

**Northwest Regional Service  
Commission**

**Financial Statements  
December 31, 2018**

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## **Independent Auditor's Report**

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To the members of the board of directors of  
Northwest Regional Service Commission

### **Qualified opinion**

We have audited the financial statements (hereafter the "financial statements") of Northwest Regional Service Commission (hereafter "the Commission"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, statement of change in net financial assets and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies, and the schedules.

In our opinion, except for the effects of the matter described in the "Basis for qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2018, and the results of its operations, the change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for qualified opinion**

The Northwest Regional Service Commission, discloses in its liabilities an amount of \$197,358 as accrued sick leave and attribution for long-term services 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, 2017. 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Observation – Financial information established for tax purposes**

We draw attention to the fact that the Commission includes certain information in its financial statements that is not required under Canadian public sector accounting standards. This information, prepared in accordance with the standards model prescribed by the Municipal Financial Reporting Guide for the Province of New Brunswick presented on pages 19 and 22, relates to the determination of the surplus (deficit) for the year. Our opinion is not modified in respect of this matter.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Raymond Chabot Grant Thornton LLP*

Chartered Professional Accountants

Edmundston  
May 15, 2019

# Northwest Regional Service Commission

## Statement of operations

Year ended December 31, 2018

	2018		2017
	Budget (unaudited) (note 19)	Total	Total
	\$	\$	\$
<b>Revenue</b>			
Member charges (Page 23)	984,411	1,004,991	1,063,285
Sale of services (Page 23)	310,000	224,463	326,423
Tipping fees (Page 23)	2,848,738	3,114,304	2,982,763
Government transfers		88,867	47,500
Interest		3,011	6,312
Investment income		114,157	141,786
Gain on disposal of investments		301,974	145,249
Gain on disposal of tangible capital assets		12,183	31,118
Other revenues	9,635	90,977	18,184
	<u>4,152,784</u>	<u>4,954,927</u>	<u>4,762,620</u>
<b>Expenses</b>			
General services (Page 24)	409,396	354,398	362,589
Collaborative services and regional planning (Page 25)	55,834	121,288	51,296
Local planning services (Pages 25 - 26)	972,466	1,019,635	885,601
Solide waste services (Pages 27 - 28)	2,912,714	2,944,489	2,923,390
Generation facility (Page 29)	499,203	531,323	317,198
Other shared services (Page 29)	33,198	33,198	37,375
	<u>4,882,811</u>	<u>5,004,331</u>	<u>4,577,449</u>
Annual surplus (deficit) (Note 17)	<u>(730,027)</u>	<u>(49,404)</u>	185,171
Accumulated surplus, beginning of year		<u>8,986,992</u>	<u>8,801,821</u>
Accumulated surplus, end of year		<u>8,937,588</u>	<u>8,986,992</u>

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

# Northwest Regional Service Commission

## Statement of Change in Net Financial Assets

Year ended December 31, 2018

	<b>2018</b>		<b>2017</b>
	<b>Budget (unaudited)</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Annual surplus (deficit)	<b>(730,027)</b>	<b>(49,404)</b>	185,171
Acquisition of tangible capital assets	<b>(750,000)</b>	<b>(847,322)</b>	(713,524)
Proceeds on disposal of tangible capital assets		<b>12,183</b>	31,118
Amortization of tangible capital assets	<b>629,827</b>	<b>909,139</b>	725,518
Gain on disposal of tangible capital assets		<b>(12,183)</b>	(31,118)
	<b>(120,173)</b>	<b>61,817</b>	11,994
Acquisition of prepaid expenses		<b>(54,763)</b>	(3,536)
Use of prepaid expenses		<b>3,536</b>	30,435
		<b>(51,227)</b>	26,899
Increase (decrease) in net financial assets	<b>(120,173)</b>	<b>(38,814)</b>	224,064
Net financial assets, beginning of year	<b>1,049,093</b>	<b>1,273,157</b>	1,049,093
Net financial assets, end of year	<b>928,920</b>	<b>1,234,343</b>	1,273,157

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

# Northwest Regional Service Commission

## Statement of Cash Flows

Year ended December 31, 2018

	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus	(49,404)	185,171
Non-cash items		
Amortization of tangible capital assets	909,139	725,518
Gain on disposal of investments	(301,974)	(145,249)
Gain on disposal of tangible capital assets	(12,183)	(31,118)
Changes in working capital items		
Trade and other receivables	(157,920)	132,165
Trade payables and other operating liabilities	185,391	(155,472)
Accrued sick leave	(25,153)	37,326
Attribution for long-term services	26,456	
Accrued closure and post-closure costs	143,225	142,565
Prepaid expenses	(51,227)	26,899
Cash flows from operating activities (a)	<u>666,350</u>	<u>917,805</u>
<b>CAPITAL ACTIVITIES</b>		
Tangible capital assets	(847,322)	(713,524)
Disposal of tangible capital assets	12,183	31,118
Cash flows from tangible capital activities	<u>(835,139)</u>	<u>(682,406)</u>
<b>FINANCING ACTIVITIES</b>		
Net change in bank loan	289,448	(62,519)
Repayment of long-term debt	(197,000)	(195,000)
Cash flows from financing activities	<u>92,448</u>	<u>(257,519)</u>
Decrease in cash before investment activities	<u>(76,341)</u>	<u>(22,120)</u>
<b>INVESTMENT ACTIVITIES</b>		
Term deposits	1,237,167	(58,351)
Purchase of investment funds	(4,368,112)	(2,687,192)
Proceeds from investment funds	2,989,170	3,040,401
Cash flows from investing activities	<u>(141,775)</u>	<u>294,858</u>
<b>Increase (decrease) in cash</b>	<u>(218,116)</u>	<u>272,738</u>
Cash, beginning of year	1,265,469	992,731
Cash, end of period	<u>1,047,353</u>	<u>1,265,469</u>

(a) Interest received during the year amounts to \$3,011 (\$5,363 as at December 31, 2017). Interest paid during the year amounts to \$15,762 (\$22,388 as at December 31, 2017).

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

# Northwest Regional Service Commission

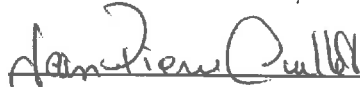
## Statement of Financial Position

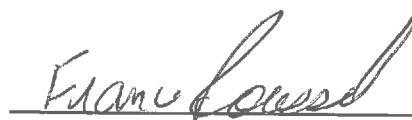
December 31, 2018

	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	1,047,353	1,265,469
Trade and other receivables		
Receivables	415,718	353,648
Sales tax receivable	67,767	34,653
Province of New-Brunswick	45,004	28,000
Accrued interest		17,952
Insurance claim receivable	63,684	
Note receivable (Note 4)	25,000	25,000
Investments (Note 5)	4,368,111	3,924,362
	<u>6,032,637</u>	<u>5,649,084</u>
<b>LIABILITIES</b>		
Bank loan (Note 6)	337,951	48,503
Trade payables and other operating liabilities (Note 7)	371,536	186,145
Accrued sick leave (Note 8)	170,902	196,055
Attribution for long-term services (Note 9)	26,456	
Long-term debt (Note 10)	608,000	805,000
Accrued closure and post-closure costs (Note 11)	3,283,449	3,140,224
	<u>1,234,343</u>	<u>1,273,157</u>
<b>NET FINANCIAL ASSETS</b>		
	<u>1,234,343</u>	<u>1,273,157</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 15)	24,803,519	23,989,183
Accumulated amortization	17,155,037	16,278,884
	<u>7,648,482</u>	<u>7,710,299</u>
Prepaid expenses	54,763	3,536
	<u>7,703,245</u>	<u>7,713,835</u>
<b>ACCUMULATED SURPLUS</b>	<u>8,937,588</u>	<u>8,986,992</u>

The accompanying notes and schedules 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, 2018

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### **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 22, 2017.

#### **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, 2018

### 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 diminishing balance and 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, 2018

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### **2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Post employment benefits**

The Commission has a sick leave benefit as documented in note 8 and an attribution for long-term services as documented in note 9.

#### **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, 2018

### 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

	2018	2017
	\$	\$
Cash - restricted	1,116,789	1,345,333
Cash (bank overdraft) - unrestricted	(69,436)	(79,864)
	<u>1,047,353</u>	<u>1,265,469</u>

### 4 - NOTE RECEIVABLE

The Northwest Regional Service Commission has lented \$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

	2018	2017
	\$	\$
Fixed term deposit, 4.95%		1,237,167
Investment funds (market value of \$4,314,084; \$3,187,791 as at December 31, 2017)	4,368,111	2,687,195
	<u>4,368,111</u>	<u>3,924,362</u>

# Northwest Regional Service Commission

## Notes to Financial Statements

December 31, 2018

### 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 1.5% (5.45%; prime plus 1% (4.2%) at December 31, 2017). In 2018, 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 compliance with the requirements.

### 7 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2018</u>	<u>2017</u>
	\$	\$
Accounts payable and accrued liabilities	232,035	70,989
Salaries and vacation payable	64,507	63,541
Accrued interest	703	871
Amounts payable to Local Service Districts and municipalities	<u>74,291</u>	<u>50,744</u>
	<u><b>371,536</b></u>	<u><b>186,145</b></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 a accrual basis according to the employees' accumulated hours and their respective hourly rate. As at December 31, 2018, the total of hours payable to employees by the Commission was 6,354.

The sick leave is an unfunded benefit. As such, there are no applicable assets since February 28, 2018. Benefits are paid out of general revenue as they come due. Amounts accumulated prior to February 28, 2018 are payable to employees upon departure at 100% for solid waste and generation facility services employees and 50% for collaborative, regional planning and local planning services employees.

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, 2018

#### 9 - ATTRIBUTION FOR LONG-TERM SERVICES

Employees of Northwest Regional Service Commission are eligible for these benefits after 20 years of known service. Eligible employees are entitled to a severance pay of one week salaries per year of service. Accumulated benefits are payable in the year in which the employees stop working for the Commission, either because they retire or because they leave on good terms with the employer. During the year, no amount was disbursed in long service awards. The provision has been based on the actual number of years of employment of eligible employees.

As of December 31, 2018, 7 employees were eligible for this benefit. Years of service range from 20 to 21 years.

#### 10 - LONG TERM DEBT

New-Brunswick Municipal Finance Corporation

	2018	2017
	\$	\$
BP39 1.2% - 2%, due 2021, OIC 16-0002 and OIC 16-0044	<u>608,000</u>	<u>805,000</u>

The estimated instalments on long-term debt for the next years are \$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.

#### 11 - 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 \$3,283,449 is recognized in the financial statements as at December 31, 2018. The Commission estimates the total landfill capacity at 2,500,000 tons of which 1,045,491 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 \$4,368,111 has been restricted for this purpose. The activities relating to this account are as follows:

	2018	2017
	\$	\$
Balance at the beginning	3,924,362	4,073,971
Interest received	42,980	58,351
Reinvested investment income	400,769	205,185
Disposal for the year	<u>(413,145)</u>	<u>(413,145)</u>
	<u>4,368,111</u>	<u>3,924,362</u>

# Northwest Regional Service Commission

## Notes to Financial Statements

December 31, 2018

### 11 - ACCRUED CLOSURE AND POST-CLOSURE COSTS (Continued)

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

	2018	2017
	\$	\$
Fixed term deposit, 4.95%		1,237,167
Investment funds (market value of \$4,314,084; \$3,187,791 as at December 31, 2017)	4,368,111	2,687,195
	<u>4,368,111</u>	<u>3,924,362</u>

### 12 - COMMITMENT

The Commission entered into long-term lease agreements, maturing at different dates between March 2019 and February 2021, which call for lease payments of \$162,087 for the rental of premises and office equipment. Minimum lease payments for the next three years are \$71,727 in 2019, \$67,746 in 2020 and \$22,614 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, 2018

### 15 - TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Land	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		1,720,269	1,263,088	8,338,705	1,321,808	1,708,716	4,198,099	25,258	63,389	23,889,183	23,730,444
Add:													
Net additions during the year				46,622		791,822	8,878					847,322	713,524
Less:													
Disposals during the year							32,886					32,886	454,785
Balance, end of year	76,916	5,272,935		1,766,891	1,263,088	9,130,527	1,297,700	1,708,716	4,198,099	25,258	63,389	24,803,519	23,999,193
Accumulated amortization													
Balance, beginning 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
Add:													
Amortization during the year		109,743		43,597	31,577	294,405	78,054	163,343	187,911	489	20	909,139	725,518
Less:													
Accumulated amortization on disposals							32,886					32,886	454,785
Balance, end of year		2,310,982		264,911	635,247	8,301,493	892,771	1,138,105	3,523,387	24,767	63,374	17,155,037	16,278,864
Net book value capital tangible assets	76,916	2,961,953		1,501,980	627,841	829,034	404,929	570,611	674,712	491	15	7,648,482	7,710,299
Consists of:													
Collaborative services and regional planning													
Solid waste services	76,916	2,961,953		1,501,980	627,841	829,034	30,231		674,712	491	15	30,737	33,424
Generation facility							374,678	570,611				5,545,134	5,443,966
	76,916	2,961,953		1,501,980	627,841	829,034	404,909	570,611	674,712	491	15	7,648,462	7,710,299



# Northwest Regional Service Commission

## Notes to Financial Statements

December 31, 2018

### 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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Member charges		119,328		852,465		33,198	1,004,991	1,063,285
Sales of services				7,779	216,684		224,463	326,423
Tipping fees			3,114,304				3,114,304	2,982,763
Governmental transfers			28,000	60,867			88,867	47,500
Interest			3,011				3,011	6,312
Investment income			114,157				114,157	141,786
Gain on disposal of investments			301,974				301,974	145,249
Gain of disposal of tangible capital assets			11,487	696			12,183	31,118
Other revenues			25,583	1,710	63,684		90,977	18,184
		119,328	3,598,516	923,517	280,368	33,198	4,954,927	4,762,620
<b>Expenses</b>								
Salaries and benefits	276,029	95,612	1,088,870	699,928	38,455		2,198,894	1,906,769
Goods and services	78,369	25,676	1,149,390	308,143	285,928		1,847,506	1,885,555
Amortization of tangible capital assets			690,635	11,564	206,940		909,139	725,517
Interest			15,594				15,594	22,233
Others						33,198	33,198	37,375
	354,398	121,288	2,944,489	1,019,635	531,323	33,198	5,004,331	4,577,449
<b>Annual surplus (deficit)</b>	<b>(354,398)</b>	<b>(1,960)</b>	<b>654,027</b>	<b>(96,118)</b>	<b>(250,955)</b>		<b>(49,404)</b>	<b>185,171</b>

# Northwest Regional Service Commission

## Notes to Financial Statements

December 31, 2018

### 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)	\$ (62,207)	\$ 1,095,141	\$ (690,636)	\$ (137,776)	\$ (11,564)	\$ (44,478)	\$ (206,940)	\$ 9,065	\$ (49,404)
Adjustments to annual surplus (deficit) for funding requirements									
Second previous year's surplus									
Transfers between funds	4,215	237,580		133,446		(14,709)			360,512
Solid waste service operating fund to solid waste service capital fund		(441,821)	441,821						
Generation facility operating fund to generation facility capital fund						(46,622)	46,622		
Local planning operating fund to local planning capital fund				(8,878)	8,878				
Solid waste service operating fund to solid waste service capital assets reserve		(96,149)						96,149	
Solid waste service capital assets reserve to solid waste capital fund		(220,000)	350,000					(350,000)	
Principal payments on long-term debt		10,556	220,000						
Accrued sick leave	6,261		690,635	37,905	11,564	521	206,940		55,263
Amortization expense									905,199
Total adjustments	10,496	(509,854)	1,702,466	152,473	20,442	(60,810)	253,862	(253,851)	1,324,914
Annual fund surplus (deficit)	(51,711)	585,287	1,011,021	24,697	8,878	(105,288)	46,622	(244,796)	1,275,510

**Northwest Regional Service Commission**  
**Notes to Financial Statements**  
December 31, 2018

**18 - STATEMENT OF RESERVES**

	Solid waste service capital assets reserves	Generation facility capital assets reserve	Local planning capital assets reserve	General local planning reserve	2018	2017
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Cash						
Amount receivable from general operating fund	879,225	112,251	65,115	60,198	1,116,789	1,345,333
<b>Accumulated surplus</b>	<u>879,225</u>	<u>112,251</u>	<u>65,115</u>	<u>60,198</u>	<u>1,116,789</u>	<u>16,251</u>
						<u>1,361,584</u>
<b>Revenue</b>						
Transfers from solid waste operating fund	96,149				96,149	200,000
Transfers from generation facility operating fund						55,834
Transfers from local planning operating fund						25,000
Transfers from solid waste service capital assets reserve						66
Exchange gain						21
Interest	8,529	463	33	30	9,055	2,584
	<u>104,678</u>	<u>463</u>	<u>33</u>	<u>30</u>	<u>105,204</u>	<u>283,505</u>
<b>Expenses</b>						
Transfer from solid waste capital fund	350,000				350,000	350,508
Transfer from generation facility fund	<u>350,000</u>				<u>350,000</u>	<u>66</u>
						<u>350,574</u>
<b>Annual surplus (deficit)</b>	<u>(245,322)</u>	<u>463</u>	<u>33</u>	<u>30</u>	<u>(244,796)</u>	<u>(67,069)</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, 2018

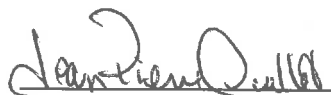
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### 18 - STATEMENT OF RESERVES (Continued)

Board resolution regarding transfers to and from reserves:

Upon motion duly made by Mr. Roger Levesque, seconded by Mr. Marcel Deschênes and unanimously carried, it was resolved for the solid waste management sector, that the NWRSC authorize the transfer of \$16,250.55 from General Fund 29434 EOP to the Solid Waste Reserve Fund, which has been part of Raymond Chabot Grant Thornton's recommendations since 2011. This amount comes from a transfer of \$515,879 which took place in July 2009, to the general fund of Cogerno (before the creation of the NWRSC) while the resolution authorized \$500,000 only. In addition, in 2011, there was an unauthorized transfer to the Cogerno General Fund of \$371.55. This brings us \$16,250.55 to be taken back from the general fund and returned to the solid waste reserve fund. This transfer will be made by check #7249 of general fund folio 29434 EOP and will be deposited in the account of Royal Bank folio 100-677-4 and the check will be approved by 2 signing officers, Messrs. François Picard and Michel Leblond.

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on April 25, 2018.



Name

President,

15/05/2019

Date

# Northwest Regional Service Commission

## Notes to Financial Statements

December 31, 2018

### 18 - STATEMENT OF RESERVES (Continued)

Upon motion duly made by Mr. Jules Bossé, seconded by Mr. Alain Martel and unanimously carried, it was resolved for the solid waste sector, that the NWRSC authorize a release of funds from the Solid Waste Capital Reserve Fund (RBC folio 00774-100-677-4) in the amount of \$125,000, made by check #999316 and a release of funds from the 2nd reserve fund with highest yielding interest (RBC folio 00774 100-444-9) in the amount of \$225,000 made by check #998915. The 2 transactions give us a total of \$350,000 to be deposited in the operating fund (Caisse Populaire folio 29434 EOP) for the construction of cell#9 as mentioned in the budget of 2018.

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on October 18, 2018.

Jean-Pierre Ouellet      15/05/2019

Name

Date

President,

Upon motion duly made by Mr. Jules Bossé, seconded by Mrs. Brigitte Martin and unanimously carried, it was resolved for the solid waste service, that the NWRSC authorize the transfer of \$96,149 from folio 29434 EOP to the RBC Capital Reserve Fund Account Folio 00774 100-444-9, as adopted in the 2018 budget. This transfer was made by check #8063 dated December 28, 2018 in the amount of \$96,149, approved by two signing officers, Messrs. Jean-Pierre Ouellet et Mr. France Roussel

I hereby certify that the above is an exact translation of a board resolution adopted at a Commission meeting on January 2019, 2019.

Jean-Pierre Ouellet      15/05/2019

Name

Date

President,

# Northwest Regional Service Commission

## Notes to Financial Statements

December 31, 2018

### 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									
Sale of services		119,328	831,885		310,000	33,198			984,411
Tipping fees				2,848,738					310,000
Transfers	409,396							(409,396)	2,848,738
Second previous year's surplus		4,215	133,446	237,560				(375,221)	
Other revenues			55,834	9,635				(55,834)	
	409,396	123,543	1,021,165	3,095,933	310,000	33,198		(840,461)	9,635
									4,152,784
<b>Expenses</b>									
Governance	37,425	67,709	62,316	279,371				(37,425)	409,396
Administration	371,971		149,292	423,469	21,000			(965,732)	
Regional development		55,834							55,834
Other services offered to all members									
Generation facility					274,291				
Local planning services			808,957				203,912	21,000	499,203
Solid waste services				2,034,145			13,615	149,894	972,466
Interest							412,300	466,269	2,912,714
Other financial expense				29,500				(29,500)	
Repayment of long-term debt			600	13,300				(13,900)	
Transfer from solid waste services to capital assets reserve				220,000				(220,000)	
Previous year's deficit				96,148				(96,148)	
Other services					14,709	33,198		(14,709)	33,198
	409,396	123,543	1,021,165	3,095,933	310,000	33,198	629,827	(740,261)	4,882,811
							(629,827)	(100,200)	(730,027)

# Northwest Regional Service Commission

## Schedules

Year ended December 31, 2018

		2018	2017
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
<b>MEMBERS CHARGES</b>			
Collaborative services and regional development	119,331	119,328	116,445
Local planning services	831,882	852,465	909,465
Other shared services	33,198	33,198	37,375
	<u>984,411</u>	<u>1,004,991</u>	<u>1,063,285</u>
<b>SALES OF SERVICES</b>			
Local planning services		7,779	9,791
Generation facility	310,000	216,684	316,632
	<u>310,000</u>	<u>224,463</u>	<u>326,423</u>
<b>TIPPING FEES</b>			
User charges	2,647,738	2,649,113	2,695,572
Recovering material	186,000	438,240	262,811
Construction and demolition	15,000	26,951	24,380
	<u>2,848,738</u>	<u>3,114,304</u>	<u>2,982,763</u>

# Northwest Regional Service Commission

## Schedules

Year ended December 31, 2018

	<b>2018</b>		<b>2017</b>
	<b>Budget (unaudited)</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>GENERAL SERVICES</b>			
<b>Governance</b>			
<b>Board members</b>			
Fees	19,925	17,074	13,233
Travel expenses	10,000	7,488	6,190
Training	1,500		
Other	6,000		
	<u>37,425</u>	<u>24,562</u>	<u>19,423</u>
<b>Administration</b>			
<b>Senior management</b>			
Salaries and fringe benefits	293,971	276,029	297,872
Travel expenses	12,000	6,533	7,302
Training	1,000	122	285
	<u>306,971</u>	<u>282,684</u>	<u>305,459</u>
<b>Other administrative services</b>			
Advertising	2,000	1,645	2,398
Office supplies	5,000	4,421	4,228
Telecommunications	6,500	4,555	4,599
Printing and photocopies	7,800	4,765	4,065
Translation fees	1,000	2,280	2,021
Professional fees	27,300	14,280	3,757
Hardware and software	5,000	1,706	5,008
Rent	10,400	13,500	11,631
	<u>65,000</u>	<u>47,152</u>	<u>37,707</u>
	<u>409,396</u>	<u>354,398</u>	<u>362,589</u>



# Northwest Regional Service Commission

## Schedules

Year ended December 31, 2018

		2018	2017
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
<b>COLLABORATIVE SERVICES AND REGIONAL PLANNING</b>			
Salaries and fringe benefits	44,660	95,612	26,865
Administration	1,334	6,769	3,392
Travel expenses	2,708	5,001	667
Training	105	336	
Leasing fees	4,897	5,028	16,605
Advertising	200	1,513	33
Telecommunications	684	627	2,537
Professional fees	200	1,203	
Association fees and subscriptions		2,142	444
External contracts and services	552	717	212
Maintenance and repair	494	615	541
Translation		1,725	
	<b>55,834</b>	<b>121,288</b>	<b>51,296</b>
<b>LOCAL PLANNING SERVICES</b>			
<b>Administration</b>			
Insurances	9,841	11,986	9,563
Professional fees	1,500	2,064	373
Legal fees	2,000	6,860	6,748
Rent and building occupancy expenses	85,000	82,692	66,421
Office supplies	12,354	10,435	2,708
Printing and photocopies	4,000	3,655	7,086
Telecommunications	12,000	10,374	10,147
Post office expenses	2,000	1,756	1,585
Parking	4,200	3,582	2,666
Equipment leasing	912	616	141
Maintenance and repair	2,000	386	1,766
Advertising	3,500	3,434	3,086
Association fees and subscription	1,400	1,330	776
External contract and service	9,685	11,860	10,383
	<b>150,392</b>	<b>151,030</b>	<b>123,449</b>

# Northwest Regional Service Commission

## Schedules

Year ended December 31, 2018

	<b>2018</b>		<b>2017</b>
	<b>Budget (unaudited)</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><i>Planning services</i></b>			
Salaries and fringe benefits	451,606	432,052	415,610
Travel expenses	13,000	9,694	12,455
Insurance	11,500	10,179	9,633
Training	1,100	1,047	383
Maps and documents	500	302	
Planning advisory committee	6,500	7,449	6,227
Equipment and furniture	3,500	5,681	4,899
Conference and convention	6,500	5,994	5,451
Hardware and software	2,000	1,756	2,190
Dispute settlement		70,000	
Others	500		79
	<b>496,706</b>	<b>544,154</b>	<b>456,927</b>
<b><i>Inspection services</i></b>			
Salaries and fringe benefits	260,051	267,876	245,033
Travel expenses	19,002	20,440	18,573
Insurance	12,500	11,248	11,730
Training	7,000	5,463	5,263
Hardware and software	1,600	363	4,264
Maps and documents	1,100	678	1,147
Conference and convention	5,000	2,192	1,666
Equipment and furniture	3,000	2,763	3,068
Sig and Planet fees	1,500	1,242	1,222
Others	1,000	622	952
	<b>311,753</b>	<b>312,887</b>	<b>292,918</b>
<b><i>Financial services</i></b>			
Amortization of tangible capital assets	13,615	11,564	12,307
	<b>13,615</b>	<b>11,564</b>	<b>12,307</b>
	<b>972,466</b>	<b>1,019,635</b>	<b>885,601</b>

# Northwest Regional Service Commission

## Schedules

Year ended December 31, 2018

	<b>2018</b>		<b>2017</b>
	<b>Budget (unaudited)</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>SOLID WASTE SERVICES</b>			
<b>Administration</b>			
Salaries and fringe benefits	206,469	250,089	291,421
Travel expenses	15,000	10,696	12,227
Training	5,000	6,071	5,614
Office supplies	20,000	23,754	18,570
Printing and photocopies	6,000	4,833	3,809
Telecommunications	20,000	15,704	17,643
Professional fees	40,000	48,720	40,156
Equipment	44,500	48,300	34,883
Advertising	27,500	19,722	19,028
Special projects - Education			2,837
Rent	7,000	6,000	6,000
	<b>391,469</b>	<b>433,889</b>	<b>452,188</b>
<b>Operations</b>			
<b>Station and building</b>			
Salaries and fringe benefits	178,650	184,106	177,063
Electricity	60,000	86,004	65,312
Insurance	37,000	22,455	36,016
Property Tax	50,500	50,193	50,081
Maintenance	259,000	196,038	203,740
	<b>585,150</b>	<b>538,796</b>	<b>532,212</b>
<b>Machinery and equipment</b>			
Rental			458
Fuel	180,000	201,690	159,016
	<b>180,000</b>	<b>201,690</b>	<b>159,474</b>
<b>Landfill operations</b>			
Salaries and fringe benefits	703,200	525,085	491,743
Leachate and sloughing management	70,000	70,936	84,658
Ground and cell maintenance	40,000	29,033	
Technical services	115,000	9,883	109,343
	<b>928,200</b>	<b>634,937</b>	<b>685,744</b>

# Northwest Regional Service Commission

## Schedules

Year ended December 31, 2018

	<b>2018</b>		<b>2017</b>
	<b>Budget (unaudited)</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Scale house</b>			
Salaries and fringe benefits	<b>64,350</b>	<b>61,356</b>	51,600
<b>Waste diversion</b>			
Salaries and fringe benefits	<b>78,900</b>	<b>68,234</b>	66,114
Recycling	<b>194,545</b>	<b>136,628</b>	167,766
Maintenance and repair	<b>5,000</b>	<b>7,182</b>	3,878
	<b>278,445</b>	<b>212,044</b>	237,758
<b>Composting program</b>			
Composters	<b>10,000</b>	<b>9,482</b>	6,235
<b>Hazardous household waste</b>			
Special projects	<b>20,000</b>	<b>39,147</b>	39,621
	<b>20,000</b>	<b>39,147</b>	39,621
	<b>2,457,614</b>	<b>2,131,341</b>	2,164,832
<b>Financial services</b>			
Interest on bank loan	<b>13,500</b>	<b>2,547</b>	6,831
Bad debt (recovery)		<b>(20,507)</b>	(10,061)
Bank fees	<b>13,300</b>	<b>11,269</b>	10,590
Closure fund		<b>143,225</b>	142,565
Amortization of tangible capital assets	<b>412,300</b>	<b>690,635</b>	507,418
Interest on long-term debt	<b>16,000</b>	<b>13,047</b>	15,402
Exchange loss (gain)		<b>(27,068)</b>	85,813
	<b>455,100</b>	<b>813,148</b>	758,558
	<b>2,912,714</b>	<b>2,944,489</b>	2,923,390

# Northwest Regional Service Commission

## Schedules

Year ended December 31, 2018

		2018	2017
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
<b>GENERATION FACILITY</b>			
<i>Operations</i>			
Salaries and fringe benefits	45,485	38,455	22,555
Maintenance and repair	220,000	276,160	71,637
Professional fees	15,000	489	1,050
Telecommunications		140	
Insurance		3,594	3,381
Electricity	6,000	5,349	5,957
Office supplies	3,806		6,190
Equipment leasing		196	112
Travel expenses			524
Training	5,000		
Amortization of tangible capital assets	203,912	206,940	205,792
	<u>499,203</u>	<u>531,323</u>	<u>317,198</u>
<b>OTHER SHARED SERVICES</b>			
<i>Economical development</i>			
Core leadership team of the Acadia of the lands and forests	33,198	33,198	37,375