

**Northwest Regional Service
Commission**

**Financial Statements
December 31, 2017**

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Independent Auditor's Report

**Raymond Chabot
Grant Thornton LLP**
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To the members of the board of directors of
Northwest Regional Service Commission

We have audited the accompanying financial statements of Northwest Regional Service Commission, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, statement of change in net financial assets and statement of cash flows for the year 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

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

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

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

Basis for qualified opinion

The Northwest Regional Service Commission, discloses in its liabilities an amount of \$196,055 as accrued sick leave which have not been subject to an actuarial valuation as prescribed by PS 3255. This constitutes a departure from Canadian public sector accounting standards. This has also led us to express a qualified opinion on the financial statements for the year ended December 31, 2016. The effects of this departure have not been determined. Consequently, we were unable to determine whether any adjustments to the financial position, the statement of operations, the change in net financial assets and to cash flows were necessary.

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Northwest Regional Service Commission as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants

Edmundston
Mai 31, 2018

Northwest Regional Service Commission

Statement of operations

Year ended December 31, 2017

		2017	2016
	Budget (unaudited) (note 19)	Total	Total
	\$	\$	\$
Revenue			
Member charges (Page 24)	1,042,516	1,063,285	1,005,133
Sale of services (Page 24)	300,000	335,066	268,375
Tipping fees (Page 24)	2,753,209	2,978,940	2,825,056
Government transfers		47,500	43,006
Interest		6,209	15,304
Investment income		141,786	174,943
Gain on disposal of investments		145,249	178,940
Gain on disposal of tangible capital assets		31,118	4,850
Other revenues	10,000	13,468	17,057
	<u>4,105,725</u>	<u>4,762,621</u>	<u>4,532,664</u>
Expenses			
General services (Page 25)	403,616	360,602	381,640
Collaborative services and regional planning (Page 26)	50,000	54,404	79,237
Local planning services (Pages 26 - 27)	958,410	884,478	830,964
Solide waste services (Pages 28 - 29)	3,269,987	2,923,394	2,743,176
Generation facility (Page 30)	346,639	317,197	341,213
Other shared services (Page 30)	37,375	37,375	37,556
	<u>5,066,027</u>	<u>4,577,450</u>	<u>4,413,786</u>
Annual surplus (deficit) (Note 17)	<u>(960,302)</u>	185,171	118,878
Accumulated surplus, beginning of year		<u>8,801,821</u>	<u>8,682,943</u>
Accumulated surplus, end of year		<u><u>8,986,992</u></u>	<u><u>8,801,821</u></u>

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

Northwest Regional Service Commission

Statement of Change in Net Financial Assets

Year ended December 31, 2017

		2017	2016
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	(960,302)	185,171	118,878
Acquisition of tangible capital assets	(750,000)	(713,524)	(1,269,057)
Proceeds on disposal of tangible capital assets		31,118	4,850
Amortization of tangible capital assets	1,004,801	725,518	629,827
Gain on disposal of tangible capital assets		(31,118)	(4,850)
	254,801	11,994	(639,230)
Acquisition of prepaid expenses		(3,536)	(30,435)
Use of prepaid expenses		30,435	15,436
	-	26,899	(14,999)
Increase (decrease) in net financial assets	254,801	224,064	(535,351)
Net financial assets, beginning of year	1,049,093	1,049,093	1,584,444
Net financial assets, end of year	1,303,894	1,273,157	1,049,093

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

Northwest Regional Service Commission

Statement of Cash Flows

Year ended December 31, 2017

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	185,171	118,878
Non-cash items		
Amortization of tangible capital assets	725,518	629,827
Gain on disposal of investments	(145,249)	(178,940)
Gain on disposal of tangible capital assets	(31,118)	(4,850)
Changes in working capital items		
Trade and other receivables	132,165	96,628
Trade payables and other operating liabilities	(155,472)	18,390
Deferred revenues		(60,534)
Accrued sick leave	37,326	(27,921)
Accrued closure and post-closure costs	142,565	138,550
Prepaid expenses	26,899	(15,000)
Cash flows from operating activities (a)	917,805	715,028
CAPITAL ACTIVITIES		
Tangible capital assets	(713,524)	(1,269,057)
Disposal of tangible capital assets	31,118	4,850
Cash flows from tangible capital activities	(682,406)	(1,264,207)
FINANCING ACTIVITIES		
Net change in bank loan	(62,519)	28,356
Long-term debt		1,000,000
Repayment of long-term debt	(195,000)	(401,000)
Cash flows from financing activities	(257,519)	627,356
Increase (decrease) in cash before investment activities	(22,120)	78,177
INVESTMENT ACTIVITIES		
Term deposits	(58,351)	(55,599)
Purchase of investment funds	(2,687,192)	(2,895,154)
Proceeds from investment funds	3,040,401	2,816,815
Cash flows from investing activities	294,858	(133,938)
Increase (decrease) in cash and cash equivalents	272,738	(55,761)
Cash, beginning of year	992,731	1,048,492
Cash, end of period	1,265,469	992,731

(a) Interest received during the year amounts to \$5,363 (\$19,609 as at December 31, 2016). Interest paid during the year amounts to \$22,388 (\$23,043 as at December 31, 2016).

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

Northwest Regional Service Commission

Statement of Financial Position

December 31, 2017

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash (Note 3)	1,265,469	992,731
Trade and other receivables		
Receivables	353,648	474,176
Sales tax receivable	34,653	36,393
Province of New-Brunswick	28,000	38,000
Accrued interest	17,952	17,106
Accounts receivable from employees, government's prescribed rate		743
Note receivable (Note 4)	25,000	25,000
Investments (Note 5)	3,924,362	4,073,971
	<u>5,649,084</u>	<u>5,658,120</u>
LIABILITIES		
Bank loan (Note 6)	48,503	111,022
Trade payables and other operating liabilities (Note 7)	186,145	341,617
Accrued sick leave (Note 8)	196,055	158,729
Long-term debt (Note 9)	805,000	1,000,000
Accrued closure and post-closure costs (Note 10)	3,140,224	2,997,659
	<u>1,273,157</u>	<u>1,049,093</u>
NET FINANCIAL ASSETS		
	<u>1,273,157</u>	<u>1,049,093</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	23,989,183	23,730,444
Accumulated amortization	16,278,884	16,008,151
	<u>7,710,299</u>	<u>7,722,293</u>
Prepaid expenses	3,536	30,435
	<u>7,713,835</u>	<u>7,752,728</u>
ACCUMULATED SURPLUS	<u>8,986,992</u>	<u>8,801,821</u>

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

On behalf of the Board

Director

Director

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Northwest Regional Service Commission mandate is to provide or facilitate the provision of regional planning services and solid waste disposal services to all its members and to provide a land use planning service to its members of the local service districts. The Commission also serves as a forum where its members can take cooperative actions regarding efficiency and effectiveness of police services; coordination and pooling of resources to provide emergency interventions; planning, financing and implementing regional initiatives; and facilitating shared administrative, financial or other services.

2 - SIGNIFICANT ACCOUNTING POLICIES

The Commission's financial statements are based on the administration's observations, disclosed in accordance with Generally Accepted Accounting Principles for local administrations, as recommended by the CPA Canada Public Sector Accounting handbook.

The financial statements presented on a PSAB basis pertain mainly to the financial situation of the Commission and to its changes. The statement of financial position includes all assets and liabilities of the Commission.

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

Reporting entity

The financial statements reflect the assets, liabilities, revenues, expenses and changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Commission and which are owned by the Commission.

All interdepartments transactions and balances have been eliminated.

Budget

The budget figures contained in these financial statements were approved by the Board on November 23, 2016.

Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, the accompanying notes and the schedules. These estimates are based on management's best knowledge of current events and actions that the Commission may undertake in the future. Actual results may differ from these estimates.

Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenses are not incurred are included in deferred revenues.

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Unrestricted revenues are recorded on an accrual basis and are recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other revenues are recognized when they are realized.

Cash and cash equivalents

The Commission's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets acquired are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or improvement of the asset. The cost of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows.

Tangible capital assets contribution

Tangible capital assets received as contributions are recognized at their fair value at the reception date and also recognized as revenues.

	Methods	Rates and periods
Land improvements	Straight-line	40-50 years
Leasehold improvements	Straight-line	10 years
Generation facility	Straight-line	40 years
Buildings	Straight-line	40 years
Landfill cells	Straight-line	2 years
Equipment	Straight-line and diminishing balance	5-20 years and 30%
Generation equipment	Straight-line	8-12 years
Vehicles	Straight-line	6 years
Hardware	Diminishing balance	50%
Software	Diminishing balance	50%

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Post employment benefits

The Commission has a sick leave benefit as documented in note 8.

Segment disclosures

The Commission is a diversified commission that provides a wide range of services. For management reporting purposes, the Commission's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. The services are provided by departments as follows:

General services

This department is responsible for the Commission's management. This includes governance, general and financial management as well as legal matters.

Collaborative services and regional planning

This department is responsible for preparing a regional plan aiming to better coordinate and manage planning and land use in each region. More specifically, the regional plan will focus on strategies that foster sustainable development practices, that encourage planning coordination between communities, that influence and guide the location of significant infrastructure (major roadways, facilities, trails), and that enhance coordination of commercial / industrial development. The regional plan will also serve as an important tool in better managing, protecting and harmonizing urban and rural landscapes and resources.

Solid waste services

This department is responsible for providing solid waste disposal services to the Municipalities, Rural Communities and Local Service Districts within the Commission's territory. This includes the operation of the landfills and transfer stations, as well the coordination of various recycling programs, the handling of hazardous waste and the promotion of composting.

Local planning services

This department is responsible for providing land use planning services to all Municipalities and Local Service Districts within the Commission's territory. This function includes the development of rural plans, the administration and enforcement of the plans, the issuance of building permits, conducting building inspections and the approval of subdivisions. The Commission encourages Local Service Districts to develop common integrated plans, where possible and appropriate. Municipalities, Communities and Rural Community obtain their local planning services from the Commission except for the City of Edmundston, the Town of Grand Falls and the Village of Drummond.

Generation facility

This department is responsible for generation of electricity.

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The Commission uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates, except those recognized at fair value, which are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the exchange rate in effect on the date they are recognized. The related exchange gains and losses are recognized in earnings for the year.

3 - CASH

	2017	2016
	\$	\$
Cash - restricted	1,345,333	999,257
Cash (bank overdraft) - unrestricted	(79,864)	(6,526)
	<u>1,265,469</u>	<u>992,731</u>

4 - NOTE RECEIVABLE

The Northwest Regional Service Commission has lent \$25,000 to Coopérative d'Énergie Renouvelable du Nord-Ouest Inc. ("CERNO"). This advance will be redeemable under the following terms:

CERNO will make payments when it declares, in an annual general meeting, dividends to its members. The payment will amount to no less than 25% of the dividends declared at the annual general meeting.

In lieu of interest, the Northwest Regional Service Commission will receive the same percentage declared by CERNO as dividend at its annual general meetings.

5 - INVESTMENTS

	2017	2016
	\$	\$
Fixed term deposit, 4.95%, maturing in September 2018	1,237,167	1,178,816
Investment funds (market value of \$3,187,791; \$3,200,958 as at December 31, 2016)	2,687,195	2,895,155
	<u>3,924,362</u>	<u>4,073,971</u>

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

6 - SHORT TERM BORROWING COMPLIANCE

Operating borrowing

As prescribed in the Regional Service Delivery Act, borrowing to finance operating expenses is limited to 5% of the amount budgeted for that service. With respect to a solid waste management service, the Commission shall not borrow for operating expenses more than 25% of the amount budgeted for that service. The Commission has ministerial authority for short term borrowing of a maximum amount of \$800,000 that bears interest at prime plus 1% (4.2%; 3.7% at December 31, 2016). In 2017, the Commission has complied with these restrictions.

Interfund borrowing

The Municipal Financial Reporting Manual requires that short-term interfund borrowings be repaid in next year unless the borrowing is for a capital project. The amounts payable between funds are not in compliance with the requirements.

7 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2017	2016
	\$	\$
Accounts payable and accrued liabilities	70,989	111,095
Salaries and vacation payable	63,541	166,498
Accrued interest	871	1,026
Amounts payable to Local Service Districts and municipalities	50,744	62,998
	<u>186,145</u>	<u>341,617</u>

8 - ACCRUED SICK LEAVE

The Northwest Regional Service Commission offers to employees sick leave that accumulates at 1.25 day per month for full-time administrative and non-administrative employees. Employees covered by this benefit may accumulate a maximum of 120 days. An employee can take a leave with pay for a duration equal to his accumulated sick leave.

Sick leave is recognized on an accrual basis according to the employees' accumulated hours and their respective hourly rate. As at December 31, 2017, the total of hours payable to employees by the Commission was 6,075. The recognized liability as at December 31, 2017 amounts to \$196,055 (\$158,729 as at December 31, 2016).

The sick leave is an unfunded benefit. As such, there are no applicable assets. Benefits are paid out of general revenue as they come due. As this benefit has not been valued by an actuary, the liability has been valued according to the actual days accumulated by the employees.

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

9 - LONG TERM DEBT

New-Brunswick Municipal Finance Corporation

	2017	2016
	\$	\$
BP39 1.2% - 2%, due 2021, OIC 16-0002 and OIC 16-0044	<u>805,000</u>	<u>1,000,000</u>

The estimated instalments on long-term debt for the next years are \$197,000 in 2018, \$200,000 in 2019, \$202,000 in 2020 and \$206,000 in 2021.

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

10 - ACCRUED CLOSURE AND POST-CLOSURE COSTS

A liability has been recognized in the financial statement for closure and post-closure costs on a capacity used basis. Expenses that will be incurred may include final cover and vegetation; completing facilities for: drainage control features; leachate, water quality and gas monitoring as well as recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste and may include: treatment of leachate; monitoring leachate, gas, ground and surface water; recovery of gas and ongoing maintenance of various control systems, drainage systems, and final cover.

The current value of the future cash flows for closure and post-closure activities amounts to \$45,680,751 and \$3,140,224 is recognized in the financial statements as at December 31, 2017. The Commission estimates the total landfill capacity at 2,500,000 tons of which 997,178 tons have been used. The discount rate used is 5%, the average rate on the Province of New-Brunswick long-term investments. The estimated duration of the post-closure activities is 50 years. A cash amount of \$3,924,362 has been restricted for this purpose. The activities relating to this account are as follows:

	2016	2015
	\$	\$
Balance at the beginning	4,073,971	3,761,092
Interest received	58,351	55,599
Reinvested investment income	205,185	207,280
Disposal for the year	(413,145)	
Contribution from Solide waste services		50,000
	<u>3,924,362</u>	<u>4,073,971</u>

This liability is funded with a term deposit and investment funds as described below:

	2016	2015
	\$	\$
Fixed term deposit, 4.95%, maturing in September 2018	1,237,167	1,178,816
Investment funds (market value of \$3,187,791; \$3,200,958 as at December 31, 2016)	<u>2,687,195</u>	<u>2,895,155</u>
	<u>3,924,362</u>	<u>4,073,971</u>

Northwest Regional Service Commission Notes to Financial Statements

December 31, 2017

11 - CONTINGENCY

During the year, a lawsuit with the maximum amount of \$12,500 has been filed against the Commission as a result of damage incurred by a refusal of an application for non-conforming use. According to these allegations, the refusal would have been based on prejudices instead of the application's content. In the opinion of the legal advisor, it is not possible to determine the outcome of the dispute and, if applicable, the amount the Commission might be required to pay. Accordingly, no provision has been recorded in the financial statements.

12 - COMMITMENT

The Commission entered into long-term lease agreements, maturing at different dates between March 2018 and February 2021, which call for lease payments of \$235,190 for the rental of premises and office equipment. Minimum lease payments for the next four years are \$91,081 in 2018, \$64,840 in 2019, \$67,746 in 2020 and \$11,523 in 2021.

13 - REPORTING TO THE PROVINCE OF NEW-BRUNSWICK

The Northwest Regional Service Commission complies with PSAB accounting standards. The Commission is also required to comply with Municipal Financial Reporting Manual prescribed by the Province of New-Brunswick ("PNB").

Note 17 presents a reconciliation between fund reporting required by PNB and current year PSAB.

14 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

Northwest Regional Service Commission
Notes to Financial Statements
December 31, 2017

15 - CAPITAL TANGIBLE ASSETS

	Land	Land improvements	Generation facility	Buildings	Cells	Equipments	Equipment for generation	Vehicles	Hardware	Software	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Balance beginning of year	76,916	5,272,935	1,675,249	1,263,088	8,175,292	1,203,351	1,708,716	4,266,250	25,258	63,389	23,730,444	23,876,496
Add												
Net additions during the year			45,020		163,413	402,886		102,205			713,524	1,269,057
Less												
Disposals during the year						284,429		170,356			454,785	1,415,109
Balance, end of year	76,916	5,272,935	1,720,269	1,263,088	8,338,705	1,321,808	1,708,716	4,198,099	25,258	63,389	23,989,183	23,730,444
Accumulated amortization												
Balance, beginning of year		2,091,496	178,865	572,093	7,927,850	1,074,340	811,419	3,265,474	23,299	63,315	16,008,151	16,793,433
Add												
Amortization during the year		109,743	42,449	31,577	79,238	57,792	163,343	240,358	979	39	725,518	629,827
Less												
Accumulated amortization on disposals						284,429		170,356			454,785	1,415,109
Balance, end of year		2,201,239	221,314	603,670	8,007,088	847,703	974,762	3,335,476	24,278	63,354	16,278,884	16,008,151
Net book value capital tangible assets	76,916	3,071,696	1,498,955	659,418	331,617	474,105	733,954	862,623	980	35	7,710,299	7,722,293
Consists of:												
Collaborative services and regional planning						32,409			980	35	33,424	97,768
Solid waste services	76,916	3,071,696	1,498,955	659,418	331,617	441,696	733,954	862,623			5,443,966	5,230,844
Generation facility						474,105	733,954	862,623	980	35	2,232,909	2,393,681
	76,916	3,071,696	1,498,955	659,418	331,617	474,105	733,954	862,623	980	35	7,710,299	7,722,293

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

16 - SCHEDULE OF SEGMENT DISCLOSURE

	General services	Collaborative services and regional development	Solid waste services	Local planning services	Generation facility	Other shared services	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Member charges		116,445		909,465		37,375	1,063,285	1,005,133
Sales of services			8,643	9,791	316,632		335,066	268,375
Tipping fees			2,978,940				2,978,940	2,825,056
Governmental transfers			28,000	19,500			47,500	43,006
Interest			6,209				6,209	15,304
Investment income			141,786				141,786	174,943
Gain on disposal of investments			145,249				145,249	178,940
Gain of disposal of tangible capital assets			31,118				31,118	4,850
Other revenues			11,735	1,733			13,468	17,057
		116,445	3,351,680	940,489	316,632	37,375	4,762,621	4,532,664
Expenses								
Salaries and benefits	273,996	29,972	949,364	613,136	22,555		1,889,023	1,899,877
Goods and services	86,606	24,432	1,444,379	259,035	88,850		1,903,302	1,823,682
Amortization of tangible capital assets			507,418	12,307	205,792		725,517	629,828
Interest			22,233				22,233	22,843
Others						37,375	37,375	37,556
	360,602	54,404	2,923,394	884,478	317,197		4,577,450	4,413,786
Annual surplus (deficit)	(360,602)	62,041	428,286	56,011	(565)		185,171	118,878

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

17 - RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)

	Collaborative services operating fund	Solid waste service operating fund	Solid waste service capital fund	Local planning operating fund	Local planning capital fund	Generation facility operating fund	Generation facility capital fund	Reserve funds (note 18)	Total
Annual surplus (deficit)	\$ 2,433	\$ 687,931	\$ (507,419)	\$ 12,564	\$ (12,307)	\$ 205,156	\$ (205,792)	\$ 2,605	\$ 185,171
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus (deficit)	264	310,905		24,292		(100,126)			235,335
Transfers between funds									
Solid waste service operating fund to solid waste service capital fund			307,271						
Generation facility operating fund to generation facility capital fund		(307,271)				(45,020)	45,020		
Local planning operating fund to local planning capital fund				(10,724)	10,724				
Solid waste service operating fund to solid waste service capital assets reserve		(200,000)						200,000	
Local planning operating fund to local planning capital assets reserve				(25,000)				25,000	
Generation facility operating fund to generation facility capital assets reserve						(55,834)		55,834	
Solid waste service capital fund to solid waste capital assets reserve			350,508					(350,508)	
Principal payments on long-term debt		(220,000)	220,000		12,307		205,792		725,518
Amortization expense			507,419						
Total adjustments annual (deficit)	264	(416,366)	1,385,198	(11,432)	23,031	(200,960)	250,812	(69,674)	960,853
Annual fund surplus (deficit)	2,697	271,565	877,779	1,132	10,724	4,176	45,020	(67,069)	1,146,024

Northwest Regional Service Commission Notes to Financial Statements

December 31, 2017

18 - STATEMENT OF RESERVES

	Solid waste service capital assets reserves	Generation facility capital assets reserve	Local planning capital assets reserve	General local planning reserve	2017	2016
	\$	\$	\$	\$	\$	\$
Assets						
Cash						
Amount receivable from general operating fund	1,108,296	111,787	65,082	60,168	1,345,333	999,257
Amount receivable from general capital fund	16,251				16,251	16,251
						413,145
Accumulated surplus	<u>1,124,547</u>	<u>111,787</u>	<u>65,082</u>	<u>60,168</u>	<u>1,361,584</u>	<u>1,428,653</u>
Revenue						
Transfers from solid waste operating fund	200,000				200,000	150,000
Transfers from generation facility operating fund		55,834	25,000		55,834	40,000
Transfers from local planning operating fund					25,000	
Transfers from solid waste service capital assets reserve					66	
Exchange gain		21			21	
Interest	2,457	50	31	46	2,584	1,724
	<u>202,457</u>	<u>55,971</u>	<u>25,031</u>	<u>46</u>	<u>283,505</u>	<u>191,724</u>
Expenses						
Transfer from solid waste capital fund	350,508				350,508	150,496
Transfer from generation facility fund	66				66	
Transfer from local planning fund						46,000
	<u>350,574</u>				<u>350,574</u>	<u>196,496</u>
Annual surplus (deficit)	<u>(148,117)</u>	<u>55,971</u>	<u>25,031</u>	<u>46</u>	<u>(67,069)</u>	<u>(4,772)</u>

The balance of the general local planning reserve does not respect the 5% limit of the budgeted expenditures for the previous fiscal year under the Province of New Brunswick Regulation 97-145.

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

18 - STATEMENT OF RESERVES (Continued)

Board resolution regarding transfers to and from reserves:

Upon motion duly made by Mrs. Nicole Somers, seconded by Mrs. Francine Caron and unanimously carried, it was resolved for the solid waste management sector, that whereas our closure fund does not require any more transfers because the assets exceed the liabilities, as stipulated in the recommendations on deficiencies in internal control in our report to governance authorities; and whereas the revenue generated by this fund exceed the usual annual transfer of \$50,000, NWRSC authorize the transfer of \$413,145 from the closure fund to the operating fund. Also, as stipulated for several years in the recommendations on deficiencies in internal control in our report to governance authorities, NWRSC authorize the transfert of \$413,145 from the operating fund to the capital fund.

This transfer will be approved by two signing officers, Messrs. Pierre Michaud and François Picard. Subsequently, since the excavator has undergone a major mechanical failure and is no longer able to operate on the site, this transfer to the capital fund will be used for the acquisition of the new excavator. The latter was budgeted for 2018. The NWRSC authorized the acquisition of the excavator in 2017, which will allow the continuity of the operations on the site and we will save this amount of the 2018 budget.

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on June 1st, 2017.



Name



Date

General Manager,

Northwest Regional Service Commission

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

18 - STATEMENT OF RESERVES (Continued)

Upon motion duly made by Mr. Cyrille Simard, seconded by Mr. Marcel Deschênes and unanimously carried, it was resolved for the solid waste management sector, that the NWRSC authorize the transfer from the capital reserve fund from RBC account 00774 100-677-4 to the current account at the Caisse populaire folio 29434 EOP in the amount of \$350,508.40 as reimbursement for the new excavator that was paid out of the current account, 29434 EOP by cheque #6063 on August 16, 2017.

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on November 22, 2017.

 31 mai 2018

Name


Date

General Manager,

Northwest Regional Service Commission

Upon motion duly made by Mr. Cyrille Simard, seconded by Mr. Marcel Deschênes and unanimously carried, it was resolved for the solid waste management sector, that since a surplus is anticipated in the solid waste management sector, the Commission agree to transfer \$50,000 from the NWRSC's account, folio 29434, to the Manulife Securities closure fund. Members had already approved this amount at the general meeting held on November 23, 2016, as indicated in the 2017 budget. The work was done as per information received from the directors of each sector. The closure fund is in a surplus position, so it was proposed that the \$50,000 be transferred to the capital reserve fund for the 2017 fiscal year.

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on November 22, 2017.

 31 mai 2018

Name

Date

General Manager,

Northwest Regional Service Commission

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

18 - STATEMENT OF RESERVES (Continued)

Upon motion duly made by Mr. Cyrille Simard, seconded by Mr. Marcel Deschênes and unanimously carried, it was resolved for the solid waste management sector, that since surplus is anticipated in the solid waste management sector, the Commission agree to transfer \$150,000 from the NWRSC's account, folio 29434 to the capital reserve fund in the Royal Bank of Canada, account 005 00774-1006774. Members had already approved an amount of \$100,000 at the general meeting held on November 23, 2016, as indicated in the 2017 budget. The work was done as per information received from the directors of each sector.

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on November 22, 2017.

Name

Date

General Manager,

Northwest Regional Service Commission

Upon motion duly made by Mr. Cyrille Simard, seconded by Mr. Marcel Deschênes and unanimously carried, it was resolved for the biogas sector, that since a surplus is anticipated in the Biogas sector (electrical generation), the Commission agree to transfer \$55,834 from the NWRSC's account, folio 29434 to the Biogas reserve fund in the Royal Bank of Canada, account 00774-100-678-2. Members had already approved an amount of \$55,834 at the general meeting hold on November 23, 2016, as indicated in the 2017 budget. The work was done as per information received from the directors of each sector.

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on November 22, 2017.

Name

Date

General Manager,

Northwest Regional Service Commission

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

18 - STATEMENT OF RESERVES (Continued)

Upon motion duly made by Mr. Cyrille Simard, seconded by Mr. Marcel Deschênes and unanimously carried, it was resolved for the planning service that, if a budget surplus occurs in the planning sector, the Commission authorize future transferts from the NWRSC's current account, folio 29434, into the following pre-existing reserve funds :

- Operations reserve fund, folio 10254 ES-1
- Capital reserve fund, folio 10254 ES-2
- Legal fee reserve fund, folio 10254 ES-3
- Special projects reserve fund, folio 10254 ES-4

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on November 22, 2017.

 31 mai 2018

Name

Date


General Manager,

Northwest Regional Service Commission

Upon motion duly made by Ms. Nicole Somers, seconded by Mr. Louis Chouinard and unanimously carried, it was resolved for the governance sector, that the NWRSC authorize the closure of account RBC, folio #400-109-5 and transfer of the balance of \$64.77 to account RBC folio #100-678-2 on March 13, 2017, to avoid inactive account fees of \$20.

That the NWRSC authorize the closure of account RBC, folio #400-160-8 and transfer of the balance of \$1.48 to account RBC folio #100-678-2 on March 13, 2017, to avoid inactive account fees of \$20.

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on September 27, 2017.

 31 mai 2018

Name

Date

General Manager,

Northwest Regional Service Commission

Northwest Regional Service Commission

Notes to Financial Statements

December 31, 2017

19 - OPERATING BUDGET TO PSAB BUDGET

	General services	Collaborative services and regional development	Local planning services	Solid waste services	Generation facility	Other shared services	Amortization of tangible capital assets	Transfers	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Member charges		116,445	888,696			37,375			1,042,516
Sale of services					300,000				300,000
Tipping fees				2,753,209					2,753,209
Transfers	403,616		46,000					(449,616)	
Second previous year's surplus		264	24,292	310,905				(335,461)	
Other revenues			50,000	10,000				(50,000)	10,000
	403,616	116,709	1,008,988	3,074,114	300,000	37,375		(835,077)	4,105,725
Expenses									
Governance	36,000	66,709	62,316	274,591				(36,000)	403,616
Administration	367,616		144,084	500,415	16,950			(1,029,065)	50,000
Regional development		50,000							
Other services offered to all members									
Generation facility					127,090				
Local planning services			801,986				202,599	16,950	346,639
Solid waste services				1,887,108			11,738	144,686	958,410
Interest				29,500			790,464	592,415	3,269,987
Other financial expense			602	12,500			(29,500)	(13,102)	
Repayment of long-term debt				220,000				(220,000)	
Transfer from solid waste services to capital assets reserve				100,000				(100,000)	
Transfer from generation facility to general reserve fund					55,834			(55,834)	
Closure fund				50,000				(50,000)	
Previous year's deficit					100,126			(100,126)	
Other services						37,375			37,375
	403,616	116,709	1,008,988	3,074,114	300,000	37,375	1,004,801	(879,576)	5,066,027
							(1,004,801)	44,499	(960,302)

Northwest Regional Service Commission

Schedules

Year ended December 31, 2017

		2017	2016
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
MEMBERS CHARGES			
Collaborative services and regional development	116,445	116,445	145,943
Local planning services	888,696	909,465	821,634
Other shared services	37,375	37,375	37,556
	<u>1,042,516</u>	<u>1,063,285</u>	<u>1,005,133</u>
SALES OF SERVICES			
Local planning services		9,791	12,964
Solid waste services		8,643	3,886
Generation facility	300,000	316,632	251,525
	<u>300,000</u>	<u>335,066</u>	<u>268,375</u>
TIPPING FEES			
User charges	2,648,209	2,695,572	2,656,076
Collection	85,000	262,811	154,048
Construction and demolition	20,000	20,557	14,932
	<u>2,753,209</u>	<u>2,978,940</u>	<u>2,825,056</u>

Northwest Regional Service Commission

Schedules

Year ended December 31, 2017

		2017	2016
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
GENERAL SERVICES			
Governance			
Board members			
Fees	18,500	13,059	11,475
Travels	10,000	6,190	5,831
Training	1,500	1,121	
Other	6,000		875
	<u>36,000</u>	<u>20,370</u>	<u>18,181</u>
Administration			
Senior management			
Salaries and fringe benefits	289,016	273,996	275,457
Group insurance		20,943	18,183
Travels	12,000	7,302	7,408
Training	1,000	285	290
	<u>302,016</u>	<u>302,526</u>	<u>301,338</u>
Other administrative services			
Advertising	2,000	2,398	4,285
Miscellaneous consumables and supplies	4,000	4,228	5,218
Telecommunications	9,000	4,599	5,114
Printing and photocopies	5,000	4,065	7,175
Translation fees	1,000	2,021	3,561
Professional fees	26,800	3,757	22,107
Hardware and software	5,800	5,008	3,591
Rent	12,000	11,630	11,070
	<u>65,600</u>	<u>37,706</u>	<u>62,121</u>
	<u>403,616</u>	<u>360,602</u>	<u>381,640</u>

Northwest Regional Service Commission

Schedules

Year ended December 31, 2017

		2017	2016
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
COLLABORATIVE SERVICES AND REGIONAL PLANNING			
Salaries and fringe benefits		29,972	58,818
Administration		3,392	1,321
Travel		667	1,849
Training			88
Leasing fees		16,605	11,117
Advertising		33	554
Telecommunications		2,537	1,803
Professional fees			279
Association fees and subscriptions		444	104
External contracts and services	50,000	212	1,006
Maintenance and repair		542	582
Insurance			1,716
	<u>50,000</u>	<u>54,404</u>	<u>79,237</u>
LOCAL PLANNING SERVICES			
Administration			
Insurances	6,574	9,561	7,292
Professional fees	2,000	373	1,706
Legal fees	1,500	6,748	
Rent and building occupancy expenses	92,550	66,421	68,091
Miscellaneous consumables and supplies	6,000	2,708	5,022
Printing and photocopies	3,500	7,086	3,127
Telecommunications	12,000	10,147	11,060
Post	2,000	1,585	774
Parking	3,600	2,666	2,995
Equipment leasing	560	141	85
Maintenance and repair	2,000	1,766	2,675
Advertising	3,500	3,086	3,305
Association fees and subscription	1,360	776	916
External contract and service	8,000	10,383	6,257
	<u>145,144</u>	<u>123,447</u>	<u>113,305</u>

Northwest Regional Service Commission

Schedules

Year ended December 31, 2017

		2017	2016
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
Planning services			
Salaries and fringe benefits	422,103	385,549	363,893
Group Insurance	29,331	30,061	23,757
Travels	12,000	12,455	8,175
Insurance	10,500	9,633	10,548
Training	1,100	383	538
Maps and documents	600		72
Planning advisory committee	5,000	6,227	7,155
Equipment and furniture	3,500	4,899	706
Conference and convention	10,000	5,451	21
Hardware and Software	1,500	2,190	56
Others	500	79	1
	<u>496,134</u>	<u>456,927</u>	<u>414,922</u>
Inspection services			
Salaries and fringe benefits	229,488	218,025	219,443
Group Insurance	23,304	27,008	23,341
Travels	19,500	18,573	24,437
Insurance	12,500	11,730	12,264
Training	7,000	4,142	3,565
Hardware and software	1,000	4,264	1,445
Maps and documents	1,000	1,147	
Conference and convention	6,000	1,666	2,153
Equipment and furniture	3,000	3,068	823
Others	2,000	2,174	1,651
	<u>304,792</u>	<u>291,797</u>	<u>289,122</u>
Financial services			
Bank fees	602		
Amortization of tangible capital assets	11,738	12,307	13,615
	<u>12,340</u>	<u>12,307</u>	<u>13,615</u>
	<u>958,410</u>	<u>884,478</u>	<u>830,964</u>

Northwest Regional Service Commission

Schedules

Year ended December 31, 2017

		2017	2016
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
SOLID WASTE SERVICES			
Administration			
Salaries and fringe benefits	199,665	201,546	158,696
Travels	28,000	12,227	14,003
Training	5,000	5,614	1,416
Group Insurance	119,120	113,652	102,594
Office supplies	17,500	18,570	4,547
Printing and photocopies	5,000	3,809	3,996
Telecommunications	20,000	17,643	21,258
Professional fees	74,130	40,156	63,428
Equipment		34,882	33,753
Advertising	25,000	19,028	8,968
Special projects - Education	7,000	8,169	36,048
Rent		6,000	6,000
Others		1,893	3,328
	<u>500,415</u>	<u>483,189</u>	<u>458,035</u>
Operations			
Station and building			
Salaries and fringe benefits	135,891	170,246	152,050
Electricity	65,000	65,313	72,054
Insurance	55,000	36,017	35,918
Taxes	50,500	50,082	50,157
Maintenance	275,000	203,741	179,980
	<u>581,391</u>	<u>525,399</u>	<u>490,159</u>
Machinery and equipment			
Rental	5,000	7,011	4,318
Fuel	195,000	159,016	173,339
	<u>200,000</u>	<u>166,027</u>	<u>177,657</u>
Landfill operations			
Salaries and fringe benefits	554,655	472,607	515,783
Leachate and sloughing management	70,000	84,658	81,441
Technical services	65,000	109,343	31,847
	<u>689,655</u>	<u>666,608</u>	<u>629,071</u>

Northwest Regional Service Commission

Schedules

Year ended December 31, 2017

	2017		2016
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
Scale house			
Salaries and fringe benefits	50,131	49,494	61,429
Waste diversion			
Salaries and fringe benefits	65,681	63,172	60,778
Recycling	195,250	167,766	147,784
Maintenance and repair	5,000	3,878	9,516
	265,931	234,816	218,078
Composting program			
Composters	10,000	6,235	6,887
Hazardous household waste			
Special projects	90,000	39,621	90,078
Rent			235
	90,000	39,621	90,313
	2,387,523	2,171,389	2,131,629
Financial services			
Interest on bank loan	12,500	6,831	10,721
Bad debt (recovery)		(10,061)	2,086
Bank fees		4,037	6,876
Closure fund	50,000	142,565	138,550
Amortization of tangible capital assets	790,464	507,418	412,300
Interest on long-term debt	29,500	15,402	12,121
Exchange gain		85,813	22,839
Discount on debenture			6,054
	882,464	752,005	611,547
	3,269,987	2,923,394	2,743,176

Northwest Regional Service Commission

Schedules

Year ended December 31, 2017

		2017	2016
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
GENERATION FACILITY			
<i>Operations</i>			
Salaries and fringe benefits	54,040	22,555	33,609
Maintenance and repair	80,000	71,637	63,595
Professional fees		1,050	31,065
Telecommunications			634
Insurance		3,381	5,919
Electricity		5,955	2,152
Office supplies	5,000	6,190	
Equipment leasing		112	105
Travels		525	222
Formation	5,000		
Amortization of tangible capital assets	202,599	205,792	203,912
	346,639	317,197	341,213
OTHER SHARED SERVICES			
<i>Economical development</i>			
Core leadership team of the Acadia of the lands and forests	37,375	37,375	37,556