000	\$ 3,491,000
Unamortized actuarial loss	<b>(381,500)</b>	(381,500)
<b>Total accrued benefit obligation for sick pay</b>	<b>\$ 3,109,500</b>	<b>\$ 3,109,500</b>

The total expenses related to the accrued obligation for other compensated balances include the following components:

	<u>31-Mar-15</u>
Current period benefit costs	\$ 431,000
Amortization of actuarial loss	9,000
Interest expense	115,000
<b>Total expenses related to the obligation</b>	<b>\$ 555,000</b>

### 8. Other liabilities

	<u>30-Sep-15</u>	<u>31-Mar-15</u>
Deferred project revenue	\$ 462,864	\$ 84,933
Future rent benefit	<b>17,425</b>	24,396
<b>Total</b>	<b>\$ 480,289</b>	<b>\$ 109,329</b>

### 9. Accumulated surplus

The terms of the sole shareholder declaration require the Corporation, if requested by the Minister of Finance of the Province of New Brunswick, to return the surplus or any portion of the surplus or accumulated surplus or any portion of accumulated surplus.

### 10. Budget figures (unaudited)

The annual budget is approved by the Board of Directors and the Department of Health. During the period the Province approved budget adjustments for operational changes.

The total funding budget consists of the following:

Initial operations budget - 6 months	\$ 38,192,142
In year adjustments	<b>2,131,798</b>
<b>Department of Health funding</b>	<b>\$ 40,323,940</b>

## FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

### 11. Information technology and telecommunications

	Budget (Unaudited)	Actual	
		30-Sep-15	31-Mar-15
Expenses			
Personnel	\$ 11,581,597	\$ 11,034,403	\$ 22,368,747
Operations and administration			
Equipment and supplies	8,723,039	8,204,214	16,555,755
Software, licenses and data charges	2,195,803	2,301,155	5,811,769
Amortization	1,144,480	1,135,857	1,871,452
Professional fees	357,603	528,242	1,727,633
Office	241,985	262,745	459,133
Telecom	182,586	230,528	439,943
Occupancy costs	38,200	37,942	52,399
Delivery costs	-	-	1,241
Total operations and administration	12,883,696	12,700,683	26,919,325
Total information technology and telecommunications	\$ 24,465,293	\$ 23,735,086	\$ 49,288,072

### 12. Laundry

	Budget (Unaudited)	Actual	
		30-Sep-15	31-Mar-15
Expenses			
Personnel	\$ 5,031,263	\$ 5,125,834	\$ 10,434,871
Operations and administration			
Equipment and supplies	1,703,496	1,553,723	3,187,437
Utilities	791,178	584,763	1,402,550
Delivery costs	416,736	425,567	903,929
Amortization	147,564	142,322	281,520
Occupancy costs	131,226	123,415	243,936
Office	22,206	21,541	46,445
Software, licenses and data charges	11,646	15,907	24,047
Telecom	15,108	15,497	31,269
Professional fees	-	135	9,646
Total operations and administration	3,239,160	2,882,870	6,130,779
Total laundry	\$ 8,270,423	\$ 8,008,704	\$ 16,565,650

## FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

### 13. Supply chain

	<b>Budget</b>	<b>30-Sep-15</b>	31-Mar-15
	<b>(Unaudited)</b>		
Expenses			
Personnel	\$ 5,362,798	\$ 5,267,956	\$ 10,755,534
Operations and administration			
Delivery costs	101,322	111,135	168,012
Telecom	40,884	30,834	77,504
Office	42,222	29,478	55,588
Equipment and supplies	54,312	24,764	174,323
Professional fees	24,109	13,707	3,699
Occupancy costs	17,268	8,613	11,909
Amortization	-	3,965	2,364
Software, licenses and data charges	17,580	-	-
Total operations and administration	297,697	222,496	493,399
Total supply chain	\$ 5,660,495	\$ 5,490,452	\$ 11,248,933

### 14. Clinical engineering

	<b>Budget</b>	<b>Actual</b>	
	<b>30-Sep-15</b>	31-Mar-15	
	<b>(Unaudited)</b>		
Expenses			
Personnel	\$ 3,948,412	\$ 3,844,635	\$ 7,847,905
Operations and administration			
Equipment and supplies	105,404	66,763	334,934
Telecom	40,200	38,516	63,207
Office	32,532	8,189	59,934
Occupancy costs	2,130	2,149	14,025
Professional fees	150	1,297	4,305
Amortization	-	447	-
Software, licenses and data charges	-	-	270
Total operations and administration	180,416	117,361	476,675
Total clinical engineering	\$ 4,128,828	\$ 3,961,996	\$ 8,324,580

## FacilicorpNB Ltd./Ltée

### Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

#### 15. Administration

	<u>Budget</u>	<u>Actual</u>	
	(Unaudited)	30-Sep-15	31-Mar-15
Expenses			
Personnel	\$ 1,596,174	\$ 1,522,238	\$ 3,013,260
Operations and administration			
Professional fees	133,852	127,545	314,105
Occupancy costs	103,398	97,629	213,447
Office expense	59,106	62,122	106,235
Amortization	37,500	38,253	75,736
Telecom	25,530	14,418	43,748
Equipment and supplies	9,185	12,380	13,346
Software, licenses and data charges	30,150	270	31,074
Total operations and administration	398,721	352,617	797,691
Total administration	\$ 1,994,895	\$ 1,874,855	\$ 3,810,951

#### 16. Group purchasing and strategic sourcing

	<u>Budget</u>	<u>Actual</u>	
	(Unaudited)	30-Sep-15	31-Mar-15
Expenses			
Personnel	\$ 516,615	\$ 453,130	\$ 936,591
Operations and administration			
Occupancy costs	54,648	51,306	94,250
Professional fees	-	49,614	24,333
Management fees	-	17,154	1,549,730
Telecom	6,270	7,148	13,731
Office	4,854	5,652	8,160
Equipment and supplies	1,500	-	3,535
Total operations and administration	67,272	130,874	1,693,739
Total group purchasing and strategic sourcing	\$ 583,887	\$ 584,004	\$ 2,630,330

#### 17. Investments

In accordance with the Corporation's sole shareholder declaration, any surplus or accumulated surplus of the Corporation shall be retained to first fund the implementation of operational efficiencies for the Corporation and then to fund the development or enhancement of information systems supporting clinical and non-clinical services or enable operational efficiencies within the health care system.

Proposed investments are presented to the Corporation's Board of Directors as part of the annual budget process.

## FacilicorpNB Ltd./Ltée

### Notes to the consolidated financial statements

For the 6 month period ending September 30, 2015

(with comparatives for the year ended March 31, 2015)

#### 18. Financial risk management

The Corporation's activities are exposed to a variety of financial risks, which include credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential effects on the Corporation's financial performance. The risk management is carried out through financial management practices in conjunction with the overall Corporation's governance.

##### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. Credit exposure is limited as the majority of counterparties are related parties within the Government of New Brunswick or chartered banks with high credit ratings monitored by national credit rating agencies.

##### *Liquidity risk*

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial obligations associated with financial liabilities. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. The Corporation also manages liquidity risk by continuously monitoring actual and budgeted cash flows. Also, the Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as large transactions. The amounts of contractual undiscounted cash flows associated with accounts payable, accrued liabilities, and other liabilities are all due within one year.

##### *Market risk*

The Corporation is not exposed to market risk.

#### 19. Related parties

##### *Province of New Brunswick*

During the period the Province provided the Corporation funding of \$41,859,407 (March 2015 - \$82,610,911).

#### 20. Commitments

The Corporation has commitments under operating leases related to technology, office space and vehicles. In addition, the Corporation has a commitment for services fees under an integrated pharmaceutical supply chain agreement.

Minimum payments for these commitments are estimated as follows:

<b>Year ending</b>	<b>Technology</b>	<b>Pharmaceutical supply chain</b>	<b>Office space</b>	<b>Vehicles</b>	<b>Total</b>
2016	\$ 5,271,000	\$ 1,502,000	\$ 168,400	\$ 18,300	\$ 6,959,700
2017	\$ 9,678,900	\$ 3,047,400	\$ 292,900	\$ 6,900	\$ 13,026,100
2018	-	3,105,900	160,900	-	3,266,800
2019	-	3,165,600	104,200	-	3,269,800
2020	-	3,226,400	42,600	-	3,269,000
2021	-	3,288,500	-	-	3,288,500
Thereafter	-	7,625,900	-	-	7,625,900
	\$ 14,949,900	\$ 24,961,700	\$ 769,000	\$ 25,200	\$ 40,705,800

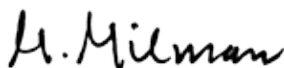
## **New Brunswick Internal Services Agency**

### **Management Report**

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the Agency. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with generally accepted accounting principles in Canada.

The Agency maintains an accounting system and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian public sector accounting standards.

These financial statements are approved by the Chief Executive Officer and the Chief Financial Officer.



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Gordon Gilman  
Chief Executive Officer



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Dan Rae, CPA, CGA  
Chief Financial Officer

Fredericton, N.B., Canada  
December 17, 2015





AUDITOR GENERAL  
OF NEW BRUNSWICK

## INDEPENDENT AUDITOR'S REPORT

To the Chief Executive Officer  
Service New Brunswick

I have audited the accompanying financial statements of New Brunswick Internal Services Agency, which comprise the statement of financial position as at September 30, 2015, and the statement of operations & change in accumulated surplus, statement of change in net financial assets and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

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

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the New Brunswick Internal Services Agency as at September 30, 2015, and the results of its operations & change in accumulated surplus, changes in its net financial assets and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Kim MacPherson, CPA, CA  
Auditor General

Fredericton, NB  
December 17, 2015

# New Brunswick Internal Services Agency

## Statement of Financial Position

As at September 30, 2015, with comparative figures as at March 31, 2015

	Sept 30 2015	March 31 2015
<b>Financial Assets</b>		
Due from Province of New Brunswick	\$ 4,194,215	\$ 8,078,715
Accounts Receivable (Note 5)	4,587,137	1,739,216
<b>Total Financial Assets</b>	<b>8,781,352</b>	<b>9,817,931</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	\$ 2,757,380	\$ 3,248,974
<b>Total Liabilities</b>	<b>2,757,380</b>	<b>3,248,974</b>
<b>Net Financial Assets</b>	<b>\$ 6,023,972</b>	<b>\$ 6,568,957</b>
<b>Non-Financial Assets</b>		
Prepaid Expenses	\$ 4,587,772	\$ 3,294,443
Inventory	87,859	79,548
Tangible Capital Assets (Note 7)	11,239,043	12,007,254
<b>Total Non-Financial Assets</b>	<b>15,914,674</b>	<b>15,381,245</b>
<b>Accumulated Surplus</b>	<b>\$ 21,938,646</b>	<b>\$ 21,950,202</b>

The accompanying notes are an integral part of these Financial Statements.

Contingent Liabilities Note 9

Lease Commitments Note 10

Subsequent Event Note 12



Gordon Gilman  
Chief Executive Officer



Dan Rae, CPA, CGA  
Chief Financial Officer

# New Brunswick Internal Services Agency

## Statement of Operations & Change in Accumulated Surplus

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

	Budget Note 3	Sept 30 2015	March 31 2015
<b>Revenues (Note 5)</b>			
Government Transfers	\$ 11,946,500	\$ 12,004,347	\$ 26,698,523
Service Delivery	11,403,985	11,575,454	22,075,389
	23,350,485	23,579,801	48,773,912
<b>Expenses</b>			
Executive Administration	300,217	596,138	532,342
Corporate Services	1,671,280	1,615,804	3,462,876
Business Development & Innovation	580,218	544,867	1,316,748
IT as a Service	11,958,522	12,053,508	24,977,708
Operations	8,840,248	8,781,040	17,627,692
	23,350,485	23,591,357	47,917,366
<b>Annual (Deficit) Surplus</b>	-	(11,556)	856,546
<b>Accumulated Surplus, Beginning of Year</b>		21,950,202	21,093,656
<b>Accumulated Surplus, End of Year</b>		\$ 21,938,646	\$ 21,950,202

## Statement of Change in Net Financial Assets

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

	Sept 30 2015	March 31 2015
<b>Net Financial Assets, Beginning of Period</b>	\$ 6,568,957	\$ 8,340,267
Annual (Deficit) Surplus	(11,556)	856,546
Acquisition of Tangible Capital Assets	(392,168)	(2,963,398)
Amortization of Tangible Capital Assets	1,160,379	1,991,320
Net Changes in Prepaid Expenses	(1,293,329)	(1,657,175)
Net Changes in Inventory	(8,311)	1,397
<b>Decrease in Net Financial Assets</b>	<b>(544,985)</b>	<b>(1,771,310)</b>
<b>Net Financial Assets, End of Period</b>	<b>\$ 6,023,972</b>	<b>\$ 6,568,957</b>

The accompanying notes are an integral part of these Financial Statements.

# New Brunswick Internal Services Agency

## Statement of Cash Flows

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

	Sept 30 2015	March 31 2015
<b>Cash and Cash Equivalents Generated by (used in):</b>		
<b>Operating Activities</b>		
Annual (Deficit) Surplus	\$ (11,556)	\$ 856,546
Amortization of Tangible Capital Assets	1,160,379	1,991,320
	<b>1,148,823</b>	2,847,866
Changes in Non-Cash Working Capital Balances		
Accounts Receivable	(2,847,921)	(626,944)
Accounts Payable and Accrued Liabilities	(491,594)	(3,306,642)
Prepaid Expenses	(1,293,329)	(1,657,175)
Inventory	(8,311)	1,397
	<b>(3,492,332)</b>	(2,741,498)
<b>Capital Activities</b>		
Acquisition of Tangible Capital Assets	(392,168)	(2,963,398)
	<b>(392,168)</b>	(2,963,398)
<b>Decrease in Cash and Cash Equivalents</b>	<b>(3,884,500)</b>	<b>(5,704,896)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>8,078,715</b>	<b>13,783,611</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 4,194,215</b>	<b>\$ 8,078,715</b>

**Cash and Cash Equivalents is represented by:**

	Sept 30 2015	March 31 2015
Due from Province of New Brunswick	\$ 4,194,215	\$ 8,078,715

The accompanying notes are an integral part of these Financial Statements.

# New Brunswick Internal Services Agency

## Notes to the Financial Statements

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

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### 1. Description of Operations

New Brunswick Internal Services Agency (hereafter referred to as the Agency) is responsible for developing and managing the delivery of shared services internal to government.

The *New Brunswick Internal Services Agency Act* was proclaimed and came into force May 1, 2010. On October 1, 2015 the Agency will merge with Service New Brunswick, FacilicorpNB and the Department of Government Services. See Note 12.

### 2. Accounting Policies

#### *General*

These financial statements are prepared by management using the Agency's accounting policies stated below, which are in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board.

#### *Cash and Cash Equivalents*

Cash and cash equivalents consists of cash on hand and amounts held by the Province of New Brunswick ("the Province") on behalf of the Agency. The Agency does not have a separate bank account; Agency expenses and revenues flow through the Province of New Brunswick's bank accounts.

#### *Asset Classification*

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but instead are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include prepaid expenses and tangible capital assets.

#### *Tangible Capital Assets*

Tangible capital assets are assets owned by the Agency which have useful lives greater than one year. For practical purposes certain dollar thresholds have been established for each asset.

Tangible capital assets are reported at cost and amortized on a straight-line basis over their estimated useful lives.

In the year of acquisition and of disposal, one-half of the annual amortization expense will be recorded.

# New Brunswick Internal Services Agency

## Notes to the Financial Statements

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

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### *Tangible Capital Assets - continued*

#### Thresholds and Amortization Rates

Class	Cost Thresholds	Amortization Rate
Buildings	\$ 100,000	40 years
Leasehold Improvements	\$ 100,000	Lease Term
Capital Leases (various classes)	As per related class	Terms of lease
Computer Hardware	\$ 30,000	Expected Life
Software Acquisition and Development	\$ 30,000	Expected Life
Motor Vehicles	\$ 15,000	5 – 10 years
Major Equipment	\$ 15,000	5 – 15 years
First Time Equipping of New Buildings	\$ 100,000	5 years
Assets Under Construction	As per related class	n/a

### *Revenue*

Service Delivery revenue is recognized on an accrual basis as earned. Amounts receivable but deemed uncollectible are recognized as bad debt expense. Government Appropriations are recognized as revenues when the transfer is authorized and when the Agency is reasonably certain of the receipt.

### *Pension Contributions*

Effective January 1, 2014 the Public Service Superannuation Act (the "PSSA") was converted and replaced by the Public Service Shared Risk Plan (PSSRP). The PSSRP is a shared risk pension plan in accordance with New Brunswick's Pension Benefits Act. Certain employees of the Agency are entitled to receive benefits under the PSSRP. This converted plan requires all employer classified full-time employees participate in this new plan, which is funded by both the employee and the employer. Employer pension contributions are paid and expensed by the Province on behalf of the Agency. The Agency is not responsible for any unfunded liability nor does it have access to any surplus with respect to its employee pensions.

The Agency's employer contributions are made by the Province as described below.

### *Agency Expenses Paid by Other Parties*

Employer expenses such as Pension contributions \$1.09 million (March 2015 - \$2.22 million), Canada Pension Plan contributions \$0.38 million (March 2015 - \$0.72 million), Retirement Allowance payments of \$0.13 million (March 2015 - \$0.28 million) and Sick Leave Accrual are paid and expensed by the Province on behalf of the Agency. These expenses and any related asset/liability balances are not presented in these financial statements. Under the agreed operating terms of the Agency, these benefit plan balances will remain obligations/assets of the Province and will not be assumed by the Agency.

In Fiscal 2014 the Province changed the Retirement Allowance plan that certain

# New Brunswick Internal Services Agency

## Notes to the Financial Statements

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

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Agency employees participate in. An option for management and non-unionized employees to elect for a payout of their accumulated retirement allowance benefit was provided. Payouts provided to the Agency employees by the Province during the year were \$0.00 (March 2015 - \$0.03 million).

### *Financial Instruments and Comprehensive Income*

Section 3450 of the Public Sector Accounting standards requires that the Agency designate its financial instruments into one of two measurement categories (i) at fair value (ii) at cost or amortized cost. All financial instruments are to be initially measured at fair value. Financial instruments classified as at fair value are subsequently measured as such, with any subsequent change recorded as revenue.

The Agency designates its financial instruments as follows:

- a) Cash and cash equivalents are classified as at fair value. Due to the nature and/or short-term maturities of these financial instruments, carrying value approximates fair value.
- b) Accounts receivable and related entity receivables are classified as at "cost or amortized cost". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Agency, the carrying value approximates fair value.
- c) Accounts payable and accrued liabilities, and related entity liabilities are classified as at "cost or amortized cost". Initial measurement is at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. For the Agency, the carrying value approximates fair value.

### *Measurement Uncertainty*

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the useful lives of tangible capital assets for amortization, allocation of costs and employee benefit accruals as well as the accrual of certain service delivery revenues. Actual results could differ from management's estimates as additional information becomes available in the future.

### *Inventory*

Inventory includes paper stock and supplies used in the Print Centre, postage on hand in Postal Services and is recorded at the lower of cost or net realizable value.

# New Brunswick Internal Services Agency

## Notes to the Financial Statements

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

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### *Prepaid Expenses*

Prepaid expenses include maintenance and support amounts which are charged to expense over the periods expected to benefit from it

### **3. Budget**

The budget figures included in these financial statements have been derived from the estimates approved by the Agency's Board of Directors.

### **4. Risk Management**

The carrying value of the Agency's financial instruments are assumed to approximate their fair amounts because of their short term to maturity.

An analysis of significant risk from the Agency's financial instruments is provided below:

#### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Accounts receivable balances as described in Note 5 are due from related entities of the Province and are considered low risk due to excellent collection history. Accounts receivable balances from external organizations are deemed insignificant to the Agency's financial statements. The Agency's maximum exposure to credit risk at September 30, 2015 is equal to the accounts receivable balance of \$4,587,137. Credit risk is not disbursed as related entities of the Province comprise a significant portion of the accounts receivable balance. Balance will transfer to new agency who will assume any credit risk.

#### b) Liquidity risk

Liquidity risk is the risk of not being able to settle or meet an obligation on time or at a reasonable price. The Agency manages liquidity risk by maintaining sufficient cash and cash equivalent balances to meet operating and capital requirements.

#### c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The Agency's management considers exposure to interest rate risk to be insignificant.

#### d) Currency risk

Currency risk arises on financial instruments denominated in a foreign currency. The Agency is exposed to currency risk on purchases and that are denominated in a currency other than the Agency's functional currency, primarily in US Dollars (USD). The Agency's foreign currency transactions are normally settled in the short term, therefore management considers exposure to currency risk to be insignificant.



# New Brunswick Internal Services Agency

## Notes to the Financial Statements

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

### 5. Related Entity Transactions

The Agency is controlled by and is economically dependent on the Province of New Brunswick.

The Statement of Financial Position contains the following Province of New Brunswick related entity amounts.

	Sept 30 2015	March 31 2015
Cash and Cash Equivalents	\$ 4,193,915	\$ 8,078,415
Accounts Receivable	4,579,565	1,721,178
Accounts Payable and Accrued Liabilities	(50,135)	(306,588)
<b>Net Due to the Agency</b>	<b>\$ 8,723,345</b>	<b>\$ 9,493,005</b>

The Statement of Operations & Change in Accumulated Surplus contains the following amounts that were received from or paid to the Province of New Brunswick related entities:

	Sept 30 2015	March 31 2015
Revenue	\$ 23,500,454	\$ 48,643,284
Expense	(1,378,570)	(2,798,698)
<b>Net Revenue</b>	<b>\$ 22,121,884</b>	<b>\$ 45,844,586</b>

### 6. Accounts Payable and Accrued Liabilities

	Sept 30 2015	March 31 2015
Regular Accounts Payables	\$ 1,447,613	\$ 2,491,370
Salary Accruals	1,007,645	302,995
Vacation Liability	302,122	454,609
	<b>\$ 2,757,380</b>	<b>\$ 3,248,974</b>

# New Brunswick Internal Services Agency

## Notes to the Financial Statements

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

### 7. Tangible Capital Assets

	Computer Hardware and Software	Leasehold Improvements	First Time Equipping of New Buildings	Assets Under Construction	Sept 30 2015 Total	March 31 2015 Total
Estimated Useful Life (Years)	Expected Life	Lease Term	5 Years	As Related Class		
<b>Cost</b>						
Opening Cost	\$ 11,608,168	\$ 4,087,427	\$ 1,794,274	\$ 561,727	\$ 18,051,596	\$ 15,088,198
Additions	40,021	-	-	352,147	392,168	2,963,397
<b>Closing Cost</b>	<b>11,648,189</b>	<b>4,087,427</b>	<b>1,794,274</b>	<b>913,874</b>	<b>18,443,764</b>	<b>18,051,595</b>
<b>Accumulated Amortization</b>						
Opening Accumulated Amortization	3,000,278	1,429,217	1,614,846	-	6,044,341	4,053,021
Amortization Expense	792,050	188,902	179,428	-	1,160,380	1,991,320
<b>Closing Accumulated Amortization</b>	<b>3,792,328</b>	<b>1,618,119</b>	<b>1,794,274</b>	<b>-</b>	<b>7,204,721</b>	<b>6,044,341</b>
<b>Net Book Value</b>	<b>\$ 7,855,861</b>	<b>\$ 2,469,308</b>	<b>\$ -</b>	<b>\$ 913,874</b>	<b>\$ 11,239,043</b>	<b>\$ 12,007,254</b>

The Assets Under Construction amount of \$913,874 represents computer hardware and software currently under development.

### 8. Expenses by Object

	Sept 30 2015	March 31 2015
Personnel Services	\$ 9,849,115	\$ 19,651,410
Other Services	11,436,211	23,171,928
Materials and Supplies	121,919	391,050
Property and Equipment	1,023,733	2,711,658
Amortization	1,160,379	1,991,320
	<b>\$ 23,591,357</b>	<b>\$ 47,917,366</b>

# New Brunswick Internal Services Agency

## Notes to the Financial Statements

For the six months ended September 30, 2015 with comparative figures for the year ended March 31, 2015

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### 9. Contingent Liabilities

The Agency does not carry general liability insurance on its assets. Any successful liability claims against the Agency and any replacement of lost or damaged property are charged to expense in the year of settlement or replacement.

### 10. Lease Commitments

The following are future minimum contractual payments for leased premises and equipment:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 3,255,449
2017	4,637,101
2018	3,767,003
2019	2,800,503
2020	2,458,403
Thereafter	10,817,488
	<u>\$ 27,735,947</u>

### 11. Comparative Figures

Certain comparative figures have been restated to conform to current year's presentation.

### 12. Subsequent Event - Dissolution

As of October 1, 2015 the New Brunswick Internal Services Agency was merged with Service New Brunswick, the Department of Government Services and FacilicorpNB. The new corporation will henceforth be known as Service New Brunswick, and will assume all the assets, liabilities, rights and obligations of the former New Brunswick Internal Services Agency, including its Accumulated Surplus balance of \$21,938,646.

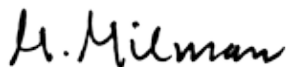
**D: Financial Statements – Service New Brunswick**  
**April 1st, 2015 to September 30th, 2015**

**MANAGEMENT REPORT**

The preparation of financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the Corporation. This responsibility includes the selection of appropriate accounting policies and making judgments and estimates consistent with generally accepted accounting principles in Canada.

The Corporation maintains an accounting system and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian public sector accounting standards.

These financial statements are approved by the Chief Executive Officer and the Chief Financial Officer.



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Gordon Gilman  
Chief Executive Officer



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Dan Rae, CPA, CGA  
Chief Financial Officer

Fredericton, N.B., Canada  
January 12, 2016

## INDEPENDENT AUDITORS' REPORT

To the President of  
**Service New Brunswick**

We have audited the accompanying financial statements of **Service New Brunswick**, which comprise the statement of financial position as at September 30, 2015, and the statements of operations, changes in net financial assets and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

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

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

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



## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Service New Brunswick** as at September 30, 2015, and the results of its operations, the changes in its net financial assets and its cash flows for the six month period then ended in accordance with Canadian public sector accounting standards.

*Ernst & Young LLP*

Saint John, N.B., Canada,  
January 12, 2016

Chartered Professional Accountants



## STATEMENT OF FINANCIAL POSITION

As at

	<b>September 30, 2015</b>	<b>March 31, 2015</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 2,622,258	\$ 22,786,919
Short-term investments	11,500,000	2,000,000
Restricted assets (Note 5)	10,129,139	12,555,314
Accounts receivable (Note 6)	2,460,844	2,692,880
Long-term investments	41,000,000	23,000,000
	67,712,241	63,035,113
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 4,051,841	\$ 5,769,783
Partner liabilities (Note 9)	4,684,766	7,240,563
Deferred receipts	7,524,837	906,958
Land titles assurance (Note 10)	5,444,373	5,314,751
Retirement allowance (Note 11b)	3,403,100	3,271,130
Early retirement incentive (Note 11c)	928,500	1,049,670
Sick leave (Note 11d)	3,582,800	3,598,000
	29,620,217	27,150,855
<b>NET FINANCIAL ASSETS</b>	<b>\$ 38,092,024</b>	<b>\$ 35,884,258</b>
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses	\$ 2,006,112	\$ 1,567,466
Tangible capital assets (Note 7)	12,864,724	13,424,055
	14,870,836	14,991,521
<b>ACCUMULATED SURPLUS</b>	<b>\$ 52,962,860</b>	<b>\$ 50,875,779</b>

Lease commitments (Note 12)  
See accompanying notes

*G. Milman*

Gordon Gilman  
Chief Executive Officer

**STATEMENT OF OPERATIONS**  
For the

	Budget, six month period ended September 30, 2015	Actuals, six month period ended September 30, 2015	Actuals, year ended March 31, 2015
<b>Revenues (Schedule 1)</b>			
Provincial services	\$ 10,356,800	\$ 10,599,463	\$ 23,374,576
Municipal services	6,075,992	6,075,992	11,775,548
Registry services	11,184,403	11,649,537	21,207,923
Products and services	2,709,716	3,058,892	4,912,804
Other revenue	475,500	564,272	1,183,442
<b>TOTAL REVENUE</b>	<u>30,802,411</u>	<u>31,948,156</u>	<u>62,454,293</u>
<b>Expenses (Schedule 1)</b>			
Personnel services	19,806,443	19,508,567	40,716,172
Space and equipment services	3,613,246	3,569,093	7,213,331
Communications and computer services	2,798,883	2,986,276	5,994,248
Professional services	2,017,768	1,654,272	3,816,680
Amortization	1,265,428	1,188,205	2,536,153
Travel and meetings	524,758	368,608	842,827
Materials and supplies	465,204	239,660	641,207
Furniture and equipment	81,055	73,485	85,491
Other	229,626	272,909	451,213
<b>TOTAL EXPENSE</b>	<u>30,802,411</u>	<u>29,861,075</u>	<u>62,297,322</u>
<b>ANNUAL SURPLUS</b>	-	<b>2,087,081</b>	<b>156,971</b>
Opening Accumulated Surplus	-	50,875,779	50,718,808
<b>Ending Accumulated Surplus</b>	\$ -	<b>\$ 52,962,860</b>	<b>\$ 50,875,779</b>

See accompanying notes



**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
For the

	Budget, six month period ended September 30, 2015	Actuals, six month period ended September 30, 2015	Actuals, year ended March 31, 2015
<b>ANNUAL SURPLUS</b>	\$ -	\$ 2,087,081	\$ 156,971
Acquisition of tangible capital assets	(552,000)	(644,209)	(1,713,788)
Amortization of tangible capital assets	1,265,428	1,188,205	2,536,153
Write-downs of tangible capital assets	-	15,335	400
	<u>713,428</u>	<u>559,331</u>	<u>822,765</u>
Acquisition of prepaid expenses	\$ -	\$ (2,006,112)	\$ (1,567,466)
Use of prepaid expenses	-	1,567,466	1,231,006
	<u>-</u>	<u>(438,646)</u>	<u>(336,460)</u>
Increase in financial assets	713,428	2,207,766	643,276
Net financial assets at the beginning of the period	35,884,258	35,884,258	35,240,982
<b>Net financial assets at the end of the period</b>	<b>\$ 36,597,686</b>	<b>\$ 38,092,024</b>	<b>\$ 35,884,258</b>

See accompanying notes

**STATEMENT OF CASH FLOWS**  
For the

	six month period ended September 30, 2015	year ended March 31, 2015
<b>Cash and cash equivalents generated by (used in):</b>		
<b>Operating transactions</b>		
Annual surplus	\$ 2,087,081	\$ 156,971
Amortization	1,188,205	2,536,153
Deferred employee benefits	(4,400)	328,370
Write-downs of tangible capital assets	15,335	400
	<u>3,286,221</u>	<u>3,021,894</u>
Changes in non-cash working capital balances:		
Accounts receivable	232,036	769,085
Prepaid expenses	(438,646)	(336,460)
Accounts payable and accrued liabilities	(1,717,942)	1,077,191
Deferred receipts	6,617,879	549,837
	<u>7,979,548</u>	<u>5,081,547</u>
<b>Capital transactions</b>		
Additions to equipment	(203,781)	(91,665)
Additions to leaseholds	-	(264,884)
Additions to system development	-	(352,422)
Net changes in work in process	(440,428)	(1,004,817)
	<u>(644,209)</u>	<u>(1,713,788)</u>
<b>Investing transactions</b>		
Purchase of long-term investment certificates	(18,000,000)	-
Maturity of long-term investment certificates	1,000,000	-
Conversion of long-term investments to short-term	(1,000,000)	-
Purchase of short-term investment certificates	(10,500,000)	-
Maturity of short-term investments	1,000,000	-
	<u>(27,500,000)</u>	<u>-</u>
<b>Net increase (decrease) in cash during the period</b>	<b>(20,164,661)</b>	<b>3,367,759</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>22,786,919</b>	<b>19,419,160</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 2,622,258</b>	<b>\$ 22,786,919</b>

See accompanying notes

**NOTES TO FINANCIAL STATEMENTS**  
**For the six month period ended September 30, 2015**

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**1. SERVICE NEW BRUNSWICK**

Service New Brunswick (hereafter referred to as “the Corporation”) is a non-taxable Crown Corporation established under the *Service New Brunswick Act* (hereafter referred to as “the Act”). Its mission is providing excellence in the delivery of government services to citizens and businesses.

The Corporation has no share capital and the Act does not provide for this. However, the Act does stipulate that any profits may be appropriated by the Crown at the discretion of the Minister of Finance. The Corporation is not subject to any externally imposed capital requirements and has the ability to borrow funds when necessary.

**2. ACCOUNTING POLICIES**

**General**

The Corporation follows Canadian Public Sector Accounting (“PSA”) standards.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

**Financial instruments**

Section 3450 of the PSA standards requires that the Corporation designate its financial instruments into one of two measurement categories (i) at fair value (ii) at cost or amortized cost. All financial instruments are to be initially measured at fair value. Financial instruments classified as at fair value are subsequently measured as such, with any subsequent change recorded as revenue in the statement of operations.

The Corporation designates its financial instruments as follows:

- a) Cash and cash equivalents, restricted assets, and short and long-term investments are classified as at fair value. Due to the nature and/or short-term maturities of these financial instruments, carrying value approximates fair value.
- b) Accounts receivable and partner receivables are classified as at “cost or amortized cost”. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Corporation, the carrying value approximates fair value.
- c) Accounts payable and accrued liabilities and partner liabilities are classified as at “cost or amortized cost”. Initial measurement is at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. For the Corporation, the carrying value approximates fair value.

**Restricted assets**

Management has segregated cash and receivables equal to the amount of Partner Liabilities (Note 9) and the amount accumulated under Land Titles Assurance (Note 10).

**Tangible capital assets**

Investments in information systems and databases and in physical assets having a value of \$5,000 or greater are capitalized and written off to income in accordance with the amortization policy.

**Revenue recognition**

Revenue is recognized on an accrual basis as earned with an offset, in the case of Corporate Registry annual filing, for fees from businesses likely to be inactive. Amounts deemed receivable but uncollectable are recognized as bad debt expense.

**Deferred revenue**

In accordance with section 3410 of the PSA standards, monies received in consideration for the development of Tangible Capital Assets such as systems are initially accounted for as deferred revenue, and recognized as revenue in the period in which the asset is completed and deployed.

**Employee benefits**

The Corporation's employees are part of a multi-employer shared risk plan, and accordingly, only current-year contributions are expensed. All other employee future benefits are considered a liability to the Corporation and are accounted for in accordance with sections 3250 and 3255 of the PSA standards (Note 11).

**Amortization**

Amortization is computed on a straight-line basis on original cost with rates as follows:

Databases and systems	depending on estimated useful life, up to 15 years
Furniture	10 years
Leasehold improvements	duration of lease up to 10 years
Equipment	5 years
Computers and software	4 years

**Measurement uncertainty**

The preparation of financial statements in accordance with Canadian PSA standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. FINANCIAL INSTRUMENT RISK

The reported values of financial instruments, which comprise cash and cash equivalents, accounts receivable, partner receivables, accounts payable and accrued liabilities, and partner liabilities, approximates fair value due to the short-term maturities of these instruments. The Corporation is not subject to significant interest rate or credit risks arising from these instruments.

Potential credit risk related to accounts receivable is low due to the fact that a significant portion of the receivable balance is due from federal or provincial government entities.

Interest income is subject to interest rate fluctuations. A change of 1% would affect interest income by an amount of approximately \$300,000.

### 4. RELATED ENTITY TRANSACTIONS

The Corporation is solely owned by the Province of New Brunswick. The Statement of Financial Position contains the following related entity amounts:

	<b>September 30, 2015</b>	<b>March 31, 2015</b>
Accounts receivable	\$ 806,425	\$ 390,737
Accounts payable	693,455	810,512
Net owed to the Corporation	<u>\$ 112,970</u>	<u>\$ (419,775)</u>

The Statement of Operations contains the following related entity amounts:

	<b>September 30, 2015</b>	<b>March 31, 2015</b>
Revenue	\$ 23,546,550	\$37,588,428
Expenses	2,029,127	2,413,473
Net revenue	<u>\$ 21,517,423</u>	<u>\$35,174,955</u>

## 5. RESTRICTED ASSETS

Restricted assets consist of the following amounts:

	<b>September 30, 2015</b>	<b>March 31, 2015</b>
Partner cash and receivables (Note 9)	\$ 4,684,766	\$ 7,240,563
Land titles assurance cash (Note 10)	5,444,373	5,314,751
	<u>\$ 10,129,139</u>	<u>\$12,555,314</u>

## 6. ACCOUNTS RECEIVABLE

	<b>September 30, 2015</b>		
	<b>Accounts receivable</b>	<b>Allowance for doubtful accounts</b>	<b>Net</b>
<b>Current</b>			
Trade	\$ 823,274	\$ 6,975	\$ 816,299
HST rebate	219,511	-	219,511
Province of New Brunswick	806,425	-	806,425
Corporate registry	57,651	373	57,278
Employee computer loans	165	-	165
Accrued interest	561,166	-	561,166
	<u>\$ 2,468,192</u>	<u>\$ 7,348</u>	<u>\$ 2,460,844</u>
	<b>March 31, 2015</b>		
	<b>Accounts receivable</b>	<b>Allowance for doubtful accounts</b>	<b>Net</b>
<b>Current</b>			
Trade	\$ 1,331,267	\$ 17,357	\$ 1,313,910
HST rebate	419,175	-	419,175
Province of New Brunswick	390,737	-	390,737
Corporate registry	74,658	-	74,658
Employee computer loans	2,028	-	2,028
Accrued interest	492,372	-	492,372
	<u>\$ 2,710,237</u>	<u>\$ 17,357</u>	<u>\$ 2,692,880</u>

The Corporation's trade accounts receivable do not represent a significant concentration of credit risk because the accounts are owed by a large number of organizations on normal credit terms. Most other receivables are deemed collectable because of the nature of the debtor or the transactions.

## 7. TANGIBLE CAPITAL ASSETS

September 30, 2015

	Computers and software	Furniture and equipment	Total equipment	Leasehold improvements	Work in process (Leaseholds)	Databases & Systems	Work in process (Systems)	Total
Estimated useful life (Years)	0-4	0-10		0-10		0-15		
<b>Cost \$</b>								
Opening cost	7,051,151	1,406,159	<b>8,457,310</b>	5,100,694	-	49,079,070	1,501,732	<b>64,138,806</b>
Additions	203,781	-	<b>203,781</b>	-	-	-	561,026	<b>764,807</b>
Disposals	-	-	-	(42,159)	-	-	-	<b>(42,159)</b>
Completions	-	-	-	-	-	-	(120,598)	<b>(120,598)</b>
<b>Closing costs</b>	<b>7,254,932</b>	<b>1,406,159</b>	<b>8,661,091</b>	<b>5,058,535</b>	<b>-</b>	<b>49,079,070</b>	<b>1,942,160</b>	<b>64,740,856</b>
<b>Accumulated amortization</b>								
Opening accumulated amortization	6,324,293	1,375,515	<b>7,699,808</b>	4,197,312	-	38,817,631	-	<b>50,714,751</b>
Amortization expense	235,385	1,823	<b>237,208</b>	149,564	-	801,433	-	<b>1,188,205</b>
Disposals	-	-	-	(26,824)	-	-	-	<b>(26,824)</b>
<b>Closing accumulated amortization</b>	<b>6,559,678</b>	<b>1,377,338</b>	<b>7,937,016</b>	<b>4,320,052</b>	<b>-</b>	<b>39,619,064</b>	<b>-</b>	<b>51,876,132</b>
<b>Net book value \$</b>	<b>695,254</b>	<b>28,821</b>	<b>724,075</b>	<b>738,483</b>	<b>-</b>	<b>9,460,006</b>	<b>1,942,160</b>	<b>12,864,724</b>

March 31, 2015

	Computers and software	Furniture and equipment	Total equipment	Leasehold improvements	Work in process (Leaseholds)	Databases & Systems	Work in process (Systems)	Total
Estimated useful life (Years)	0-4	0-10		0-10		0-15		
<b>Cost \$</b>								
Opening cost	6,959,486	1,406,159	<b>8,365,645</b>	4,835,810	900	48,726,648	496,415	<b>62,425,418</b>
Additions	91,665	-	<b>91,665</b>	264,884	-	352,422	1,358,139	<b>2,067,110</b>
Disposals	-	-	-	-	-	-	(400)	<b>(400)</b>
Completions	-	-	-	-	(900)	-	(352,422)	<b>(353,322)</b>
<b>Closing costs</b>	<b>7,051,151</b>	<b>1,406,159</b>	<b>8,457,310</b>	<b>5,100,694</b>	<b>-</b>	<b>49,079,070</b>	<b>1,501,732</b>	<b>64,138,806</b>
<b>Accumulated amortization</b>								
Opening accumulated amortization	5,860,966	1,364,531	<b>7,225,497</b>	3,934,459	-	37,018,642	-	<b>48,178,598</b>
Amortization expense	463,327	10,984	<b>474,311</b>	262,853	-	1,798,989	-	<b>2,536,153</b>
Disposals	-	-	-	-	-	-	-	<b>-</b>
<b>Closing accumulated amortization</b>	<b>6,324,293</b>	<b>1,375,515</b>	<b>7,699,808</b>	<b>4,197,312</b>	<b>-</b>	<b>38,817,631</b>	<b>-</b>	<b>50,714,751</b>
<b>Net book value \$</b>	<b>726,858</b>	<b>30,644</b>	<b>757,502</b>	<b>903,382</b>	<b>-</b>	<b>10,261,439</b>	<b>1,501,732</b>	<b>13,424,055</b>

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>September 30, 2015</u>	<u>March 31, 2015</u>
<b>Current</b>		
Trade	\$ 2,479,709	\$ 3,897,852
Salary and benefit accruals	794,416	951,183
Payroll deductions	84,261	110,236
Province of New Brunswick	693,455	810,512
	<u>\$ 4,051,841</u>	<u>\$ 5,769,783</u>

## 9. PARTNER LIABILITIES

The Corporation collects cash on behalf of the Province of New Brunswick and other business partners. The following amounts were payable to the Province and other partners at the end of the period.

Provincial receivables are short-term accounts that are collected from provincial clients and, subsequently, remitted to the Province. Efficiency NB receivables are interest-free loans issued to members of the public to finance energy efficiency improvements to their homes. These loans are administered by the Corporation on behalf of Efficiency NB and can have repayment terms of up to six years. They carry no risk to the Corporation.

	<u>September 30, 2015</u>		
	<u>Cash</u>	<u>Receivables</u>	<u>Total</u>
Efficiency NB	\$ 673,276	\$ 276,272	\$ 949,548
Other provincial	3,074,813	337,178	3,411,991
Other partners	323,227	-	323,227
	<u>\$ 4,071,316</u>	<u>\$ 613,450</u>	<u>\$ 4,684,766</u>

	<u>March 31, 2015</u>		
	<u>Cash</u>	<u>Receivables</u>	<u>Total</u>
Efficiency NB	\$ 207,032	\$ 743,294	\$ 950,326
Other provincial	5,765,198	285,998	6,051,196
Other partners	239,041	-	239,041
	<u>\$ 6,211,271</u>	<u>\$ 1,029,292</u>	<u>\$ 7,240,563</u>



**10. LAND TITLES ASSURANCE**

Under the *Land Titles Act*, the Province guarantees title to real property registered under Land Titles. The Corporation has established a charge, based on an actuarial estimate, to provide for a fund to cover potential claims pertaining to indemnification pursuant to the *Land Titles Act*. An assurance fee of \$3.00 is charged for each registration in the Land Titles registry.

	<b>September 30, 2015</b>	<b>March 31, 2015</b>
Opening balance	\$ 5,314,751	\$ 5,072,697
Assurance fees collected	<u>129,622</u>	<u>242,054</u>
Ending balance	<u>\$ 5,444,373</u>	<u>\$ 5,314,751</u>

**11. EMPLOYEE FUTURE BENEFITS**

- a) Regular employees of the Corporation are covered by the Public Service Shared Risk Plan of the Province of New Brunswick. The plan is a shared risk, multi-employer plan under which contributions are made by both the Corporation and the employees. For the period ended September 30, 2015, the Corporation expensed contributions in the amount of \$1,795,857 under the terms of the plan. The comparable amount for the year ended March 31, 2015 totalled \$3,698,196. The Corporation has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.

- b) Regular employees of the Corporation are entitled to a paid retirement allowance prior to their retirement based upon years of service. Using the 2015 valuation, the Corporation has determined the accrued actuarial obligation for this benefit to be \$3,270,100 as at September 30, 2015. At the end of this fiscal period, the Corporation had recorded a total liability of \$3,403,100 (March 31, 2015 - \$3,271,130).

	<b>September 30, 2015</b>	<b>March 31, 2015</b>
<b>Accrued benefit obligation</b>		
Opening balance	\$ 3,315,600	\$ 2,956,200
Current service cost	109,700	202,700
Interest cost on obligation	41,500	113,400
Curtailment costs	391,000	-
Benefit payments	(173,400)	(223,600)
Experience loss (gain)	(414,300)	266,900
Accrued benefit obligation	<u>\$ 3,270,100</u>	<u>\$ 3,315,600</u>

**Reconciliation of accrued benefit obligation to accrued benefit liability**

Accrued benefit obligation	\$ 3,270,100	\$ 3,315,600
Unamortized actuarial gains	(281,300)	222,430
Experience (loss) gain during period	414,300	(266,900)
Accrued benefit liability	<u>\$ 3,403,100</u>	<u>\$ 3,271,130</u>

**Accrued benefit liability**

Opening balance	\$ 3,271,130	\$ 3,195,730
Retirement allowance expense	305,370	299,000
Benefit payments	(173,400)	(223,600)
Ending balance	<u>\$ 3,403,100</u>	<u>\$ 3,271,130</u>

This estimate is based on a current service cost of 1.35% of payroll and an annual discount rate of 3.17%. The transitional obligation related to the retirement allowance is amortized on a straight-line basis over the estimated remaining service period of the employees that participate in the plan (thirteen years).

- c) The Corporation incurred a liability related to an early retirement incentive offered to employees, including those of the Corporation, by the Province of New Brunswick for the year ended March 31, 1996. The amount of the obligation and expense recorded is equal to the actuarial reduction that the employee would have otherwise had to forego, were it not for the fact that the Province waived this penalty for eligible employees. The Corporation annually reduces the recorded obligation by the amount it remits to the Province, and annually increases the obligation to match the actuarially determined estimate of the obligation. The estimate is based on an annual discount rate of 3.17%. The

benefit obligation amounted to \$928,500 as at September 30, 2015 and \$1,049,670 as at March 31, 2015.

- d) Regular employees of the Corporation are entitled to sick leave benefits which accrue but do not vest. Using the 2015 valuation, the Corporation has determined the accrued actuarial obligation for this benefit to be \$2,908,300 as at September 30, 2015. As at September 30, 2015, the Corporation had recorded a total liability of \$3,582,800 (March 31, 2015 - \$3,598,000).

	<b>September 30, 2015</b>	<b>March 31, 2015</b>
<b>Accrued benefit obligation</b>		
Opening balance	\$ 3,715,900	\$ 3,830,600
Current service cost	144,400	461,900
Interest cost on obligation	40,800	146,700
Benefit payments	(181,600)	(502,900)
Experience loss (gain)	(811,200)	(220,400)
Accrued benefit obligation	<u>\$ 2,908,300</u>	<u>\$ 3,715,900</u>
<b>Reconciliation of accrued benefit obligation to accrued benefit liability</b>		
Accrued benefit obligation	\$ 2,908,300	\$ 3,715,900
Unamortized actuarial losses	(136,700)	(338,300)
Experience (loss) gain during period	811,200	220,400
Accrued benefit liability	<u>\$ 3,582,800</u>	<u>\$ 3,598,000</u>
<b>Accrued benefit liability</b>		
Opening balance	\$ 3,598,000	\$ 3,471,200
Sick leave expense	166,400	629,700
Benefit payments	(181,600)	(502,900)
Ending balance	<u>\$ 3,582,800</u>	<u>\$ 3,598,000</u>

The estimate is based on an annual discount rate of 3.17%.

## 12. LEASE COMMITMENTS

Future minimum payments for leased premises and equipment for the next five years and thereafter are outlined in the following list:

2016	\$	1,552,832
2017		2,530,668
2018		1,908,624
2019		1,391,171
2020		797,364
Thereafter		<u>1,118,138</u>
	\$	<u>9,298,797</u>

## 13. AMALGAMATION

As of October 1, 2015, Service New Brunswick merged with the New Brunswick Internal Services Agency, the Department of Government Services and FaciliCorpNB. The new corporation will henceforth be known as Service New Brunswick, and will assume all the rights and obligations of the predecessor SNB, including its Accumulated Surplus balance of \$52,962,860.

**SCHEDULES TO FINANCIAL STATEMENTS**  
**For the six month period ended September 30, 2015**

**Schedule 1 – Statement of Operations by Segment**

	Executive administration	Corporate	Operations	Total
<b>REVENUES</b>				
Provincial services	\$ -	\$ -	\$ 10,599,463	\$ 10,599,463
Municipal services	-	-	6,075,992	6,075,992
Registry services	-	-	11,649,537	11,649,537
Products and services	-	-	3,058,892	3,058,892
Other revenue	-	557,511	6,761	564,272
<b>Total revenue</b>	<b>-</b>	<b>557,511</b>	<b>31,390,645</b>	<b>31,948,156</b>
<b>EXPENSES</b>				
Personnel services	39,401	3,388,427	16,080,739	19,508,567
Space and equipment services	657	1,995,947	1,572,489	3,569,093
Communications and computer services	961	43,529	2,941,786	2,986,276
Professional services	21,045	752,776	880,451	1,654,272
Amortization	-	150,829	1,037,376	1,188,205
Travel and meetings	9,120	35,512	323,976	368,608
Materials and supplies	2,833	13,916	222,911	239,660
Furniture and equipment	162	5,452	67,871	73,485
Other	40	197,581	75,288	272,909
<b>Total expense</b>	<b>74,219</b>	<b>6,583,969</b>	<b>23,202,887</b>	<b>29,861,075</b>
<b>Annual surplus (deficit)</b>	<b>\$ (74,219)</b>	<b>\$ (6,026,458)</b>	<b>\$ 8,187,758</b>	<b>\$ 2,087,081</b>

## Schedule 2 - Systems Development

	<b>September 30, 2015</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
Personal Property Registration	\$ 5,162,166	\$ 5,162,166	\$ -
PLANET	9,406,689	9,054,152	352,537
Customer Service Systems	6,718,690	6,718,690	-
Property Mapping	1,018,040	1,018,040	-
Enterprise Resource Planning	2,336,578	2,336,578	-
Business Registry	3,518,925	3,450,239	68,686
Infrastructure	7,862,647	6,801,337	1,061,310
E-Services	1,173,116	976,752	196,364
Rentalsman	274,157	148,533	125,624
Land Information	319,504	175,727	143,777
Vital Statistics	200,881	136,694	64,187
Historical Documents	1,554,446	1,046,044	508,402
Licensing and Permitting	873,156	251,425	621,731
Identity and Access Management	1,287,772	579,497	708,275
EVAN	7,323,997	1,728,880	5,595,117
Electronic Data Capture	48,306	34,310	13,996
	<b>\$ 49,079,070</b>	<b>\$ 39,619,064</b>	<b>\$ 9,460,006</b>

	<b>March 31, 2015</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
Personal Property Registration	\$ 5,162,166	\$ 5,162,166	\$ -
PLANET	9,406,689	8,973,461	433,228
Customer Service Systems	6,718,690	6,718,690	-
Property Mapping	1,018,040	1,018,040	-
Enterprise Resource Planning	2,336,578	2,336,578	-
Business Registry	3,518,925	3,419,413	99,512
Infrastructure	7,862,647	6,681,420	1,181,227
E-Services	1,173,116	924,256	248,860
Rentalsman	274,157	134,825	139,332
Land Information	319,504	159,752	159,752
Vital Statistics	200,881	126,650	74,231
Historical Documents	1,554,446	968,322	586,124
Licensing and Permitting	873,156	207,767	665,389
Identity and Access Management	1,287,772	515,109	772,663
EVAN	7,323,997	1,448,947	5,875,050
Electronic Data Capture	48,306	22,235	26,071
	<b>\$ 49,079,070</b>	<b>\$ 38,817,631</b>	<b>\$ 10,261,439</b>